CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Commissioners
Dayton Metropolitan Housing Authority
400 Wayne Avenue
Dayton, Ohio 45401

We have reviewed the *Independent Auditors' Report* of Dayton Metropolitan Housing Authority, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Dayton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2023

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TABLE OF CONTENTS

Independent Auditors' Report .... 1 - 3

Management's Discussion and Analysis .... 5 - 11

Basic Financial Statements:

Statement of Net Position 12

Statement of Revenue, Expenses and Changes in Net Position 13

Statement of Cash Flows .... 14 - 15

Notes to Financial Statements .... 16 - 43

Required Supplementary Information:

Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset)
Ohio Public Employees Retirement System .... 45 - 46

Schedule of the Authority's Contributions – Pension
Ohio Public Employees Retirement System .... 47 - 48

Schedule of the Authority's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System .... 49 - 50

Schedule of the Authority's Contributions – OPEB
Ohio Public Employees Retirement System .... 51 - 52

Notes to the Required Supplementary Information 53

Supplementary Information:

Entity Wide Balance Sheet Summary .... 55 - 56

Entity Wide Revenue and Expense Summary .... 57 - 60

Schedule of Modernization Costs – Completed 61

Schedule of Expenditures of Federal Awards 62

Notes to the Schedule of Expenditures of Federal Awards 63

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* .... 64 - 65

Independent Auditors' Report on Compliance for Each Major Federal Program and on
Internal Control Over Compliance Required by the Uniform Guidance .... 66 – 68

Schedule of Findings and Questioned Costs .... 69 – 70

Corrective Action Plan 71

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CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dayton Metropolitan Housing Authority (the "Authority"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 audits. 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.

Auditors' 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 the Authority's pension and OPEB amounts and contributions, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* the Financial Data Schedules, and the Schedule of Modernization Costs – Completed are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, the Financial Data Schedules, and the Schedule of Modernization Costs – Completed are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 10, 2023

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As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2022 by $55,149,848 (an increase of $13,894,798, or 33.9 percent, from June 30, 2021).

- Net investment in capital assets, $26,171,568 as of June 30, 2022 (a decrease of $2,312,293, or 8.1 percent, from June 30, 2021). Unrestricted net position totaled $28,514,683 as of June 30, 2022, (an increase of $18,325,851 from June 30, 2021).

- The Authority had total operating revenue of $43,543,414 (a decrease of $3,855,646 or 8.1 percent, from June 30, 2021). The Authority had total operating expenses of $46,131,673 (an increase of $2,902,332, or 6.7 percent, from June 30, 2021), resulting in a net operating loss of $2,588,259 for the year ended June 30, 2022, and had other non-operating revenues and expenses in a net amount of $7,963,071 and capital contributions in the amount of $8,579,450, resulting in a net change in total net position of $13,954,262 for the year.

- The Authority's capital additions for the year were $1,767,761.

USING THIS ANNUAL REPORT

This Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

MD&A
Management Discussion and Analysis

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

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The S*tatement of Net Position* presents information on all of the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The focus of the *Statement of Net Position* is to present the available assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, which are available to the Authority. Net position is reported in three broad categories:

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

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

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The S*tatement of Revenues, Expenses, and Changes in Net Position* is similar to an income statement. This Statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as grant revenue, investment income, gains and losses on capital assets disposals, and interest expense.

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

The S*tatement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The Statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities.

The N*otes to the Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority administers several programs that are consolidated into a single proprietary-type enterprise fund. The more significant programs consist of the following:

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

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

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

Family Self-Sufficiency (FSS) – The FSS Program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program and the Public Housing Program with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Business Activities Programs - The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established component units to operate and develop affordable housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM), as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Rental Assistance Demonstration Program (RAD) Entities – There are currently seven RAD properties (52 units) that are also reported as Blended Component Units of the Authority at June 30, 2022. These include the properties of Telford Shroyer, Argella, City View, Lori Sue, Frederick, Quitman, and Revere. The properties are 100 percent owned and managed by the Authority.

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The following table represents condensed Statements of Net Position.

	2022 (in thousands)	2021 (in thousands)
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 19,027	$ 18,798
Capital Assets	31,009	33,830
Other Non-Current Assets	39,065	10,104
Deferred Outflows of Resources	1,148	914
Total Assets and Deferred Outflows of Resources	90,249	63,646
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities and Deferred Inflows of Resources		
Current Liabilities	3,385	3,181
Non-Current Liablities	25,063	13,267
Deferred Inflows of Resources	6,651	5,943
Total Liabilities and Deferred Inflows of Resources	35,099	22,391
Net Position		
Net Investment in Capital Assets	26,171	28,484
Restricted	464	2,582
Unrestricted	28,515	10,189
Total Net Position	55,150	41,255
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 90,249	$ 63,646

A large portion of the Authority's net position (47.5 percent) reflects its investment in capital assets, net of related debt. The decrease from 2021 was primarily the result of annual depreciation expense and the approved sale of certain property. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services. The increase in Unrestricted Net Position was primarily due to GASB Statement No. 68 and GASB Statement No. 75 pension and OPEB adjustments to current year expenses.

Statements of Revenues, Expenses, and Changes in Net Position

The following table represents condensed Statements of Revenues, Expenses, and Changes in Net Position.

	2022 (in thousands)	2021 (in thousands)
Revenue		
Tenant Rental Revenue	$ 5,586	$ 5,130
Government Operating Grants	35,946	41,291
Other Revenue	2,012	978
Total Operating Revenue	43,544	47,399
Expenses		
Operating Expenses		
Operating Expenses	18,902	14,878
Depreciation Expense	3,280	3,474
Housing Assistance Payments	23,950	24,877
Total Operating Expenses	46,132	43,229
Net Operating Gain/(Loss)	(2,588)	4,170
Non-Operating Revenue (Expenses)	7,963	(348)
Income (Loss) Before Contributions	5,375	3,822
Capital Contributions	8,579	2,920
Change in Net Position	13,954	6,742
Total Net Position, Beginning of Year	41,255	35,601
Prior Period Adjustment	(59)	(1,088)
Total Net Position, End of Year	$ 55,150	$ 41,255

During 2022, the net position of the Authority increased by a total of $13,954,262.

The Authority's revenues are largely governmental operating grants received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences.

The Authority's operating grants decreased by $5,345,629. Operating expenses, excluding housing assistance payments, increased by $3,829,210. Operating expenses increased largely due to an increase in pension and OPEB expense adjustment compared to those of the prior year. Section 8 Housing Assistance payments decreased by $926,878 from the previous year due to decreased leasing activity. Capital contributions increased by $5,288,239 to $8,579,450 during 2022. The increase in the revenue is the result of routine fluctuations in when grant funds were spent, not a result of a gain of a funding source.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the Authority's capital assets totaled $31,008,993 (capital assets net of accumulated depreciation) as reflected in the following schedule.

	2022 (in thousands)	2021 (in thousands)
Land	$ 9,581	$ 9,625
Buildings and Improvements	124,521	127,790
Equipment and Vehicles	6,025	5,999
Construction-in-Progress	269	726
Accumulated Depreciation	(109,387)	(110,310)
Total	$ 31,009	$ 33,830

Debt

As of June 30, 2022, the Authority had $20,337,425 of debt, an increase of $14,991,086 from the prior year. The increase was due to bonds issued in the amount of $15,500,000 net of normal debt schedule payments made during the year. Debt consists of the notes payable to Fannie Mae Capital Fund Financing Program (CFFP) and County Corp, as well as the Multifamily Housing Revenue Bonds issued during the year.

