OHIO AUDITOR OF STATE
**KEITH FABER**

**MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY**
**MORGAN COUNTY**
**JUNE 30, 2022**

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**MORGAN COUNTY**
**JUNE 30, 2022**

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OHIO AUDITOR OF STATE
KEITH FABER

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

# INDEPENDENT AUDITOR'S REPORT

Morgan County Metropolitan Housing Authority
Morgan County
4580 N State Route 376 NW
McConnelsville, Ohio 43756

To the Board of Commissioners:

## Report on the Audit of the Financial Statements

### *Opinion*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Morgan County Metropolitan Housing Authority, Morgan County, Ohio as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Financial Data Schedule 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 8, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2023

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Unaudited

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements, which follow.

## FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $18,454 (or 0.91 percent) during fiscal year ended 2022. This decrease is reflective of the fiscal year's activities.

- Total revenue decreased by $62,390 (or 4.55 percent) during fiscal year ended 2022. The amounts were $1,309,996 and $1,372,386 for 2022 and 2021 respectively.

- Total expenses of all Authority programs increased by $272,922 (or 25.86 percent). Total expenses were $1,328,450 and $1,055,528 for fiscal year ended 2022 and 2021 respectively.

## USING THE ANNUAL REPORT

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

### BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

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

Unaudited

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

> Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have outstanding debt related to capital assets as of June 30, 2022.

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

> Unrestricted: Consists of Net Position that do not meet the definition of "Investment in Capital Assets," or "Restricted." This account resembles the old operating reserves account.

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

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

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Project Total (PH and CFP) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. CARES Act funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Unaudited

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance. CARES Act Funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Mainstream Voucher Program – The mainstream voucher program is separate program from the housing choice voucher program with different funding and reporting requirement. The program eligibility is that a household member must be non-elderly with a disability.

PIH Family Self-Sufficiency – A grant program that provides funding for the salary and benefits of a coordinator to assist tenants in finding jobs, training and supportive services to help residents transition from welfare to work. The coordinator also assists to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the Housing Opportunities and Personal Empowerment (HOPE) Board for managing rental property for tenants with developmental disabilities.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

## AUTHORITY STATEMENTS

### Statement of Net Position

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

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Unaudited

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

| | 2022 | 2021 |
|---|---|---|
| Current Assets | $ 629,118 | $ 633,038 |
| Capital Assets | 1,713,308 | 1,789,560 |
| Other Non-current Assets | 44,320 | 23,642 |
| Deferred Outflows of Resources | 44,743 | 32,287 |
| Total Assets & Deferred Outflows of Resources | $ 2,431,489 | $ 2,478,527 |
| | | |
| Current Liabilities | $ 118,814 | $ 98,616 |
| Long-Term Liabilities | 125,209 | 210,112 |
| Deferred Inflows of Resources | 189,060 | 152,939 |
| Total Liabilities and Deferred Inflows of Resources | 433,083 | 461,667 |
| | | |
| Net Position: | | |
| Net Investment in Capital Assets | 1,713,308 | 1,789,560 |
| Restricted Net Position | 37,050 | 12,323 |
| Unrestricted Net Position | 248,048 | 214,977 |
| | | |
| Total Net Position | 1,998,406 | 2,016,860 |
| | | |
| Total Liabilities, Deferred Inflows and Net Positions | $ 2,431,489 | $ 2,478,527 |

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

**Major Factors Affecting the Statement of Net Position**

During 2022, current assets decreased by $3,920 and current liabilities increased by $20,198. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The increase in liability is due to Emergency Housing Voucher funding received from HUD in advance.

Capital assets also changed, decreasing from $1,789,560 to $1,713,308. The $76,252 decrease is contributed primarily to a combination of total acquisitions of $69,064 less current year depreciation of $145,316.

The following table presents details on the change in Net Position.

Unaudited

**Table 2 - Changes of Net Position**

| | Unrestricted | Net Investment in Capital Assets | Restricted |
|---|---|---|---|
| Beginning Balance - | $214,977 | $1,789,560 | $12,323 |
| Results of Operation | (43,181) | 0 | 24,727 |
| Adjustments: | | | |
| Current year Depreciation Expense (1) | 145,316 | (145,316) | 0 |
| Capital Expenditure (2) | (69,064) | 69,064 | 0 |
| Ending Balance | $248,048 | $1,713,308 | $37,050 |

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

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

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

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

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Unaudited

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

| | 2022 | 2021 |
|---|---|---|
| **Revenues** | | |
| Total Tenant Revenues | $ 169,105 | $ 163,856 |
| Operating Subsidies | 1,049,325 | 1,043,682 |
| Capital Grants | 69,064 | 128,365 |
| Investment Income | 3,031 | 3,587 |
| Other Revenues | 19,471 | 32,896 |
| **Total Revenues** | **1,309,996** | **1,372,386** |
| **Expenses** | | |
| Administrative | 160,205 | 197,511 |
| Tenant Services | 59,494 | 52,108 |
| Utilities | 114,749 | 109,168 |
| Insurance | 18,249 | 16,575 |
| Maintenance | 221,016 | 181,750 |
| General Expenses | 112,326 | 3,074 |
| Housing Assistance Payments | 563,252 | 527,369 |
| Pension & OPEB Expenses | (66,157) | (165,299) |
| Depreciation | 145,316 | 133,272 |
| **Total Expenses** | **1,328,450** | **1,055,528** |
| Change in Net Position | (18,454) | 316,858 |
| Total beginning net position | 2,016,860 | 1,700,002 |
| Total net position - ending | $ 1,998,406 | $ 2,016,860 |

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

Operating Subsidy reflects an increase of $5,643 or 0.54%. The increase in operating subsidy is due to the revenue earned for the Emergency Housing Voucher Program. Capital grants decreased by $59,301 due to capital funded activities during the year. Total tenant revenue increased by $5,249 (or 3.2%). The increase in tenant revenue was primarily due to tenant payments.

Total expenses increased $272,922 due to impact from Pension & OPEB expense as a result of recording GASB 68 & 75 accruals, maintenance, general and housing assistance payments.

Unaudited

## CAPITAL ASSETS

As of fiscal year-end, the Authority had $1,713,308 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $76,252 or 4.26% from the end of 2021. This increase was due to current year capital additions net of depreciation expense.

