CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board Members
Chillicothe Metropolitan Housing Authority
178 W. Fourth Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2020 through September 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 19, 2022

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ROSS COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Chillicothe Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Chillicothe Metropolitan Housing Authority as of September 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

March 25, 2022

Management's Discussion and Analysis for the year ended September 30, 2021.

This Management's Discussion and Analysis (MD&A) for the Chillicothe Metropolitan Housing Authority (Chillicothe MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Chillicothe MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended September 30, 2021, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The Basic Financial Statements included elsewhere in this report are:

the Statement of Net Position,
the Statement of Revenues, Expenses, and Changes in Net Position, and
the Statement of Cash Flows.

The **Statement of Net Position** is very similar to, and what most people would think of as, a Balance Sheet. In the first half it essentially reports the value of assets Chillicothe MHA holds at September 30, 2021, that is, the cash Chillicothe MHA has, the amounts that are owed Chillicothe MHA from others, and the value of the equipment Chillicothe MHA owns. In the other half of the report, it essentially shows the liabilities Chillicothe MHA has, that is, what Chillicothe MHA owes others at September 30, 2021; and what Net Position (or what is commonly referred to as Equity) Chillicothe MHA has at September 30, 2021. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet.

In the statement, the Net Position part is broken out into three broad categories:

Net Investment in Capital Assets,
Restricted Net Position, and
Unrestricted Net Position.

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Chillicothe MHA to use to further its purposes.

The **Statement of Revenues, Expenses, and Changes in Net Position** is very similar to and may commonly be referred to as an Income Statement. It is in essence a report showing what Chillicothe MHA earned, that is what its revenues or incomes were, versus what expenses Chillicothe MHA had over the same period. And then it shows how the Net Position (or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Chillicothe MHA had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected Net Position (or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position.

The **Statement of Cash Flows** is a report that shows how the amount of cash Chillicothe MHA had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by Chillicothe MHA during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Chillicothe MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of Chillicothe MHA. Chillicothe MHA consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Chillicothe MHA's programs include the following:

> the Low Rent Public Housing Program,
> the Development Program,
> the Section 8 Housing Choice Voucher Program,
> the PIH Family Self-sufficiency Program, and
> the Central Office Cost Center.

Low Rent Public Housing Program - Chillicothe MHA rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to Chillicothe MHA to help support the operations of the Program. In addition, HUD provides funds for physical improvements to Chillicothe MHA's properties and funds for management improvements through Capital Fund Program grants.

Development Program – Chillicothe MHA's further development of low-income housing under the Public Housing Program.

Section 8 Housing Choice Voucher Program - Chillicothe MHA subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

PIH Family Self-Sufficiency Program - HUD provides Chillicothe MHA grant funding that is used to enable Public Housing and Section 8 Program residents to attain self-sufficiency and economic independence.

Central Office Cost Center (COCC) – Chillicothe MHA created a COCC to account for non-project/non-program specific costs of the former central administrative and executive management function. Costs of the COCC are supported by management fees, asset management fees, bookkeeping fees, and front-line service fees charged the other agency programs.

Condensed Financial Statements

The following is a condensed **Statement of Net Position** compared to the prior year-end. Chillicothe MHA is engaged only in business type activities.

Table 1- Condensed Statement of Net Position Compared to Prior Year
(Values Rounded to Nearest Thousand)

	2021	2020
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 3,020,000	$ 2,648,000
Capital Assets	5,364,000	5,788,000
Other Noncurrent Assets	79,000	0
Deferred Outflows of Resources	120,000	248,000
Total Assets and Deferred Outflows of Resources	$ 8,583,000	$ 8,684,000
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities	$ 241,000	$ 478,000
Long-Term Liabilities	861,000	1,672,000
Total Liabilities	1,102,000	2,150,000
Deferred Inflows of Resources	559,000	306,000
Net Position		
Net Investment in Capital Assets	5,364,000	5,788,000
Restricted	52,000	38,000
Unrestricted	1,506,000	402,000
Total Net Position	6,922,000	6,228,000
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 8,583,000	$ 8,684,000

Current liabilities decreased about $237,000 (a change of 50 percent). A big part of the reduction was the result of a payment to Ross County in the period of over $120,026, a payment of the Authority's PILOT liability at the prior year-end. Unearned revenue last year was $120,107 and this year dropped to $42,275. The unearned revenue is unspent CARES funding advanced to the Authority by HUD in early calendar year 2020 following the emergence of the COVID-19 virus to help the Authority prepare for, prevent and respond to the COVID-19 pandemic. The Authority has until December 31, 2021 to spend the remaining funds. A majority of the remainder of the reduction in current liabilities was in accounts payable which dropped $86,285 from $144,787 last year to $58,502 this year. This drop is due to normal changes in when invoices for goods and services are received and paid. There were just less invoices received near the end of the fiscal period this year that were not able to be paid before the end of the year compared to last year.