During 2010, the Authority obtained a modernization note from Fannie Mae for $9,235,000 for the purpose of modernizing public housing units at four AMP locations. The note is twenty (20) years with an interest rate of 6.0 percent *per annum*. Repayment will be through a portion of future capital grant funds.

Also, during 2010, the Authority obtained a note from County Corp. for $250,092, for the purpose of real estate acquisition in Germantown, Ohio. The note term is twenty (20) years with an interest rate of 0.0 percent *per annum*.

During 2022, the Authority issued Multifamily Housing Revenue Bonds, Series 2021A in the amount of $8,875,000, and Series 2021B in the amount of $6,625,000, for the purpose of making a loan to assist Southern M.C., LLC for the Southern Montgomery Apartments project. The bonds mature in fiscal year 2025 with an interest rate of 0.32 percent *per annum*. An offsetting notes receivable was also recorded.

During 2022, the Authority's net pension obligation decreased by $3,408,319.

Additional information on the Authority's long-term debt can be found on pages 27 and 28 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority's budget for the 2022 fiscal year.

The Authority has continued to follow site-specific budgeting and accounting. Both FY2022 and FY2023 budgets were prepared using the site-specific format as directed by HUD. Under site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC will be derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs will have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services will be provided on a fee basis by the Authority's COCC. Additional revenue for the COCC will be from the service fees charged to the Voucher programs and other smaller programs. Failure to maintain occupancy rates of 97 percent or higher for the AMPs will also reduce operating subsidy transfers from HUD.

Public housing operating subsidy revenue from HUD for FY2023 is expected to remain at its current level (103 percent) of calculated amounts.

The Housing Choice Voucher (HCV) Program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COCC as fees for supportive services. HCV Program revenues for FY2023 are expected to be consistent with previous levels. The Authority expects HUD to continue withholds in the Administrative Fee schedule, further reducing resources to administer the Voucher programs.

During FY 2022, the economic effects from COVID-19 continued to affect the Authority, including the eviction moratorium, uncertainty regarding shut downs, and rising inflation. The Authority expects these issues to affect the first half of FY 2023.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Dayton Metropolitan Housing Authority, 400 Wayne Avenue, Dayton, Ohio 45401-8750, or call (937) 910-7500.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	14,454,129
Restricted Cash and Cash Equivalents		2,750,867
Accounts Receivable, Net:		
Tenants, Net of Allowance for Doubtful Accounts of $142,580		36,301
HUD		363,219
Other Receivables, Net of Allowance for Doubtful Accounts of $2,626		535,227
Inventory, Net of Allowance for Obsolete Inventory of $17,621		569,738
Prepaid Expenses		317,775
Total Current Assets		19,027,256
Noncurrent Assets		
Capital Assets:		
Capital Assets, Not Depreciated		9,850,062
Capital Assets, Being Depreciated, Net		21,158,931
Total Capital Assets		31,008,993
Notes, Loans, and Mortgages Receivable Non-Current		37,672,887
Net Pension Asset		106,377
Net OPEB Asset		1,285,310
Total Noncurrent Assets		70,073,567
TOTAL ASSETS		89,100,823
DEFERRED OUTFLOWS OF RESOURCES		
Pension		1,146,572
OPEB		1,712
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,148,284
LIABILITIES		
Current Liabilities		
Accounts Payable		484,776
Accrued Wages and Benefits		907,180
Accounts Payable - HUD		93,278
Accrued Compensated Absences - Current Portion		232,809
Tenants' Security Deposits		194,033
Unearned Revenues		25,784
Other Current Liabilities		908,011
Current Portion of Note Payable		539,534
Total Current Liabilities		3,385,405
Noncurrent Liabilities		
Notes Payable, Net of Current Portion		4,297,891
Bonds Payable		15,500,000
Compensated Absences, Net of Current Portion		1,321,551
Net Pension Liability		3,708,025
Other Noncurrent Liabilities		235,103
Total Noncurrent Liabilities		25,062,570
TOTAL LIABILITIES		28,447,975
DEFERRED INFLOWS OF RESOURCES		
Pension		5,183,534
OPEB		1,467,750
TOTAL DEFERRED INFLOWS OF RESOURCES		6,651,284
NET POSITION		
Net Investment in Capital Assets		26,171,568
Restricted		463,597
Unrestricted		28,514,683
TOTAL NET POSITION	$	55,149,848

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenues		
Tenant Revenue	$	5,585,586
Governmental Revenue		35,945,718
Other Revenue		2,012,110
Total Operating Revenues		43,543,414
Operating Expenses		
Administrative Expense		5,552,365
Tenant Services		408,117
Utilities Expense		2,592,318
Ordinary Maintenance and Operations		7,893,204
Protective Services		468,078
General Expenses		1,987,877
Housing Assistance Payments		23,950,196
Depreciation		3,279,518
Total Operating Expenses		46,131,673
Operating Loss		(2,588,259)
Nonoperating Revenues (Expenses)		
Interest and Investment Income		7,403
Interest Expense		(298,504)
Insurance Proceeds		45,046
Gain on Sale of Capital Assets		8,209,126
Total Nonoperating Revenues (Expenses)		7,963,071
Income Before Contributions		5,374,812
Capital Contributions		8,579,450
Change in Net Position		13,954,262
Net Position - Beginning of Year		41,255,050
Prior Period Adjustment		(59,464)
Net Position - End of Year	$	55,149,848

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities		
Receipts from Residents and Other Deposits	$	5,672,264
Governmental Operating Revenues		35,780,957
Other Receipts		1,892,961
Administrative Expenses		(8,751,657)
Other Operating Expenses		(13,178,826)
Housing Assistance Payments		(23,950,196)
Net Cash Used in Operating Activities		(2,534,497)
Cash Flows from Noncapital Financing Activities		
Proceeds from Bond Issuance		15,500,000
Net Cash Provided by Noncapital Financing Activities		15,500,000
Cash Flows from Capital and Related Financing Activities		
Capital Asset Additions		(1,767,761)
Debt Proceeds/Insurance Proceeds/(Casualty Loss)		45,046
Principal Paid on Debt		(508,914)
Proceeds from Sale of Capital Assets		719,543
Interest Paid on Debt		(298,504)
Capital Grants		8,579,450
Net Cash Provided by Capital and Related Financing Activities		6,768,860
Cash Flows from Investing Activities		
Investment Income		7,403
Receipt of Payments on Notes Receivables		21,439
Investment in Notes Receivable		(19,709,515)
Equity Transfers		(59,464)
Net Cash Used in Investing Activities		(19,740,137)
Net Change in Cash and Cash Equivalents		(5,774)
Cash and Cash Equivalents - Beginning of Year		17,210,770
Cash and Cash Equivalents - End of Year	$	17,204,996

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(CONTINUED)

Reconciliation of Net Operating Loss to		
Net Cash Used in Operating Activities		
Operating Loss	$	(2,588,259)
Adjustments to Reconcile Net Loss to Net		
Cash Used in Operating Activities		
Depreciation		3,279,518
Changes in Assets, Deferred Outflows, Liabilities,		
and Deferred Inflows:		
Pension and OPEB Assets		(473,215)
Net Pension/OPEB Deferred Outflows		(234,578)
Tenant Receivables		79,316
HUD Receivables		(226,473)
Other Assets/Receivables		(119,149)
Inventory		41,231
Prepaid Expenses		(9,261)
Wages and Benefits Payable		150,725
Security Deposits		7,362
Accounts Payable		270,322
Accounts Payable - HUD		42,759
Compensated Absences		67,358
Accrued Liabilities		(322,845)
Unearned Revenue		18,953
Net Pension Liability		(3,408,319)
Net Pension/OPEB Deferred Inflows		707,998
Other Liabilities		182,060
Net Cash Used in Operating Activities	$	(2,534,497)

Noncash transactions:

Capital assets with a historical costs of $4,919,448 and accumulated depreciation of $4,122,920 were sold for a total of $13,008,548. A portion of the sale proceeds, $4,209,525, were received through capital contribution grants and are reported in the Cash Flows from Capital and Related Financing Activities section above. The remaining $8,799,033 was financed by the Authority through the issuance of a notes receivable.