**Table 4 - Condensed Statement of Changes in Capital Assets**

| | 2022 | 2021 |
|---|---|---|
| Land | $ 274,650 | $ 274,650 |
| Buildings | 4,128,551 | 4,128,551 |
| Equipment - administration | 129,160 | 129,160 |
| Equipment - dwelling | 105,810 | 105,810 |
| Leasehold Improvements | 770,969 | 701,905 |
| Accumulated Depreciation | (3,695,832) | (3,550,516) |
| Total | $ 1,713,308 | $ 1,789,560 |

The following reconciliation identifies the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements:

**Table 5 - Changes in Capital Assets**

| | |
|---|---|
| Beginning Balance - June 30, 2021 | $ 1,789,560 |
| Current year Additions | 69,064 |
| Current year Depreciation Expense | (145,316) |
| Ending Balance - June 30, 2022 | $ 1,713,308 |

| | |
|---|---|
| Current year Additions are summarized as follows: | |
| Security Cameras | $ 34,601 |
| Concrete work | 34,463 |
| Total Current Year Addition | $ 69,064 |

## DEBT OUTSTANDING

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

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Unknown financial and operational impacts as well as impacts to federal programs as a result of the COVID-19 pandemic.

## IN CONCLUSION

Morgan Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the consistent and sound financial condition of the Authority.

## FINANCIAL CONTACT

If you have any questions regarding this report, you may contact the Executive Director of the Morgan Metropolitan Housing Authority at (740) 962-4930.

Respectfully submitted,
Angie Finley, Executive Director

**MORGAN METROPOLITAN HOUSING AUTHORITY**
**Statement of Net Position**
**June 30, 2022**

| | | |
|---|---|---|
| ***ASSETS*** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ | 508,602 |
| Restricted cash | | 100,051 |
| Receivables, net | | 629 |
| Inventory, net | | 6,473 |
| Prepaid expenses | | 13,363 |
| ***Total current assets*** | | ***629,118*** |
| **Noncurrent assets** | | |
| Capital assets: | | |
| Non-Depreciable capital assets | | 274,650 |
| Depreciable capital assets, net of accumulated depreciation | | 1,438,658 |
| ***Total capital assets*** | | ***1,713,308*** |
| Net OPEB Asset | | 44,320 |
| ***Total other non-current assets*** | | 44,320 |
| **Total assets** | **$** | **2,386,746** |
| **Deferred Outflows of Resources** | | |
| Pension | $ | 44,018 |
| OPEB | | 725 |
| ***Total Deferred Outflows of Resources*** | **$** | **44,743** |
| ***LIABILITIES*** | | |
| **Current liabilities** | | |
| Accounts payable | $ | 47,051 |
| Accrued wages and payroll taxes | | 5,732 |
| Tenant security deposits | | 33,032 |
| Accrued compensated absences | | 12,825 |
| Unearned revenue | | 20,174 |
| ***Total current liabilities*** | | ***118,814*** |
| **Noncurrent liabilities** | | |
| Accrued Compensated Absences | | 449 |
| Net Pension Liability | | 114,671 |
| Noncurrent liabilities - other | | 10,089 |
| ***Total noncurrent liabilities*** | | ***125,209*** |
| **Total liabilities** | **$** | **244,023** |
| **Deferred Inflows of Resources** | | |
| Pension | $ | 138,912 |
| OPEB | | 50,148 |
| ***Total Deferred Inflows of Resources*** | **$** | **189,060** |
| ***NET POSITION*** | | |
| Investment in capital assets | $ | 1,713,308 |
| Restricted net position | | 37,050 |
| Unrestricted net position | | 248,048 |
| **Total net position** | **$** | **1,998,406** |

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

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

| | |
|---|---|
| ***OPERATING REVENUES*** | |
| Tenant revenue | $ 169,105 |
| Operating grants | 1,049,325 |
| Other revenue | 19,471 |
| **Total operating revenues** | **1,237,901** |
| ***OPERATING EXPENSES*** | |
| Administrative | 160,205 |
| Tenant services | 59,494 |
| Utilities | 114,749 |
| Insurance | 18,249 |
| Maintenance | 221,016 |
| General | 112,326 |
| Housing assistance payment | 563,252 |
| Pension & OPEB Expense | (66,157) |
| Depreciation | 145,316 |
| ***Total operating expenses*** | ***1,328,450*** |
| **Operating income** | **(90,549)** |
| ***NONOPERATING REVENUES*** | |
| Capital grant revenue | 69,064 |
| Interest Income | 3,031 |
| ***Total nonoperating revenues*** | ***72,095*** |
| Change in net position | (18,454) |
| Beginning Net Position | 2,016,860 |
| **Total net position - ending** | **$ 1,998,406** |

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

**MORGAN METROPOLITAN HOUSING AUTHORITY**
**Statement of Cash Flows**
**For the Year Ended June 30, 2022**

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating grants received | $1,049,799 |
| Receipts from tenants | 172,836 |
| Other revenue received | 20,237 |
| Cash payments for administrative | (683,586) |
| Cash payments for HAP | (563,252) |
| **Net cash provided by operating activities** | **(3,966)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest earned | 3,031 |
| **Net cash provided by investing activities** | **3,031** |
| **CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES** | |
| Acquisition of capital assets | (69,064) |
| Capital grant received | 69,064 |
| **Net cash (used) by capital and related activities** | **0** |
| Net increase in cash | (935) |
| Cash and cash equivalents - beginning of year | 609,588 |
| **Cash and cash equivalents - end of year** | **$ 608,653** |

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

## MORGAN METROPOLITAN HOUSING AUTHORITY
### Statement of Cash Flows (Continued)
### For the Year Ended June 30, 2022

| | | |
|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| Net Operating Income | $ | (90,549) |
| Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities | | |
| - Depreciation | | 145,316 |
| - (Increases) Decreases in Accounts Receivable | | 4,971 |
| - (Increases) Decreases in Prepaid Assets | | (1,986) |
| - (Increases) Decreases in Net OPEB Assets | | (20,678) |
| - (Increases) Decreases in Deferred Outflows of Resources | | (12,456) |
| - Increases (Decreases) in Accounts Payable | | 25,618 |
| - Increases (Decreases) in Accrued Wages and Payroll Taxes Payable | | 3,818 |
| - Increases (Decreases) in Tenant Security Deposit | | 2,130 |
| - Increases (Decreases) in Unearned Revenue | | (12,370) |
| - Increases (Decreases) in Compensated Absences Payable | | 957 |
| - Increases (Decreases) in Pension and OPEB Liability | | (71,019) |
| - Increases (Decreases) in Deferred Inflows of Resources | | 36,121 |
| - Increases (Decreases) in Non-Current Liabilities Other | | (13,839) |
| **Net cash provided by operating activities** | **$** | **(3,966)** |

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

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

Enterprise Fund
The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs. The following are the various programs which are included in the single enterprise fund:

Project Total (PH and CFP) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Mainstream Voucher Program – The mainstream voucher program is separate program from the housing choice voucher program with different funding and reporting requirement. The program eligibility is that a household member must be non-elderly with a disability.