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Dayton Metropolitan Housing Authority (the "Authority") is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

Reporting Entity **–** The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's government board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, organizations other than the Authority itself included in the financial reporting entity are the blended component units.

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

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

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

A. **Description of the Entity and Programs** (Continued)

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

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

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and, when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation – The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specified unit and, when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

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

A. **Description of the Entity and Programs** (Continued)

Family Self-Sufficiency (FSS) – The FSS Program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program and the Public Housing Program with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Business Activities Programs **-** The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established component units to operate and develop affordable housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM) as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II, LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II, LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

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

A. **Description of the Entity and Programs** (Continued)

Rental Assistance Demonstration Program (RAD) Entities – There are currently seven RAD properties (52 units) that are also reported as Blended Component Units of the Authority at June 30, 2022. These include the properties of Telford Shroyer, Argella, City View, Lori Sue, Frederick, Quitman, and Revere. The properties are 100 percent owned and managed by the Authority.

Separate financial statements have been issued for the aforementioned component units and may be requested in writing at the Dayton Metropolitan Housing Authority, 400 Wayne Avenue, Dayton, Ohio 45401-8750, to the attention of Lisa McCarty, Chief Financial Officer.

B. **Summary of Significant Accounting Policies**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Basis of Accounting – The Authority's activities are financed and operated as a single enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges. The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability. The Authority's financial transactions are recorded on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized as incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

Cash and Cash Equivalents – During fiscal year 2022, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio investment programs are a very liquid investments and are reported as a cash equivalent in the basic financial statements.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants.* The Authority measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

B. **Summary of Significant Accounting Policies** (Continued)

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to $250 million, requiring the excess amount to be transacted the following business day (2), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investment instruments with original maturities of three months or less.

Restricted Cash and Cash Equivalents and Investments – Cash and cash equivalents and investments have been classified as restricted on the balance sheet for funds held for public housing residents' security deposits, amounts held in escrow under the HCV and Family Self-Sufficiency (FSS) programs and funds on deposit under the Fannie Mae Modernization Program. Funds authorized by HUD for Housing Assistance Payments (HAP) and Housing Development programs are also classified as restricted.

Investments – The provisions of the HUD Regulations restrict investments. Investments are valued at fair value.

Receivables/Bad Debts – Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

Inventory – Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method, and are expensed as they are consumed.

Capital Assets – Land, structures, and equipment are recorded at historical cost. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes assets with a cost of $1,000 or more ($2,000 or more for computer equipment). Software purchases are capitalized if the cost exceeds $5,000. The estimated useful lives are as follows:

Equipment and Vehicles	3-7 years
Buildings and Improvements	15 years
Buildings	40 years

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

B. **Summary of Significant Accounting Policies** (Continued)

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. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 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.

Compensated absences are expensed when earned with the amount reported as a liability.

Debt Obligations – Debt obligations of the Authority consist of mortgages for a homeownership program, capital projects, and property acquisition.

Net Position – Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation 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 unspent debt proceeds. When an expense is incurred for purposes which both restricted and unrestricted net position are available, the Authority first applied restricted net position.

Revenue Recognition – Grant revenue is recognized when the earnings process is complete and exchange has taken place, and any restrictions imposed by the terms of the grant have been met. Rent revenue is recognized over the period for which housing has been provided. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

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

B. **Summary of Significant Accounting Policies** (Continued)

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants, and other miscellaneous revenue. Non-operating revenues are HUD capital grants, interest income, and gains on disposal of capital assets. Operating expenses are those that are expended directly for the primary activity of the propriety fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance and operation, protective services, general expenses, housing assistance payments, depreciation, and amortization. Non-operating expenses include interest expense and losses on disposal of capital assets.

Capital Contributions – Contributions of capital arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Budgetary Accounting – The Authority annually prepares its budget as prescribed by HUD. The Authority's budgets are submitted to HUD and, once approved, are adopted by the Board of the Authority.

Use of Estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 8 and 9.

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

B. **Summary of Significant Accounting Policies** (Continued)

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

NOTE 2: **ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENT**

During fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans–an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

GASB Statement No. 87 establishes criteria for the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement had no effect on beginning net position.

GASB Statement No. 92 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement had no effect on beginning net position.

GASB Statement No. 97 requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This statement had no effect on beginning net position.

Additionally, a prior period adjustment of $59,464 was recorded to net position representing equity transfers to RAD properties, resulting in the following change in net position at the beginning of the fiscal year:

Net Position July 1, 2021, as previously reported	$ 41,255,050
Adjustments:	
Equity transfers	(59,464)
Restated Net Position July 1, 2021	$ 41,195,586

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or available on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end, the carrying amount of the Authority's deposits totaled $14,615,543, of which $2,700 was held in petty cash. The corresponding bank balances totaled $14,565,668. Based on criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2022, $14,315,668 was exposed to custodial risk as discussed below, while $250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

B. **Investments**

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

The Authority's investments at June 30, 2022 were as follows:

Uncategorized Investments	Fair Value	Rating
STAROhio	$ 2,589,453	AAAm*

* Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

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

B. **Investments** (Continued)

A reconciliation of cash, cash equivalents, and investments is as follows:

	Cash and Cash Equivalents *	Investments
Per Statement of Net Position	$ 17,204,996	$ -
STAR Ohio	(2,589,453)	2,589,453
Per GASB Statement No. 3	$ 14,615,543	$ 2,589,453

* Includes restricted cash and cash equivalents.

Restricted cash consists of the following:

Security Deposits	$ 194,032
Replacement Reserves	1,250,857
Proceeds from Public Housing Dispositions	451,524
Family Self-Sufficiency Escrow	463,597
Housing Choice Voucher HAP Funding	390,857
	$ 2,750,867

NOTE 4: **CAPITAL ASSETS**

A summary of changes in the Authority's capital assets for the year ended June 30, 2022 follows:

	Balance June 30, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	$ 9,624,766	$ 495,710	$ -	$ (539,432)	$ 9,581,044
Construction in Progress	725,820	625,362	(1,082,164)	-	269,018
Total Capital Assets Not Being Depreciated	10,350,586	1,121,072	(1,082,164)	(539,432)	9,850,062
Capital Assets Being Depreciated					
Buildings and Improvements	127,790,304	485,464	1,082,164	(4,836,853)	124,521,079
Equipment and Vehicles	5,999,535	161,225	-	(135,297)	6,025,463
Subtotal Capital Assets Being Depreciated	133,789,839	646,689	1,082,164	(4,972,150)	130,546,542
Total Cost	144,140,425	1,767,761	-	(5,511,582)	140,396,604
Accumulated Depreciation					
Buildings and Improvements	104,947,403	3,138,232	-	(4,157,182)	103,928,453
Equipment and Vehicles	5,362,822	141,286	-	(44,950)	5,459,158
Total Accumulated Depreciation	110,310,225	3,279,518	-	(4,202,132)	109,387,611
Total Capital Assets, Net	$ 33,830,200	$ (1,511,757)	$ -	$ (1,309,450)	$ 31,008,993