Emergency Housing Voucher Program – Under the Emergency Housing Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The program is specific to provide housing for people that are homeless or are at risk of becoming homeless. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

PIH Family Self-Sufficiency Program – A grant program that provides funds to pay for the salaries and benefits of a Coordinator to assist tenant to find jobs, training and supportive services to help residents transition from welfare to work. The Coordinator also provides assistance to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the county for managing a HOPE project.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

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

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

- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB Statement No. 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

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

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

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

Unearned Revenue

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

Prepaid Items

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy was $1,750. The following are the estimated useful lives used for depreciation purposes:

| | |
|---|---|
| Buildings – residential | 27.5 |
| Buildings – non residential | 40 |
| Building improvements | 15 |
| Furniture – dwelling | 7 |
| Furniture – non-dwelling | 7 |
| Equipment – dwelling | 5 |
| Equipment – non-dwelling | 7 |
| Autos and trucks | 5 |
| Computer hardware | 3 |
| Computer software | 3 |
| Leasehold improvements | 15 |
| Land improvements | 15 |

Cash and Cash Equivalents
For cash flow reporting purposes, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Due From/To Other Programs
On the basic financial statements, receivables and payables resulting from the short-term interprogram loans are eliminated.

Accrued Liabilities
All payables and accrued liabilities are reported in the basic financial statements.

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. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development.

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable and fraud recovery receivable balances at the end of the fiscal year. The allowance for doubtful accounts was $2,716 at June 30, 2022.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $660 at June 30, 2022.

Deferred inflow/outflow of Resources

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets 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. There was no related debt as of June 30, 2022. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority net position restricted by for the HAP reserve on June 30, 2022 was $37,050.

Operating/Nonoperating 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 from HUD and other miscellaneous revenue. Nonoperating revenues are HUD capital grants and interest income. HUD capital grants are the amounts received by the Authority for capital improvements and administration of the public housing programs.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, tenant services, insurance, depreciation, general, pension and OPEB expenses and housing assistance payments.

## 2. CASH AND CASH EQUIVALENTS

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

Ohio law requires that deposits be either insured or be protected by 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 the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. 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.

At fiscal year end, the carrying amount of the Authority's deposits was $608,653 and the bank balance was $623,126. In addition, $50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position. Federal deposit insurance covered $250,000 of the bank balance and $373,126 was uninsured. Of the uninsured bank balance, the Authority was exposed to custodial risk as follows:

| | **Balance** |
|---|---|
| Uninsured and collateralized with securities held in the Ohio Pooled Collateral System | $373,126 |
| | $373,126 |

3. **RESTRICTED CASH**

The restricted cash balance on the financial statements consists of the following:

| | |
|---|---|
| Tenant Security Deposit | $33,032 |
| FSS Escrow Funds held for Tenants | 10,089 |
| Advances from HUD for housing assistance payments - HCV | 37,050 |
| Advances from HUD for Emergency Housing Voucher | 19,880 |
| Total Restricted Cash on Hand | $100,051 |

4. **CAPITAL ASSETS**

The following is a summary of capital assets on June 30, 2022 by class:

| | **Balance 6/30/2021** | **Additions** | **Adjustment** | **Balance 6/30/2022** |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated:** | | | | |
| Land | $274,650 | $0 | $0 | $274,650 |
| **Total Capital Assets Not Being Depreciated** | **274,650** | **0** | **0** | **274,650** |
| **Capital Assets Being Depreciated:** | | | | |
| Buildings and improvements | 4,830,456 | 69,064 | 0 | 4,899,520 |
| Furnt, Mach. and Equip. | 234,970 | 0 | 0 | 234,970 |
| **Total Capital Assets Being Depreciated** | **5,065,426** | **69,064** | **0** | **5,134,490** |
| **Accumulated Depreciation:** | | | | |
| Buildings | (3,380,712) | (126,019) | 15,270 | (3,491,461) |
| Furnt, Mach. and Equip. | (169,804) | (19,297) | (15,270) | (204,371) |
| **Total Accumulated Depreciation** | **(3,550,516)** | **(145,316)** | **0** | **(3,695,832)** |
| **Total Capital Assets Being Depreciated, Net** | **1,514,910** | **(76,252)** | **0** | **1,438,658** |
| **Total Capital Assets, Net** | **$1,789,560** | **($76,252)** | **$0** | **$1,713,308** |

## 5. LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

| | Balance 6/30/2021 | Additions | Deletions | Balance 6/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| FSS Escrow Liability | $23,928 | $15,505 | ($29,344) | $10,089 | $0 |
| Net Pension Liability | 185,690 | 0 | (71,019) | 114,671 | 0 |
| Compensated Absence | 12,317 | 19,230 | (18,273) | 13,274 | 12,825 |
| Total | **$221,935** | **$34,735** | **($118,636)** | **$138,034** | **$12,825** |

The FSS Escrow Liability of $10,089 represents money held in escrow for residents participating in the family self-sufficiency program. Each month contributions are deposited into the designated savings account on behalf of the program participants. Participants enter into an initial five-year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals, may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to provide additional housing assistance.

See Note 6 and Note 7 for information on the Authority's net pension and OPEB liabilities.

## 6. DEFINED BENEFIT PENSION PLANS

**Net Pension Liability**

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

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

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

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

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

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

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

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

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

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

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

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

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

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

| | State and Local |
|---|---|
| **The Statutory Maximum Contribution Rates:** | |
| - Employer | 14.00% |
| - Employee | 10.00% |

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2021-2022.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $30,484 for fiscal year ending June 30, 2022. Of this amount $2,055 is report with accrued wages and payroll taxes.

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

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

| | Traditional Plan |
|---|---|
| Proportionate Share of Net Pension Liability | $114,671 |
| Proportion of the Net Pension Liability | |
| - Prior Measurement Date | 0.001254% |
| - Current Meassurement Date | 0.001318% |
| Change in Proportion from Prior | 0.000064% |
| Pension Expense (Income) | ($39,664) |

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

| | Traditional Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Assumption Changes | $14,339 |
| Difference between expected and actual experience | 5,845 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 9,409 |
| Authority contributions subsequent to the measurement date | 14,425 |
| Total Deferred Outflows of Resources | $44,018 |

| | Traditional Plan |
|---|---|
| **Deferred Inflows of Resources** | |
| Net Difference between projected and actual earning on pension plan investments | $136,397 |
| Difference between expected and actual experience | 2,515 |
| | $138,912 |

$14,425 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:

| | Traditional Plan |
|---|---|
| Fiscal Year Ending June 30: | |
| 2023 | ($10,894) |
| 2024 | (44,653) |
| 2025 | (32,073) |
| 2026 | (21,699) |
| Total | ($109,319) |