NOTE 5: NOTES RECEIVABLE

The Authority entered into mixed finance loan arrangements with various development partners. The arrangements have terms of three to forty years. Repayment is based on cash flow realized by properties; otherwise, all amounts are due at maturity. A summary of amounts owed to the Authority at June 30, 2022 is as follows:

Audubon Crossing	$ 2,772,004
Germantown	3,742,335
Southern MC	28,508,548
Brandt Meadows	2,650,000
Total Notes Receivable	**$ 37,672,887**

NOTE 6: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2022 are as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Fannie Mae Note	$ 5,244,218	$ -	$ (496,410)	$ 4,747,808	$ 527,029
County Corp. Note	102,121	-	(12,504)	89,617	12,505
Multifamily Housing Revenue Bonds, Series 2021A	-	8,875,000	-	8,875,000	-
Multifamily Housing Revenue Bonds, Series 2021B	-	6,625,000	-	6,625,000	-
Net Pension Liablity	7,116,344	-	(3,408,319)	3,708,025	-
Compensated Absences	1,487,002	67,358	-	1,554,360	232,809
Other	219,377	15,726	-	235,103	-
Total Long-Term Obligations	$ 14,169,062	$ 15,583,084	$ (3,917,233)	$ 25,834,913	$ 772,343

Direct Borrowings

Loan Payable – Montgomery County's Housing Trust

During 2007, the Authority executed a loan payable in the amount of $250,902 to be used to fill the financing gap in the cost of acquiring and making improvements to the 35-unit Windcliff Village Project. The loan is at an interest rate of 0 percent for a 20-year period and will terminate on or before December 31, 2028. Monthly payments of $1,042 are made on the loan. No collateral was required for the Project.

Fiscal Year Ended June 30	Principal	Interest	Total
2023	$ 12,505	$ -	$ 12,505
2024	12,505	-	12,505
2025	12,505	-	12,505
2026	12,505	-	12,505
2027	12,505	-	12,505
2028-2029	27,092	-	27,092
Total	$ 89,617	$ -	$ 89,617

NOTE 6: **LONG-TERM OBLIGATIONS** (Continued)

Loan Payable – FANNE MAE Modernization Note

During 2010, the Authority executed a Capital Fund Financing Program (CFFP) note in the amount of $9,235,000 to be used to modernize Public Housing Program units at four AMP locations. The note is at 6 percent per annum. The twenty-year note calls for monthly payments of $66,463 with the final payment due November 2029. Payments on the note are made form a portion of the Authority's Capital Fund Program revenue from HUD.

Fiscal Year Ended June 30	Principal	Interest	Total
2023	$ 527,029	$ 270,531	$ 797,560
2024	559,534	238,026	797,560
2025	594,045	203,515	797,560
2026	630,685	166,875	797,560
2027	669,584	127,976	797,560
2028-2030	1,766,931	133,780	1,900,711
Total	$ 4,747,808	$ 1,140,703	$ 5,888,511

Direct Placement

Multifamily Housing Revenue Bonds Payable – Series 2021A and 2021B

During 2021, the Authority issued bonds in the amounts of $8,875,000 (Series A) and $6,625,000 (Series B) for the purpose of making a loan to assist Southern M.C., LLC to pay a portion of the costs of rehabilitating, equipping, and improving the Southern Montgomery Apartments Project. The interest rate is 0.32 percent per annum.

Series A bonds require interest only payments due semiannually until the principal balance is paid and mature in September 2024. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2023	$ -	$ 28,400	$ 28,400
2024	-	28,400	28,400
2025	8,875,000	14,200	8,889,200
Total	$ 8,875,000	$ 71,000	$ 8,946,000

Series B bonds require interest only payments due monthly until the principal balance is paid and mature in October 2024. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2023	$ -	$ 21,200	$ 21,200
2024	-	21,200	21,200
2025	6,625,000	7,067	6,632,067
Total	$ 6,625,000	$ 49,467	$ 6,674,467

NOTE 7: 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. The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority is covered for property damage, general liability, automobile liability, public official's liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk sharing and purchasing pool comprised of three Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is a member). OHAPCI is a corporation governed by a Board of Trustees, consisting of a representative appointed by each of the member housing authorities. The Board of Trustees elects the officers of the Corporation, with each Trustee having a single vote. The Board is responsible for its own financial matters, and the Corporation maintains its own books of account. Budgeting and financing of OHAPCI is subject to the approval of the Board. The following is a summary of insurance coverage in effect as of June 30, 2022:

Coverage	Limit
Real and Personal Property	$ 250,000,000
General Liability	8,000,000
Automobile	8,000,000
Public Officials	8,000,000
Crime	1,000,000
Pollution	1,000,000
Boiler and Machinery	100,000,000

As of June 30, 2022, the Pool maintained a reserve in excess of actual and estimated claims relative to the Authority. During the year, settled claims for the Authority did not exceed the coverage provided by OHAPCI.

The Authority also maintains employee bonding and employee major medical, dental, and vision coverage with private carriers.

NOTE 8: DEFINED BENEFIT PENSION PLAN

Net Pension Liability/(Asset)

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

The net pension liability/(asset) represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/(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 this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability/(asset). Resulting adjustments to the net pension liability/(asset) 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* or *net pension asset*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued wages and benefits*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	**Formula:** 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 years	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Funding Policy - The ORC provides statutory authority for member and employer contributions. For fiscal year 2022, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The Authority's contractually required contributions used to fund pension benefits was $968,373 for fiscal year ending June 30, 2022.

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

At June 30, 2022, the Authority reported a liability/(asset) for its proportionate share of the net pension liability/(asset) of OPERS. The net pension liability/(asset) presented as of June 30, 2022 was measured as of December 31, 2021.

The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) was based on the Authority's share of contributions to the pension plan relative to the projected contributions of all participating entities.

The following is information related to the proportionate share and pension expense for fiscal year 2022:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/(Asset) Prior Measurement Date	0.048058%	0.030049%	
Proportion of the Net Pension Liability/(Asset) Current Measurement Date	0.042619%	0.026999%	
Change in Proportionate Share	-0.005439%	-0.003050%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 3,708,025	$ (106,377)	$ 3,601,648
Pension Expense	$ (1,672,718)	$ (12,264)	$ (1,684,982)

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Difference between expected and actual experience	$ 189,030	$ 660	$ 189,690
Changes in assumptions	463,684	5,351	469,035
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	14,834	14,834
Authority contributions subsequent to the measurement date	463,682	9,331	473,013
Total Deferred Outflows of Resources	$ 1,116,396	$ 30,176	$ 1,146,572
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 4,410,561	$ 22,805	$ 4,433,366
Differences between expected and actual experience	81,326	11,899	93,225
Changes in proportion and differences between Authority contributions and proportionate share of contributions	652,126	4,817	656,943
Total Deferred Inflows of Resources	$ 5,144,013	$ 39,521	$ 5,183,534

$473,013 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

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

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2023	$ (1,058,423)	$ (5,845)	$ (1,064,268)
2024	(1,694,155)	(8,519)	(1,702,674)
2025	(1,037,103)	(4,916)	(1,042,019)
2026	(701,618)	(2,902)	(704,520)
2027	-	773	773
Thereafter	-	2,733	2,733
Total	$ (4,491,299)	$ (18,676)	$ (4,509,975)

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Discount Rate The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability/(asset) calculated using the current period discount rate of 6.90 percent, as well as what the Authority’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage point lower (5.90 percent) and one-percentage point higher (7.90 percent) than the current rate used:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	$ 9,776,372	$ 3,708,025	$(1,341,646)
Combined Plan	$ (79,377)	$ (106,377)	$ (127,435)

NOTE 9: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

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

The net OPEB asset represents the Authority’s proportionate share of 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 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.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Ohio Revised Code limits the Authority's obligation for any 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 Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of OPERS plan's fully-funded benefits is presented as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *accrued wages and benefits.*

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero for calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%.