***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, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| Actuarial Information | Traditional Plan |
|---|---|
| Measurement and Valuation Date | December 31, 2021 |
| Experience Study | 5-year ended 12/31/2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumption: | |
| Investment Rate of Return | 6.9% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75 % |
| Cost-of-Living Adjustment | Pre 01/07/13 Retirees: 3% Simple<br>Post 01/07/13 Retirees: 3.0% Simple through 2022, then 2.05% Simple |

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

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

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 as of December 31, 2021 | 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% |

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 following table presents the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

**Sensitivity of Net Pension Liability/(Asset) to Changes in Discount Rate**

| | 1% Decrease (5.9%) | Current Discount Rate (6.9%) | 1% Increase (7.9%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability | | | |
| - Traditional Pension Plan | $302,336 | $114,671 | ($41,491) |

### *Changes Between Measurement Date and Report Date*

Subsequent to December 31, 2021, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2022 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

## 7. DEFINED BENEFIT OPEB PLAN

***Net OPEB Liability / Asset***

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability 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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability / asset. Resulting adjustments to the net OPEB 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 OPEB liability / asset on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2022 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $1,208 for the year ending June 30, 2022.

***OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The total OPEB liability 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 liability/asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | **Health Care Plan** |
|---|---|
| Proportionate Share of Net OPEB Asset | $44,320 |
| Proportion of the Net OPEB Liability | |
| - Prior Measurement Date | 0.001327% |
| - Current Meassurement Date | 0.001415% |
| Change in Proportion from Prior | 0.000088% |
| OPEB Income | ($28,365) |

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

| | **Health Care Plan** |
|---|---|
| **Deferred Outflows of Resources** | |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | $725 |
| Total Deferred Outflows of Resources | $725 |

| **Deferred Inflows of Resources** | |
|---|---|
| Net Difference between projected and actual earning on pension plan investments | $21,129 |
| Assumption Changes | 17,940 |
| Difference between expected and actual experience | 6,723 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 4,356 |
| | $50,148 |

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

| | **Health Care Plan** |
|---|---|
| Fiscal Year Ending June 30: | |
| 2023 | $30,452 |
| 2024 | 11,320 |
| 2025 | 4,616 |
| 2026 | 3,035 |
| Total | $49,423 |

***Actuarial Assumptions - OPERS***

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

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

The actuarial valuation used the following key actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| **Actuarial Information** | |
|---|---|
| Actuarial Valuation Date | December 31, 2020 |
| Rolled-Forward Measurement Date | December 31, 2021 |
| Experianse Study | 5-Year Period Ended December 31, 2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumptions | |
| Single Discount Rate | 6.00% |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 1.84% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75% |
| Health Care Cost Trend Rate | 5.5% initial, 3.5% ultimate in 2034 |

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

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The 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 as of December 31, 2021 | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 34.00% | 0.91% |
| Domestic Equities | 25.00% | 3.78% |
| REITs | 7.00% | 3.71% |
| International Equities | 25.00% | 4.88% |
| Risk Parity | 2.00% | 2.92% |
| Other Investments | 7.00% | 1.93% |
| TOTAL | 100.00% | 3.45% |

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

The following table presents the net OPEB liability or asset calculated using the single discount rate of 6.00%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

**Sensitivity of Net OPEB Liabiliyt/(Assets) to Change in Discount Rate**

| | 1% Decrease (5.00%) | Single Discount Rate (6.00%) | 1% Increase (7.00%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB asset | ($26,064) | ($44,320) | ($59,472) |

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

**Sensitivity of Net OPEB Liabiliyt/(Assets) to Change in Discount Rate**

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Authority's proportionate share of the net OPEB asset | ($44,799) | ($44,320) | ($43,752) |

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

## 8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Morgan MHA is a member. Settled claims have not exceeded the Authority's insurance in any of the past three fiscal years.

## 9. CONTINGENCIES

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

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

## 10. RELATED PARTY NOTE DISCLOSURE

The former Executive Director's husband was part owner of an apartment complex that received Section 8 vouchers from the Authority in fiscal year 2022. The Authority paid $12,584 to Kennebec Apartments in fiscal year 2022. These payments were approved by the Executive Director and Board of Commissioners. The Authority consulted with their legal counsel and determined this to be a violation and the former Executive Director was terminated in April 2022.

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

## 12. CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Morgan Metropolitan Housing Authority did not have any contracts that met the GASB 87 definition of a lease. The Authority is also implementing Implementation Guide No. 2020-1, GASB Statement No. 92 –Omnibus 2020, and GASB Statement No. 97 -- Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the Morgan Metropolitan Housing Authority's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

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Morgan Metropolitan Housing Authority
Required Supplementary Information
Schedule of Morgan Metropolitan Housing Authority
Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years

| Traditional Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.001318% | 0.001254% | 0.001221% | 0.001231% | 0.001326% | 0.001399% | 0.001334% | 0.001302% | 0.001302% |
| Authority's Proportionate Share of the Net Pension Liability | $114,671 | $185,690 | $241,339 | $337,146 | $208,024 | $317,689 | $231,066 | $157,036 | $153,490 |
| Authority's Covered-Employee Payroll | $191,320 | $200,738 | $199,262 | $191,795 | $181,022 | $181,844 | $174,868 | $165,173 | $156,986 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 59.94% | 92.50% | 121.12% | 175.78% | 114.92% | 174.70% | 132.14% | 95.07% | 97.78% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 92.62% | 86.88% | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% | 89.19% |

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
2) Information prior to 2014 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Morgan Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority
Proportionate Share of the Net OPEB Liability / (Assets)
For the Last Six Fiscal Years

| | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|---|---|
| Authority's Proportion of the Net OPEB Liability | 0.001415% | 0.001327% | 0.001295% | 0.001290% | 0.001270% | 0.001304% |
| Authority's Proportionate Share of the Net OPEB Liability (Asset) | ($44,320) | ($23,642) | $178,873 | $168,186 | $137,913 | $128,274 |
| Authority's Covered-Employee Payroll | $191,320 | $200,738 | $199,262 | $191,795 | $181,022 | $181,844 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll | (23.17%) | (11.78%) | 89.77% | 87.69% | 76.19% | 70.54% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 128.23% | 115.57% | 47.80% | 46.33% | 54.14% | 68.52% |