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

The Authority's contractually required contribution allocated to health care was $3,396 for fiscal year 2022.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to OPERS relative to the contributions of all participating entities.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.046685%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.041036%
Change in Proportionate Share	-0.005649%
Proportionate Share of the Net OPEB Asset	$ 1,285,310
OPEB Expense	$ (1,246,725)

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

	OPERS
Deferred Outflows of Resources	
Authority contributions subsequent to the measurement date	$ 1,712
Total Deferred Outflows of Resources	$ 1,712
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 612,746
Differences between expected and actual experience	194,962
Changes in assumptions	520,278
Changes in proportion and differences between Authority contributions and proportionate share of contributions	139,764
Total Deferred Inflows of Resources	$ 1,467,750

$1,712 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in fiscal year 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2023	$ (926,986)
2024	(318,883)
2025	(133,882)
2026	(87,999)
Total	$ (1,467,750)

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	
Current measurement period	2.75 percent
Prior measurement date	3.25 percent
Projected salary increases	
Current measurement period	2.75 percent to 10.75 percent, including wage inflation
Prior measurement period	3.25 percent to 10.75 percent, including wage inflation
Singe discount rate:	6.00 percent
Investment rate of return	6.00 percent
Municipal bond rate:	
Current measurement period	1.84 percent
Prior measurement period	2.00 percent
Health care cost trend rate:	
Current measurement period	5.5 percent initial, 3.50 percent ultimate in 2034
Prior measurement period	8.5 percent initial, 3.50 ultimate in 2035
Actuarial cost method	Individual entry age

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

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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 benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 755,883	$ 1,285,310	$ 1,724,743

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 1,299,200	$ 1,285,310	$ 1,268,883

NOTE 10: **CONTINGENCIES**

Litigations and Claims

In the normal course of operations, the Authority may be subjected to litigation and claims. At June 30, 2022, the Authority is involved in several matters. While the outcome of these matters cannot be presently determined, management believes that the ultimate resolution will not have a material effect on the financial statements.

NOTE 11: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The investments of the pension and other employee benefit plans in which the Authority participates have fluctuated with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Required Supplementary Information

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST NINE FISCAL YEARS (1) (2)

Traditional Plan	2022	2021	2020
Authority's Proportion of the Net Pension Liability	0.042619%	0.048058%	0.048801%
Authority's Proportionate Share of the Net Pension Liability	$ 3,708,025	$ 7,116,344	$ 9,645,849
Authority's Covered Payroll	$ 6,761,950	$ 6,805,343	$ 6,838,036
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	54.84%	104.57%	141.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%

Combined Plan	2022	2021	2020
Authority's Proportion of the Net Pension Asset	0.026999%	0.030049%	0.032755%
Authority's Proportionate Share of the Net Pension Liability/(Asset)	$ (106,377)	$ (86,741)	$ (68,302)
Authority's Covered Payroll	$ 132,950	$ 132,429	$ 159,300
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	80.01%	65.50%	42.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	169.88%	157.67%	145.28%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.050050%	0.051817%	0.052365%	0.047814%	0.045155%	0.045155%
$ 13,707,680	$ 8,129,083	$ 11,891,201	$ 8,281,989	$ 5,446,198	$ 5,323,186
$ 6,803,710	$ 7,060,833	$ 6,139,417	$ 5,734,167	$ 5,837,825	$ 5,940,438
201.47%	115.13%	193.69%	144.43%	93.29%	89.61%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

2019	2018	2017	2016	2015	2014
0.035306%	0.029073%	0.039646%	0.035980%	0.020933%	0.020933%
$ (39,480)	$ (39,578)	$ (22,066)	$ (17,506)	$ (8,060)	$ (2,196)
$ 118,305	$ 160,970	$ 135,083	$ 107,217	$ 54,108	$ 86,900
33.37%	24.59%	16.34%	16.33%	14.90%	2.53%
126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2022	2021	2020
Contractually Required Contributions			
Traditional Plan	$ 949,475	$ 946,673	$ 952,748
Combined Plan	18,898	18,613	18,540
Total Required Contributions	968,373	965,286	971,288
Contributions in Relation to the Contractually Required Contribution	(968,373)	(965,286)	(971,288)
Contribution Deficiency / (Excess)	$ -	$ -	$ -
Authority's Covered Payroll			
Traditional Plan	$ 6,781,964	$ 6,761,950	$ 6,805,343
Combined Plan	$ 134,986	$ 132,950	$ 132,429
Pension Contributions as a Percentage of Covered Payroll			
Traditional Plan	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

	2019	2018	2017	2016	2015	2014	2013
	$ 957,325	$ 918,717	$ 881,192	$ 736,730	$ 688,100	$ 700,539	$ 772,257
	22,302	15,975	20,089	16,210	12,866	6,493	11,297
	979,627	934,692	901,281	752,940	700,966	707,032	783,554
	(979,627)	(934,692)	(901,281)	(752,940)	(700,966)	(707,032)	(783,554)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 6,838,036	$ 6,803,710	$ 7,060,833	$ 6,139,417	$ 5,734,167	$ 5,837,825	$ 5,940,438
	$ 159,300	$ 118,305	$ 160,970	$ 135,083	$ 107,217	$ 54,108	$ 86,900
	14.00%	13.50%	12.48%	12.00%	12.00%	12.00%	13.00%
	14.00%	13.50%	12.48%	12.00%	12.00%	12.00%	13.00%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST SIX FISCAL YEARS (1) (2)

	2022	2021
Authority's Proportion of the Net OPEB Liability/Asset	0.041036%	0.046685%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (1,285,310)	$ (831,731)
Authority's Covered Payroll	$ 6,894,900	$ 6,937,771
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-18.64%	-11.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%

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

(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.047893%	0.048707%	0.050170%	0.050610%
$ 6,615,267	$ 6,350,243	$ 5,448,092	$ 5,111,782
$ 6,997,336	$ 6,922,015	$ 7,221,803	$ 6,274,500
94.54%	91.74%	75.44%	81.47%
46.33%	46.33%	54.14%	54.05%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS (1)

	2022	2021	2020
Contractually Required Contributions	$ 3,396	$ 5,038	$ 7,522
Contributions in Relation to the Contractually Required Contribution	(3,396)	(5,038)	(7,522)
Contribution Deficiency / (Excess)	$ -	$ -	$ -
Authority's Covered Payroll	$ 6,916,950	$ 6,894,900	$ 6,937,771
Pension Contributions as a Percentage of Covered Payroll	0.05%	0.07%	0.11%

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

See accompanying notes to the required supplementary information.

	2019	2018	2017	2016	2015
	$ 8,290	$ 41,051	$ 112,879	$ 126,958	$ 118,019
	(8,290)	(41,051)	(112,879)	(126,958)	(118,019)
	$ -	$ -	$ -	$ -	$ -
	$ 6,997,336	$ 6,922,015	$ 7,221,803	$ 6,274,500	$ 5,841,383
	0.12%	0.59%	1.56%	2.02%	2.02%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: None noted.

Changes in assumptions: For measurement year 2016, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.00% to 7.50%, a reduction in the wage inflation rate from 3.75% to 3.25%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2000 mortality tables to the RP-2014 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2018, a reduction of the discount rate was made from 7.50% to 7.20%.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.20% to 6.90%, a reduction in the wage inflation rate from 3.25% to 2.75%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2014 mortality tables to the Pub-2010 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Net OPEB Liability

Changes in benefit terms: None noted.

Changes in assumptions: For measurement year 2017, the single discount rate changed from 4.23% to 3.85%. For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For measurement year 2019, the single discount rate was reduced from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

For measurement year 2020, the single discount rate increased from 3.16% to 6.00% and 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.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in the wage inflation rate from 3.25% to 2.75%, lowering of the total salary increases rate by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation, and the health care cost trend rate changing from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

Supplementary Information

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.895 Jobs-Plus Pilot Initiative	14.182 N/C S/R Section 8 Programs	14.CCC Central Office Cost Center CARES Act Funding
111 Cash - Unrestricted	$ 4,639,150	$ -	$ 75,442	$ 877,934	$ 25,461	$ 69,198	$ -
112 Cash - Restricted - Modernization and Development				1,250,857			
113 Cash - Other Restricted	167,539			96,812			
114 Cash - Tenant Security Deposits	181,250			12,782			
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	4,987,939	-	75,442	2,238,385	25,461	69,198	-
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	311,193			10	18,900		
125 Accounts Receivable - Miscellaneous	321,538		41,250	26,281	368		
126 Accounts Receivable - Tenants	171,493			6,913			
126.1 Allowance for Doubtful Accounts -Tenants	(120,712)			(21,843)			
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
120 Total Receivables, Net of Allowances for Doubtful Accounts	683,512	-	41,250	11,361	19,268	-	-
131 Investments - Unrestricted							
142 Prepaid Expenses and Other Assets	252,577			4,073			
143 Inventories	579,316			8,043			
143.1 Allowance for Obsolete Inventories	(17,380)			(241)			
150 Total Current Assets	6,485,964	-	116,692	2,261,621	44,729	69,198	-
161 Land	7,877,501		38,500	311,804			
162 Buildings	114,398,925			4,399,961			
163 Furniture, Equipment & Machinery - Dwellings	917,835						
164 Furniture, Equipment & Machinery - Administration	3,268,177			42,323			
166 Accumulated Depreciation	(100,884,013)			(2,067,714)			
167 Construction in Progress	108,986		30,000				
168 Infrastructure	13,125						
160 Total Capital Assets, Net of Accumulated Depreciation	25,700,536	-	68,500	2,686,374	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	37,672,887						
174 Other Assets	653,801						
180 Total Non-Current Assets	64,027,224	-	68,500	2,686,374	-	-	-
200 Deferred Outflow of Resources	539,454	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	71,052,642	-	185,192	4,947,995	44,729	69,198	-
312 Accounts Payable <= 90 Days	439,277			6,179			
321 Accrued Wage/Payroll Taxes Payable	500,042			11,956			
322 Accrued Compensated Absences - Current Portion	82,729			1,665			
325 Accrued Interest Payable				35			
331 Accounts Payable - HUD PHA Programs	265			18,793		9	
341 Tenant Security Deposits	181,251			12,782			
342 Unearned Revenue	25,784						
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	527,028			12,506			
345 Other Current Liabilities	257,445			115,993	13		
346 Accrued Liabilities - Other	219,870		33	8,115			
310 Total Current Liabilities	2,233,691	-	33	188,024	13	9	-
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	4,220,781			77,110			
353 Non-current Liabilities - Other	101,394			860			
354 Accrued Compensated Absences - Non Current	468,631			9,436			
355 Loan Liability - Non Current	15,500,000						
357 Accrued Pension and OPEB Liabilities	1,741,998						
350 Total Non-Current Liabilities	22,032,804	-	-	87,406	-	-	-
300 Total Liabilities	24,266,495	-	33	275,430	13	9	-
400 Deferred Inflow of Resources	3,124,715	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	20,952,729		68,500	2,596,758			
511.4 Restricted Net Position							
512.4 Unrestricted Net Position	22,708,703		116,659	2,075,807	44,716	69,189	
513 Total Equity - Net Assets / Position	43,661,432	-	185,159	4,672,565	44,716	69,189	-
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$ 71,052,642	$ -	$ 185,192	$ 4,947,995	$ 44,729	$ 69,198	$ -

1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ 2,529,691	$ -	$ 20,197	$ 6,368	$ 755,492	$ 15,677	$ -	$ 228,334	$ 2,474,129	$ 11,717,073	$ -	$ 11,717,073
									1,250,857		1,250,857
				463,597			187,172	1	915,121		915,121
									194,032		194,032
				390,857					390,857		390,857
2,529,691	-	20,197	6,368	1,609,946	15,677	-	415,506	2,474,130	14,467,940	-	14,467,940
									-		-
					33,116				363,219		363,219
38,138				97,540					525,115		525,115
475									178,881		178,881
(25)									(142,580)		(142,580)
				12,738					12,738		12,738
				(2,626)					(2,626)		(2,626)
38,588	-	-	-	107,652	33,116	-	-	-	934,747	-	934,747
		1,047,933		147,116				1,542,007	2,737,056		2,737,056
125				29,633				31,367	317,775		317,775
									587,359		587,359
									(17,621)		(17,621)
2,568,404	-	1,068,130	6,368	1,894,347	48,793	-	415,506	4,047,504	19,027,256	-	19,027,256
8,478	827,588	460,334						56,839	9,581,044		9,581,044
273,850	2,168,842	3,241,372						25,004	124,507,954		124,507,954
								14,069	931,904		931,904
		103,319		365,489				1,314,251	5,093,559		5,093,559
(69,684)	(1,904,962)	(2,866,756)		(291,805)				(1,302,677)	(109,387,611)		(109,387,611)
130,032									269,018		269,018
									13,125		13,125
342,676	1,091,468	938,269	-	73,684	-	-	-	107,486	31,008,993	-	31,008,993
									37,672,887		37,672,887
				218,506				519,381	1,391,688		1,391,688
342,676	1,091,468	938,269	-	292,190	-	-	-	626,867	70,073,568	-	70,073,568
-	-	-		180,289	-	-	-	428,541	1,148,284		1,148,284
2,911,080	1,091,468	2,006,399	6,368	2,366,826	48,793	-	415,506	5,102,912	90,249,108	-	90,249,108
62				13,757				25,501	484,776		484,776
				199,147				196,036	907,181		907,181
				32,121	4,065			112,229	232,809		232,809
									35		35
				72,336	1,875				93,278		93,278
									194,033		194,033
									25,784		25,784
									539,534		539,534
			289	26,016			345	188,584	588,685		588,685
				47,475				43,798	319,291		319,291
62	-	-	289	390,852	5,940	-	345	566,148	3,385,406	-	3,385,406
									4,297,891		4,297,891
				132,849					235,103		235,103
				167,749	39,778			635,957	1,321,551		1,321,551
									15,500,000		15,500,000
				582,186				1,383,841	3,708,025		3,708,025
-	-	-	-	882,784	39,778	-	-	2,019,798	25,062,570	-	25,062,570
62	-	-	289	1,273,636	45,718	-	345	2,585,946	28,447,976	-	28,447,976
-	-	-	-	1,044,298	-	-	-	2,482,271	6,651,284		6,651,284
342,676	1,091,468	938,269		73,684				107,485	26,171,569		26,171,569
				463,597					463,597		463,597
2,568,342		1,068,130	6,079	(488,389)	3,075		415,161	(72,790)	28,514,682		28,514,682
2,911,018	1,091,468	2,006,399	6,079	48,892	3,075	-	415,161	34,695	55,149,848	-	55,149,848
$ 2,911,080	$ 1,091,468	$ 2,006,399	$ 6,368	$ 2,366,826	$ 48,793	$ -	$ 415,506	$ 5,102,912	$ 90,249,108	$ -	$ 90,249,108