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2017 is not available.  This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Morgan Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - Pension
Ohio Public Employees Retirement System
For the Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | | | | | |
| Pension | $30,484 | $27,325 | $26,445 | $25,971 | $24,444 | $21,823 | $21,162 | $19,822 | $20,409 | $16,483 |
| Contributions in Relation to the Contractually Required Contribution | $30,484 | $27,325 | $26,445 | $25,971 | $24,444 | $21,823 | $21,162 | $19,822 | $20,409 | $16,483 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered-Employee Payroll | $226,370 | $191,320 | $200,738 | $199,262 | $191,795 | $181,022 | $181,844 | $174,868 | $165,173 | $156,986 |
| Contributions as a Percentage of Covered-Employee Payroll | | | | | | | | | | |
| Pension | 13.47% | 14.28% | 13.17% | 13.03% | 12.74% | 12.06% | 11.64% | 11.34% | 12.36% | 10.50% |

Morgan Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - OPEB
Ohio Public Employees Retirement System
For the Last Ten Fiscal Years

| | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** | **2013** |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | | | | | |
| OPEB | $1,208 | $973 | $963 | $880 | $880 | $3,635 | $3,320 | $3,302 | $1,569 | $6,593 |
| Contributions in Relation to the Contractually Required Contribution | 1,208 | 973 | 963 | 880 | 880 | 3,635 | 3,320 | 3,302 | 1,569 | 6,593 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered-Employee Payroll | $226,370 | $191,320 | $200,738 | $199,262 | $191,795 | $181,022 | $181,844 | $174,868 | $165,173 | $156,986 |
| Contributions as a Percentage of Covered-Employee Payroll | | | | | | | | | | |
| OPEB | 0.53% | 0.51% | 0.48% | 0.44% | 0.46% | 2.01% | 1.83% | 1.89% | 0.95% | 4.20% |

***Ohio Public Employees' Retirement System***

**Net Pension Liability**

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% to 0.5% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

**Net OPEB Liability/(Asset)**

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability/(asset) since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00%, (b) municipal bond rate changed from 2.75% to 2.00%, (c) the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

**MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY**
**MORGAN COUNTY**

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

| **FEDERAL GRANTOR**<br>***Pass Through Grantor***<br>**Program / Cluster Title** | **Federal AL Number** | **Total Federal Expenditures** |
|---|---|---|
| **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | |
| ***Direct Program*** | | |
| Public and Indian Housing | 14.850 | $298,902 |
| Public Housing Capital Fund | 14.872 | 69,064 |
| Housing Choice Voucher Cluster | | |
| Section 8 Housing Choice Vouchers | 14.871 | 588,942 |
| COVID-19: Section 8 Housing Choice Vouchers | 14.871 | 69,474 |
| Mainstream Voucher Program | 14.879 | 38,865 |
| Total Housing Choice Voucher Cluster | | 697,281 |
| Family Self-Sufficiency Program | 14.896 | 50,650 |
| Total U.S. Department of Housing and Urban Development | | 1,115,897 |
| **Total Expenditures of Federal Awards** | | **$1,115,897** |

*The accompanying notes are an integral part of this Schedule.*

**MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY**
**MORGAN COUNTY**

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

## NOTE A – BASIS OF PRESENTATION

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

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTE C – INDIRECT COST RATE

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

Morgan Metropolitan Housing Authority (OH066)

MC CONNELSVILLE, OH

**Entity Wide Balance Sheet Summary**

**Submission Type: Unaudited/Single Audit**

**Fiscal Year End: 06/30/2022**

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 2 State/Local | 14.879 Mainstream Vouchers | 14.871 Housing Choice Vouchers | 14.EHV Emergency Housing Voucher | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $329,770 | $0 | $16,690 | $7,138 | $2,784 | $142,018 | $10,202 | $508,602 | $0 | $508,602 |
| 113 Cash - Other Restricted | $10,089 | $0 | $0 | $0 | $0 | $37,050 | $19,880 | $67,019 | $0 | $67,019 |
| 114 Cash - Tenant Security Deposits | $33,032 | $0 | $0 | $0 | $0 | $0 | $0 | $33,032 | $0 | $33,032 |
| 100 Total Cash | $372,891 | $0 | $16,690 | $7,138 | $2,784 | $179,068 | $30,082 | $608,653 | $0 | $608,653 |
| | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | $0 | $0 | $0 | $0 | $68 | $0 | $0 | $68 | $0 | $68 |
| 124 Accounts Receivable - Other Government | $0 | $0 | $0 | $480 | $0 | $0 | $0 | $480 | $0 | $480 |
| 126 Accounts Receivable - Tenants | $560 | $0 | $0 | $0 | $0 | $0 | $0 | $560 | $0 | $560 |
| 126.1 Allowance for Doubtful Accounts -Tenants | ($479) | $0 | $0 | $0 | $0 | $0 | $0 | ($479) | $0 | ($479) |
| 128 Fraud Recovery | $0 | $0 | $0 | $0 | $0 | $2,237 | $0 | $2,237 | $0 | $2,237 |
| 128.1 Allowance for Doubtful Accounts - Fraud | $0 | $0 | $0 | $0 | $0 | ($2,237) | $0 | ($2,237) | $0 | ($2,237) |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $81 | $0 | $0 | $480 | $68 | $0 | $0 | $629 | $0 | $629 |
| | | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | $9,769 | $0 | $0 | $0 | $0 | $3,594 | $0 | $13,363 | $0 | $13,363 |
| 143 Inventories | $7,133 | $0 | $0 | $0 | $0 | $0 | $0 | $7,133 | $0 | $7,133 |
| 143.1 Allowance for Obsolete Inventories | ($660) | $0 | $0 | $0 | $0 | $0 | $0 | ($660) | $0 | ($660) |
| 150 Total Current Assets | $389,214 | $0 | $16,690 | $7,618 | $2,852 | $182,662 | $30,082 | $629,118 | $0 | $629,118 |
| | | | | | | | | | | |
| 161 Land | $274,650 | $0 | $0 | $0 | $0 | $0 | $0 | $274,650 | $0 | $274,650 |
| 162 Buildings | $4,128,551 | $0 | $0 | $0 | $0 | $0 | $0 | $4,128,551 | $0 | $4,128,551 |
| 163 Furniture, Equipment & Machinery - Dwellings | $129,160 | $0 | $0 | $0 | $0 | $0 | $0 | $129,160 | $0 | $129,160 |
| 164 Furniture, Equipment & Machinery - Administration | $101,390 | $0 | $0 | $0 | $0 | $4,420 | $0 | $105,810 | $0 | $105,810 |
| 165 Leasehold Improvements | $770,969 | $0 | $0 | $0 | $0 | $0 | $0 | $770,969 | $0 | $770,969 |
| 166 Accumulated Depreciation | ($3,691,412) | $0 | $0 | $0 | $0 | ($4,420) | $0 | ($3,695,832) | $0 | ($3,695,832) |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $1,713,308 | $0 | $0 | $0 | $0 | $0 | $0 | $1,713,308 | $0 | $1,713,308 |
| | | | | | | | | | | |
| 174 Other Assets | $37,199 | $0 | $0 | $0 | $0 | $7,121 | $0 | $44,320 | $0 | $44,320 |
| 180 Total Non-Current Assets | $1,750,507 | $0 | $0 | $0 | $0 | $7,121 | $0 | $1,757,628 | $0 | $1,757,628 |
| | | | | | | | | | | |
| 200 Deferred Outflow of Resources | $32,791 | $0 | $0 | $0 | $0 | $11,952 | $0 | $44,743 | $0 | $44,743 |
| | | | | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | $2,172,512 | $0 | $16,690 | $7,618 | $2,852 | $201,735 | $30,082 | $2,431,489 | $0 | $2,431,489 |
| | | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | $33,020 | $0 | $530 | $7,479 | $0 | $526 | $0 | $41,555 | $0 | $41,555 |
| 321 Accrued Wage/Payroll Taxes Payable | $4,376 | $0 | $0 | $139 | $0 | $1,217 | $0 | $5,732 | $0 | $5,732 |
| 322 Accrued Compensated Absences - Current Portion | $9,285 | $0 | $0 | $0 | $0 | $3,540 | $0 | $12,825 | $0 | $12,825 |
| 333 Accounts Payable - Other Government | $5,496 | $0 | $0 | $0 | $0 | $0 | $0 | $5,496 | $0 | $5,496 |