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED: JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.895 Jobs-Plus Pilot Initiative	14.182 N/C S/R Section 8 Programs	14.CCC Central Office Cost Center CARES Act Funding
70300 Net Tenant Rental Revenue	$ 5,331,650	$ -	$ -	$ 220,794	$ -	$ -	$ -
70400 Tenant Revenue - Other	27,849			93			
70500 Total Tenant Revenue	5,359,499	-	-	220,887	-	-	-
70600 HUD PHA Operating Grants	9,179,249			284,279		151,046	
70610 Capital Grants	8,557,599			21,851			
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	10,901				120,530		
71100 Investment Income - Unrestricted	20			15			
71200 Mortgage Interest Income							
71400 Fraud Recovery							
71500 Other Revenue	100,188			840,510			
71600 Gain or Loss on Sale of Capital Assets	8,209,126						
70000 Total Revenue	31,416,582	-	-	1,367,542	120,530	151,046	-
91100 Administrative Salaries	1,305,415			46,035	42,663	8,732	
91200 Auditing Fees	11,604			165		163	
91300 Management Fee	2,025,801			50,679		5,616	
91310 Book-keeping Fee	183,503			2,753		3,510	
91500 Employee Benefit contributions - Administrative	(457,259)			11,404	14,841	2,621	
91600 Office Expenses	606,699			17,527	50,652	1,594	
91900 Other	102,861			5,293	937	154	
91000 Total Operating - Administrative	3,778,624	-	-	133,856	109,093	22,390	-
92000 Asset Management Fee	287,730			4,200			
92100 Tenant Services - Salaries	18,154			245			
92200 Relocation Costs	9,411			6,566			
92300 Employee Benefit Contributions - Tenant Services	(4,503)			116		2	
92400 Tenant Services - Other	53						
92500 Total Tenant Services	23,115	-	-	6,927	-	2	-
93100 Water	508,972			16,703			
93200 Electricity	963,728			12,498			
93300 Gas	551,682			16,273			
93600 Sewer	454,358			24,299			
93000 Total Utilities	2,478,740	-	-	69,773	-	-	-
94100 Ordinary Maintenance and Operations - Labor	1,699,486			68,942			
94200 Ordinary Maintenance and Operations - Materials and Other	1,038,531			23,199	105	85	
94300 Ordinary Maintenance and Operations Contracts	4,752,103			264,450	268	1,037	
94500 Employee Benefit Contributions - Ordinary Maintenance	(528,864)			26,625			
94000 Total Maintenance	6,961,256	-	-	383,216	373	1,122	-
95100 Protective Services - Labor	57,479			776			
95200 Protective Services - Other Contract Costs	436,547			4,337		31	
95300 Protective Services - Other	(22,609)			(305)			
95500 Employee Benefit Contributions - Protective Services	(18,054)			317			
95000 Total Protective Services	453,363	-	-	5,125	-	31	-
96110 Property Insurance	987,745			35,326		40	
96130 Workmen's Compensation	75,120			2,644	1,128	150	
96140 All Other Insurance	27,983					24	
96100 Total insurance Premiums	1,090,848	-	-	37,970	1,128	214	-
96200 Other General Expenses	72,832		6,000	704		156	
96210 Compensated Absences	(4,927)			(900)	(1,377)		
96300 Payments in Lieu of Taxes	106,425			2,273			
96400 Bad debt - Tenant Rents	269,409			(695)			
96800 Severance Expense	8,419					3	
96000 Total Other General Expenses	$ 452,158	$ -	$ 6,000	$ 1,382	$ (1,377)	$ 159	$ -

1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ 5,200	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,557,644	$ -	$ 5,557,644
									27,942		27,942
5,200	-	-	-	-	-	-	-	-	5,585,586	-	5,585,586
			12,103	25,230,694			597,275		35,454,646		35,454,646
									8,579,450		8,579,450
								2,640,595	2,640,595	(2,629,325)	11,270
								297,000	297,000	(292,050)	4,950
								533,445	533,445	(528,638)	4,807
									-		-
									-		-
-	-	-	-	-	-	-	-	3,471,040	3,471,040	(3,450,013)	21,027
					359,641				491,072		491,072
		3,073		3				4,292	7,403		7,403
									-		-
				6,116					6,116		6,116
975,216		1,000		61,724				6,329	1,984,967		1,984,967
									8,209,126		8,209,126
980,416	-	4,073	12,103	25,298,537	359,641	-	597,275	3,481,661	63,789,406	(3,450,013)	60,339,393
		44,272	1,781	949,789			20,039	2,384,970	4,803,696		4,803,696
			43	17,825			463	29,983	60,246		60,246
1,860			1,012	533,850			10,506		2,629,324	(2,629,325)	(1)
90			632	331,584			6,566		528,638	(528,638)	-
		9,165	565		303		6,004	(95,254)	(507,610)		(507,610)
35,657		2,098	432	181,769			4,068	98,866	999,362		999,362
50		3,593	22	16,778	1,144		441	65,399	196,672		196,672
37,657	-	59,128	4,487	2,031,595	1,447	-	48,087	2,483,964	8,710,328	(3,157,963)	5,552,365
120									292,050	(292,050)	-
				8,654	228,701				255,754		255,754
1,659								19,876	37,512		37,512
					108,575		6		104,196		104,196
				322	1,704			8,576	10,655		10,655
1,659	-	-	-	8,976	338,980	-	6	28,452	408,117	-	408,117
								1,492	527,167		527,167
								39,505	1,015,731		1,015,731
									567,955		567,955
								2,808	481,465		481,465
-	-	-	-	-	-	-	-	43,805	2,592,318	-	2,592,318
								61,714	1,830,142		1,830,142
			13	9,633			174	19,272	1,091,012		1,091,012
9,809		3,683	255	121,925			2,664	318,668	5,474,862		5,474,862
								(573)	(502,812)		(502,812)
9,809	-	3,683	268	131,558	-	-	2,838	399,081	7,893,204	-	7,893,204
									58,255		58,255
			32	4,494			92	4,705	450,238		450,238
								236	(22,678)		(22,678)
									(17,737)		(17,737)
-	-	-	32	4,494	-	-	92	4,941	468,078	-	468,078
385				10,699			119	26,780	1,061,094		1,061,094
		1,162	22	24,602	5,857		391	61,244	172,320		172,320
				2,677			70		30,754		30,754
385	-	1,162	22	37,978	5,857	-	580	88,024	1,264,168	-	1,264,168
1,034			41	25,012			4,210	14,592	124,581		124,581
		(12,066)		34,548	(4,397)			93,753	104,634		104,634
17,038								20,127	145,863		145,863
									268,714		268,714
			4				8		8,434		8,434
$ 18,072	$ -	$ (12,066)	$ 45	$ 59,560	$ (4,397)	$ -	$ 4,218	$ 128,472	$ 652,226	$ -	$ 652,226

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
FOR THE FISCAL YEAR ENDED: JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.895 Jobs-Plus Pilot Initiative	14.182 N/C S/R Section 8 Programs	14.CCC Central Office Cost Center CARES Act Funding
96710 Interest of Mortgage (or Bonds) Payable	$ 301,149	$ -	$ -	$ -	$ -	$ -	$ -
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	301,149	-	-	-	-	-	-
96900 Total Operating Expenses	15,826,983	-	6,000	642,449	109,217	23,918	-
97000 Excess of Operating Revenue over Operating Expenses	15,589,599	-	(6,000)	725,093	11,313	127,128	-
97200 Casualty Losses - Non-capitalized	(45,046)						
97300 Housing Assistance Payments						91,748	
97400 Depreciation Expense	2,850,945			212,371			
97800 Dwelling Units Rent Expense	71,483	-					
90000 Total Expenses	18,704,365	-	6,000	854,820	109,217	115,666	-
10091 Inter Project Excess Cash Transfer In	1,656,820						
10092 Inter Project Excess Cash Transfer Out	(1,656,820)						
10093 Transfers between Project and Program - In				4,479			
10094 Transfers between Project and Program - Out	(4,479)						
10100 Total Other financing Sources (Uses)	(4,479)	-	-	4,479	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 12,707,738	$ -	$ (6,000)	$ 517,201	$ 11,313	$ 35,380	$ -
11020 Required Annual Debt Principal Payments	$ 446,769						
11030 Beginning Equity	$ 30,983,852		$ 191,159	$ 4,184,670	$ 33,403	$ 33,809	$ -
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$ (30,158)			$ (29,306)			
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	29,013			636			
11210 Number of Unit Months Leased	24,489			433			
11270 Excess Cash	$ 2,008,129						
11610 Land Purchases	$ 3,050						
11620 Building Purchases	$ 371,343						
11630 Furniture & Equipment - Dwelling Purchases							
11640 Furniture & Equipment - Administrative Purchases	$ 5,213						
13510 CFFP Debt Service Payments	$ 307,922						

1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 301,149	$ -	$ 301,149
								$ (2,645)	(2,645)		(2,645)
									-		-
-	-	-	-	-	-	-	-	(2,645)	298,504	-	298,504
67,702	-	51,907	4,854	2,274,161	341,887	-	55,821	3,174,094	22,578,993	(3,450,013)	19,128,980
912,714	-	(47,834)	7,249	23,024,376	17,754	-	541,454	307,567	41,210,413	-	41,210,413
									(45,046)		(45,046)
			1,170	23,730,985			126,293		23,950,196		23,950,196
4,295	64,742	110,457		19,505				17,203	3,279,518		3,279,518
									71,483		71,483
71,997	64,742	162,364	6,024	26,024,651	341,887	-	182,114	3,191,297	49,835,144	(3,450,013)	46,385,131
									1,656,820		1,656,820
									(1,656,820)		(1,656,820)
									4,479		4,479
									(4,479)		(4,479)
-	-	-	-	-	-	-	-	-	-	-	-
$ 908,419	$ (64,742)	$ (158,291)	$ 6,079	$ (726,114)	$ 17,754	$ -	$ 415,161	$ 290,364	$ 13,954,262	$ -	$ 13,954,262
									$ 446,769		$ 446,769
$ 2,002,599	$ 1,156,210	$ 2,164,690	$ -	$ 775,006	$ (14,679)	$ -	$ -	$ (255,669)	$ 41,255,050		$ 41,255,050
									$ (59,464)		$ (59,464)
				$ (414,705)					$ (414,705)		$ (414,705)
				$ 463,597					$ 463,597		$ 463,597
				52,710					82,359		82,359
				45,864					70,786		70,786
									$ 2,008,129		$ 2,008,129
									$ 3,050		$ 3,050
									$ 371,343		$ 371,343
									$ -		$ -
									$ 5,213		$ 5,213
									$ 307,922		$ 307,922

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

SCHEDULE OF MODERNIZATION COSTS - COMPLETED
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. Actual Modernization costs of the Project are as follows:

Modernization Authority Number	OH10R005502-11	OH10R005502-12	OH10R005502-13	OH10R005502-14
Fund Approved	$ 754,113	$ 771,428	$ 825,520	$ 613,870
Funds Expended	754,113	771,428	825,520	613,870
Excess of Fund Advanced	$ -	$ -	$ -	$ -

2. All modernization work in connection with the projects has been completed.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal ALN**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Program		
Section 8 Project-Based Cluster:		
Lower Income Housing Assistance Program - Section 8 New Construction/ Substantial Rehabilitation	14.182	$ 151,046
Total Section 8 Project-Based Cluster		151,046
Public and Indian Housing	14.850	9,463,528
Resident Opportunity and Supportive Services - Service Coordinators	14.870	359,641
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	26,024,651
COVID-19 - Emergency Housing Vouchers	14.871	182,114
Mainstream Vouchers	14.879	12,103
Total Housing Voucher Cluster		26,218,868
Public Housing Capital Fund	14.872	8,579,450
Jobs-Plus Pilot Initiative	14.895	131,431
Total U.S. Department of Housing and Urban Development		44,903,964
Total Expenditures of Federal Awards		$ 44,903,964

The accompanying notes are an integral part of this schedule

NOTE 1: **BASIS OF PRESENTATION**

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

NOTE 3: **INDIRECT COST RATE**

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

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
14 East Main Street, Suite 500, Springfield, Ohio 45502
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

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 Dayton Metropolitan Housing Authority (the "Authority"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Authority's Response to Finding

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 10, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Dayton Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 Auditors' 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 each 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

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.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 10, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Housing Voucher Cluster:
ALN 14.871 – Housing Voucher Cluster
ALN 14.871 – COVID-19 – Emergency Housing Vouchers
ALN 14.879 – Mainstream Voucher Program

Dollar threshold to distinguish between Type A and Type B programs:	$1,347,119
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

2022-001: Material Weakness – Financial Reporting

Management is responsible for the preparation of financial statements which are free from material misstatement(s) on an annual basis. Thus, it is important to develop appropriate control procedures related to drafting financial statements and disclosures which enables errors to be prevented, or detected and corrected, prior to completion of the financial statement presented for audit.

As a result of audit procedures performed, audit adjustments were noted within the Authority's financial statements prepared and submitted to the Auditor of State's reporting system for audit. An adjustment was necessary to properly report $15.5 million of revenue bonds payables were not originally reported within the financial statements by the Authority even though these bonds were issued in the Authority's name. Therefore, it was necessary to increase long-term liabilities by the $15.5 million with an offsetting increase to notes receivable to properly reflect the transaction that occurred.

Since the financial statements filed with the Auditor of State's Office are to be considered the final financial statements presented for audit, all adjustments and corrections should be made prior to submission of those financial statements annually to the Auditor of State's Office.

Authority's Response: Due to the complexity of the 4% Tax Credit with Bond issuance transaction, Greater Dayton Premier Management's (GDPM) CFO reached out to the Tax Credit division of Clark, Schaefer and Hackett to confirm the correct closing entries to transfer assets and loan structure between GDPM and Southern Montgomery CC. The entries were confirmed as correct. The $15.5M Bond entry was not mentioned and it was not made on either entity's books until the last week of FY2022 audit. GDPM will continue to reach out for guidance when complex deals are structured and will strive to record all transactions correctly.

Section III – Federal Awards Findings and Questioned Costs

None noted

Dayton Metropolitan Housing Authority
Corrective Action Plan
Year Ended June 30, 2022

Finding Number: 2022-001

Planned Corrective Action: The Authority will continue to refine its annual reporting practices and will continue to strive to ensure the financial statements filed with the Auditor of State's Office annually are complete and accurate prior to the commencement of the financial audit.

Anticipated Completion Date: November 2023

Responsible Contact Person: Lisa McCarty, Chief Financial Officer
lmccarty@dmha.org
(937) 910-7518

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY 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 5/4/2023

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