Morgan Metropolitan Housing Authority (OH066)

MC CONNELSVILLE, OH

**Entity Wide Balance Sheet Summary**

**Submission Type: Unaudited/Single Audit**

**Fiscal Year End: 06/30/2022**

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 2 State/Local | 14.879 Mainstream Vouchers | 14.871 Housing Choice Vouchers | 14.EHV Emergency Housing Voucher | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 341 Tenant Security Deposits | $33,032 | $0 | $0 | $0 | $0 | $0 | $0 | $33,032 | $0 | $33,032 |
| 342 Unearned Revenue | $294 | $0 | $0 | $0 | $0 | $0 | $19,880 | $20,174 | $0 | $20,174 |
| 310 Total Current Liabilities | $85,503 | $0 | $530 | $7,618 | $0 | $5,283 | $19,880 | $118,814 | $0 | $118,814 |
| | | | | | | | | | | |
| 353 Non-current Liabilities - Other | $10,089 | $0 | $0 | $0 | $0 | $0 | $0 | $10,089 | $0 | $10,089 |
| 354 Accrued Compensated Absences - Non Current | $270 | $0 | $0 | $0 | $0 | $179 | $0 | $449 | $0 | $449 |
| 357 Accrued Pension and OPEB Liabilities | $89,053 | $0 | $0 | $0 | $0 | $25,618 | $0 | $114,671 | $0 | $114,671 |
| 350 Total Non-Current Liabilities | $99,412 | $0 | $0 | $0 | $0 | $25,797 | $0 | $125,209 | $0 | $125,209 |
| | | | | | | | | | | |
| 300 Total Liabilities | $184,915 | $0 | $530 | $7,618 | $0 | $31,080 | $19,880 | $244,023 | $0 | $244,023 |
| | | | | | | | | | | |
| 400 Deferred Inflow of Resources | $162,646 | $0 | $0 | $0 | $0 | $26,414 | $0 | $189,060 | $0 | $189,060 |
| | | | | | | | | | | |
| 508.4 Net Investment in Capital Assets | $1,713,308 | $0 | $0 | $0 | $0 | $0 | $0 | $1,713,308 | $0 | $1,713,308 |
| 511.4 Restricted Net Position | $0 | $0 | $0 | $0 | $0 | $37,050 | $0 | $37,050 | $0 | $37,050 |
| 512.4 Unrestricted Net Position | $111,643 | $0 | $16,160 | $0 | $2,852 | $107,191 | $10,202 | $248,048 | $0 | $248,048 |
| 513 Total Equity - Net Assets / Position | $1,824,951 | $0 | $16,160 | $0 | $2,852 | $144,241 | $10,202 | $1,998,406 | $0 | $1,998,406 |
| | | | | | | | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $2,172,512 | $0 | $16,690 | $7,618 | $2,852 | $201,735 | $30,082 | $2,431,489 | $0 | $2,431,489 |

Morgan Metropolitan Housing Authority (OH066)
MC CONNELSVILLE, OH
**Entity Wide Revenue and Expense Summary**
**Submission Type: Unaudited/Single Audit**
**Fiscal Year End: 06/30/2022**

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 2 State/Local | 14.879 Mainstream Vouchers | 14.871 Housing Choice Vouchers | 14.EHV Emergency Housing Voucher | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | $169,105 | $0 | $0 | $0 | $0 | $0 | $0 | $169,105 | $0 | $169,105 |
| 70500 Total Tenant Revenue | $169,105 | $0 | $0 | $0 | $0 | $0 | $0 | $169,105 | $0 | $169,105 |
| | | | | | | | | | | |
| 70600 HUD PHA Operating Grants | $298,902 | $50,650 | $0 | $0 | $38,865 | $588,942 | $69,474 | $1,046,833 | $0 | $1,046,833 |
| 70610 Capital Grants | $69,064 | $0 | $0 | $0 | $0 | $0 | $0 | $69,064 | $0 | $69,064 |
| 70800 Other Government Grants | $0 | $0 | $0 | $2,492 | $0 | $0 | $0 | $2,492 | $0 | $2,492 |
| 71100 Investment Income - Unrestricted | $1,966 | $0 | $0 | $0 | $0 | $1,044 | $21 | $3,031 | $0 | $3,031 |
| 71400 Fraud Recovery | $0 | $0 | $0 | $0 | $0 | $348 | $0 | $348 | $0 | $348 |
| 71500 Other Revenue | $17,316 | $0 | $1,807 | $0 | $0 | $0 | $0 | $19,123 | $0 | $19,123 |
| 70000 Total Revenue | $556,353 | $50,650 | $1,807 | $2,492 | $38,865 | $590,334 | $69,495 | $1,309,996 | $0 | $1,309,996 |
| | | | | | | | | | | |
| 91100 Administrative Salaries | $65,665 | $0 | $640 | $0 | $740 | $34,009 | $1,982 | $103,036 | $0 | $103,036 |
| 91200 Auditing Fees | $2,926 | $0 | $0 | $0 | $205 | $3,095 | $0 | $6,226 | $0 | $6,226 |
| 91400 Advertising and Marketing | $177 | $0 | $0 | $0 | $2 | $34 | $0 | $213 | $0 | $213 |
| 91500 Employee Benefit contributions - Administrative | $4,947 | $0 | $0 | $0 | $235 | $1,507 | $0 | $6,689 | $0 | $6,689 |
| 91600 Office Expenses | $5,497 | $0 | $0 | $0 | $200 | $3,010 | $83 | $8,790 | $0 | $8,790 |
| 91700 Legal Expense | $2,669 | $0 | $0 | $0 | $0 | $0 | $0 | $2,669 | $0 | $2,669 |
| 91800 Travel | $565 | $0 | $0 | $0 | $40 | $607 | $0 | $1,212 | $0 | $1,212 |
| 91900 Other | $12,196 | $0 | $238 | $0 | $1,077 | $15,744 | $2,115 | $31,370 | $0 | $31,370 |
| 91000 Total Operating - Administrative | $94,642 | $0 | $878 | $0 | $2,499 | $58,006 | $4,180 | $160,205 | $0 | $160,205 |
| | | | | | | | | | | |
| 92100 Tenant Services - Salaries | $0 | $29,179 | $0 | $0 | $0 | $0 | $0 | $29,179 | $0 | $29,179 |
| 92300 Employee Benefit Contributions - Tenant Services | $0 | $21,471 | $0 | $0 | $0 | $0 | $0 | $21,471 | $0 | $21,471 |
| 92400 Tenant Services - Other | $779 | $0 | $0 | $0 | $0 | $0 | $8,065 | $8,844 | $0 | $8,844 |
| 92500 Total Tenant Services | $779 | $50,650 | $0 | $0 | $0 | $0 | $8,065 | $59,494 | $0 | $59,494 |
| | | | | | | | | | | |
| 93100 Water | $99,718 | $0 | $0 | $0 | $8 | $118 | $0 | $99,844 | $0 | $99,844 |
| 93200 Electricity | $10,027 | $0 | $0 | $0 | $22 | $334 | $0 | $10,383 | $0 | $10,383 |
| 93300 Gas | $4,405 | $0 | $0 | $0 | $7 | $110 | $0 | $4,522 | $0 | $4,522 |
| 93000 Total Utilities | $114,150 | $0 | $0 | $0 | $37 | $562 | $0 | $114,749 | $0 | $114,749 |
| | | | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $65,522 | $0 | $300 | $2,158 | $0 | $0 | $0 | $67,980 | $0 | $67,980 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $17,394 | $0 | $0 | $0 | $0 | $0 | $0 | $17,394 | $0 | $17,394 |
| 94300 Ordinary Maintenance and Operations Contracts | $103,989 | $0 | $0 | $0 | $0 | $0 | $0 | $103,989 | $0 | $103,989 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $31,319 | $0 | $0 | $334 | $0 | $0 | $0 | $31,653 | $0 | $31,653 |
| 94000 Total Maintenance | $218,224 | $0 | $300 | $2,492 | $0 | $0 | $0 | $221,016 | $0 | $221,016 |
| | | | | | | | | | | |
| 96110 Property Insurance | $16,606 | $0 | $0 | $0 | $0 | $0 | $0 | $16,606 | $0 | $16,606 |
| 96130 Workmen's Compensation | $1,361 | $0 | $0 | $0 | $18 | $264 | $0 | $1,643 | $0 | $1,643 |
| 96100 Total insurance Premiums | $17,967 | $0 | $0 | $0 | $18 | $264 | $0 | $18,249 | $0 | $18,249 |
| | | | | | | | | | | |
| 96200 Other General Expenses | $15,164 | $0 | $0 | $0 | $0 | $0 | $0 | $15,164 | $0 | $15,164 |
| 96210 Compensated Absences | $15,811 | $0 | $0 | $0 | $0 | $3,420 | $0 | $19,231 | $0 | $19,231 |
| 96300 Payments in Lieu of Taxes | $5,496 | $0 | $0 | $0 | $0 | $0 | $0 | $5,496 | $0 | $5,496 |
| 96400 Bad debt - Tenant Rents | $6,278 | $0 | $0 | $0 | $0 | $0 | $0 | $6,278 | $0 | $6,278 |
| 96000 Total Other General Expenses | $42,749 | $0 | $0 | $0 | $0 | $3,420 | $0 | $46,169 | $0 | $46,169 |
| | | | | | | | | | | |
| 96900 Total Operating Expenses | $488,511 | $50,650 | $1,178 | $2,492 | $2,554 | $62,252 | $12,245 | $619,882 | $0 | $619,882 |
| | | | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | $67,842 | $0 | $629 | $0 | $36,311 | $528,082 | $57,250 | $690,114 | $0 | $690,114 |

Morgan Metropolitan Housing Authority (OH066)
MC CONNELSVILLE, OH
**Entity Wide Revenue and Expense Summary**
**Submission Type: Unaudited/Single Audit**
**Fiscal Year End: 06/30/2022**

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 2 State/Local | 14.879 Mainstream Vouchers | 14.871 Housing Choice Vouchers | 14.EHV Emergency Housing Voucher | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 97300 Housing Assistance Payments | $0 | $0 | $0 | $0 | $35,346 | $480,858 | $47,048 | $563,252 | $0 | $563,252 |
| 97400 Depreciation Expense | $145,316 | $0 | $0 | $0 | $0 | $0 | $0 | $145,316 | $0 | $145,316 |
| 90000 Total Expenses | $633,827 | $50,650 | $1,178 | $2,492 | $37,900 | $543,110 | $59,293 | $1,328,450 | $0 | $1,328,450 |
| | | | | | | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | ($77,474) | $0 | $629 | $0 | $965 | $47,224 | $10,202 | ($18,454) | $0 | ($18,454) |
| | | | | | | | | | | |
| 11030 Beginning Equity | $1,902,425 | $0 | $15,531 | $0 | $1,887 | $97,017 | $0 | $2,016,860 | $0 | $2,016,860 |
| 11170 Administrative Fee Equity | $0 | $0 | $0 | $0 | $0 | $107,191 | $0 | $107,191 | $0 | $107,191 |
| 11180 Housing Assistance Payments Equity | $0 | $0 | $0 | $0 | $0 | $37,050 | $0 | $37,050 | $0 | $37,050 |
| 11190 Unit Months Available | 720 | 0 | 0 | 0 | 110 | 1,680 | 180 | $2,690 | 0 | $2,690 |
| 11210 Number of Unit Months Leased | 710 | 0 | 0 | 0 | 100 | 1,489 | 83 | $2,382 | 0 | $2,382 |
| 11650 Leasehold Improvements Purchases | $69,064 | $0 | $0 | $0 | $0 | $0 | $0 | $69,064 | $0 | $69,064 |

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Morgan Metropolitan Housing Authority
Morgan County
4580 N State Route 376 NW
McConnelsville, Ohio 43756

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the business-type activities of the Morgan County Metropolitan Housing Authority, Morgan County, Ohio (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 8, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2023

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

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

Morgan County Metropolitan Housing Authority
Morgan County
4580 N State Route 376 NW
McConnelsville, Ohio 43756

To the Board of Commissioners:

**Report on Compliance for the Major Federal Program**

***Qualified Opinion on the Major Federal Program***

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

***Qualified Opinion on Housing Voucher Cluster, AL #14.871/14.879***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Morgan County Metropolitan Housing Authority, Morgan County, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Housing Choice Voucher Cluster, AL #14.871/14.879 for the year ended June 30, 2022.

***Basis for Qualified Opinion***

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

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

*Matters Giving Rise to Qualified Opinion on Housing Choice Voucher Cluster, AL #14.871/14.879*

As described in Findings 2022-001 and 2022-002 in the accompanying Schedule of Findings, the Authority did not comply with requirements regarding the following:

| Finding # | Assistance Listing # | Program (or Cluster) Name | Compliance Requirement |
|---|---|---|---|
| 2022-001 | *#14.871/14.879* | *Housing Choice Voucher Cluster* | Section E – Eligibility, Section L – Reporting, Section N – Special Tests and Provisions - Housing Assistance Payments |
| 2022-002 | *#14.871/14.879* | *Housing Choice Voucher Cluster* | Section N – Special Tests and Provisions - Housing Quality Standards Enforcement |

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to that program.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.** We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 to be material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2023

**MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY**
**MORGAN COUNTY**

**SCHEDULE OF FINDINGS**
**2 CFR § 200.515**
**JUNE 30, 2022**

## 1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

### 1. Annual Income Verification

| | |
|---|---|
| **Finding Number:** | **2022-001** |
| **Assistance Listing Number and Title:** | **AL # 14.871 - Section 8 Housing Choice Vouchers and AL #14.879 Mainstream Voucher Program** |
| **Federal Award Identification Number / Year:** | **2022** |
| **Federal Agency:** | **U.S. Department of Housing and Urban Development** |
| **Compliance Requirements:** | **Section E - Eligibility, Section L -Reporting, and Section N – Housing Assistance Payments** |
| **Pass-Through Entity:** | **N/A** |
| **Repeat Finding from Prior Audit?** | **No** |

**Noncompliance and Material Weakness**

24 CFR § 982.516(a) states the Public Housing Authority (PHA) must conduct a reexamination of family income and composition at least annually. Section 2 states the PHA must obtain and document in the tenant file third-party verification of the following factors or must document why third-party verification was not available: (i) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income- based rent.

24 CFR § 908 states the Public Housing Authority (PHA) is required to submit HUD-50058 form electronically to HUD each time the Public Housing Authority (PHA) completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

24 CFR § 982.505(b) states the Public Housing Authority (PHA) shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of:
(1) The payment standard for the family minus the total tenant payment; or
(2) The gross rent minus the total tenant payment.

The Authority incorrectly used a check amount instead of third-party verification of account balances for 5.9 percent of the tenant files tested for the Housing Choice Voucher program. This resulted in the data reported on HUD-50058 to be inaccurate.

The Executive Director and Housing Choice Voucher employees should ensure all tenant files maintain the appropriate documentation to meet the requirements of income verification and housing assistance payments reporting.

**Officials' Response:** MMHA staff will work diligently to ensure the correct information is used for all verification purposes. The information is verified and entered by MMHA's Occupancy Specialist. Moving forward, the Executive Director will review documents before they are entered into the system and will conduct random monthly spot checks to ensure all tenant files contain the appropriate documentation to meet the requirements for income verification and housing assistance reporting.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**2. Inspections**

| | |
|---|---|
| **Finding Number:** | **2022-002** |
| **Assistance Listing Number and Title:** | **AL # 14.871 - Section 8 Housing Choice Vouchers / AL #14.879 Mainstream Voucher Program** |
| **Federal Award Identification Number / Year:** | **2022** |
| **Federal Agency:** | **U.S. Department of Housing and Urban Development** |
| **Compliance Requirements:** | **Section N – Housing Quality Standards Enforcement** |
| **Pass-Through Entity:** | **N/A** |
| **Repeat Finding from Prior Audit?** | **No** |

**Noncompliance and Material Weakness**

24 CFR § 982.158(d) provides that the Public Housing Authority (PHA) must prepare a unit inspection report. Further, 24 CFR § 982.405(a) provides that the PHA must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS.

Further, 24 CFR § 982.404(a)(3) provides that the PHA must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

The Authority failed to take the appropriate response to a failure under the owner's responsibility with either a letter of abatement or cancelled contract, or to a failure under the tenant's responsibility by enforcing the tenant's obligations for 37.5% of failed inspections tested when documentation showed that correction for the failed housing quality standards inspection was not made within 30 days.

The Executive Director and Housing Choice Occupancy Specialist should ensure all tenant files maintain the appropriate documentation and meet the requirements for inspections. Further, any failures of inspections should result in Authority reactions in line with federal requirements.

**Officials' Response:** MMHA staff will closely monitor inspections to ensure compliance with federal requirements. MMHA staff will utilize abatement and contract cancellations to ensure tenants are completing the required maintenance in a timely manner and meeting their responsibilities.

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Morgan Metropolitan Housing Authority
4580 N. STATE ROUTE 376 NW, McCONNELSVILLE, OHIO 43756
(740) 962-4930 * FAX (740) 962-2140 * morganmha@morganmha.org

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

| | |
|---|---|
| **Finding Number:** | 2022-001 |
| **Planned Corrective Action:** | Annual Income Verification – MMHA staff will work diligently to ensure the correct information is used for all verification purposes. The information is verified and entered by MMHA's Occupancy Specialist. Moving forward, the Executive Director will review documents before they are entered into the system and will conduct random monthly spot checks to ensure all tenant files contain the appropriate documentation to meet the requirements for income verification and housing assistance reporting. |
| **Anticipated Completion Date:** | 3/8/2023 |
| **Responsible Contact Person:** | Angie Finley, Executive Director |

| | |
|---|---|
| **Finding Number:** | 2022-002 |
| **Planned Corrective Action:** | Inspections – MMHA staff will closely monitor inspections to ensure compliance with federal requirements. MMHA staff will utilize abatement and contract cancellations to ensure tenants are completing the required maintenance in a timely manner and meeting their responsibilities. |
| **Anticipated Completion Date:** | 3/8/2023 |
| **Responsible Contact Person:** | Angie Finley, Executive Director |

OHIO AUDITOR OF STATE
KEITH FABER

**MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY**

**MORGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

**This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.**

**Certified for Release 3/14/2023**

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