Despite the notable decrease in current liabilities, current assets increased about $372,000 (a 14 percent increase). That current assets increased as much as they did when current liabilities decreased as much as they did reflects the favorable results from operations in the period. The increase in current assets was primarily in unrestricted cash.

Other balances that changed notably were other noncurrent assets (an increase of $79,000) and noncurrent liabilities (a $811,000 drop or 49 percent, $841,000 of the reduction being in the net pension and net OPEB liabilities reported as part of noncurrent liabilities). The changes in these balances do not reflect changes in operations at the Authority, but rather changes in the pension system, the Ohio Public Employees Retirement System (OPERS). The employees of Chillicothe MHA are required to be members of OPERS and Chillicothe MHA is required to make pension contributions on behalf of the employees to OPERS. The accounting standards GASB 68 and GASB 75 require Chillicothe MHA to report on its financials the Authority's estimated share of the unfunded pension liability and the estimated share of the surplus funding of the postemployment health insurance (Other Post Employment Benefits or OPEB) benefit plan of the pension system. The net pension liability is unlike other liabilities the Authority has in that the liability does not represent an invoice to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension obligations. Likewise, the OPEB Asset is unlike other assets the Authority has in that it is an estimate of the share of an asset of the retirement system. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like Chillicothe MHA and no means for a public employer like Chillicothe MHA to access the surplus funding in the OPERS OPEB plan. The estimated share of these balances reported by Chillicothe MHA is based on the percentage of contributions to the plans made by the Authority and its employees compared to all contributions by all members and employers contributing to the plan in the measurement period (the period ended December 31, 2020).

Other balances reported in accordance with GASB 68 & GASB 75, deferred outflows of resources on the asset side of the Statement of Net Position, and deferred inflows of resources on the liabilities and net position side of the Statement of Net Position, also changed considerably. Deferred outflows of resources dropped more than $127,000 and Deferred Inflows of Resources increased by more than $252,000. Again the changes in these balances reflect changes in the retirement system and do not reflect changes in operations at Chillicothe MHA.

The following is a **Condensed Statement of Revenues, Expenses, and Changes in Net Position** compared to prior year. Chillicothe MHA is engaged only in business type activities.

Table 2- Condensed Statement of Revenues, Expenses, and Changes in Net Position
(Values Rounded to Nearest Thousand)

	2021	2020
Revenues		
Tenant Revenues - Rents and Others	$ 856,000	$ 842,000
Operating Subsidies and Grants	5,327,000	5,007,000
Capital Grants	93,000	359,000
Other Reveues	66,000	61,000
Total Revenues	6,342,000	6,269,000
Expenses		
Administrative	504,000	1,038,000
Tenant Services	186,000	228,000
Utilities	313,000	335,000
Maintenance	880,000	971,000
General	265,000	297,000
Housing Assistance Payments	2,913,000	3,030,000
Depreciation	587,000	606,000
Total Expenses	5,648,000	6,505,000
Net (Decrease) in Net Position	694,000	(236,000)
Beginning Net Position	6,228,000	6,464,000
Ending Net Position	$ 6,922,000	$ 6,228,000

Overall incomes increased only modestly, increasing a little more than 1 percent, but expenses decreased more than 13 percent, contributing to a favorable increase in total net position of $694,000 and in unrestricted net position of more than $1.1 million.

While overall revenues were virtually unchanged from the prior year, there were offsetting changes in subsidies (an increase of $320,000 or 6 percent) and capital grant revenue (a decrease of $266,000 or 74 percent). Helping subsidies increase was the increase of $162,000 in revenue from CARES funding provided the Authority by HUD. This is special funding to help the Authority in this period since the emergence of the COVID-19 virus. At the end of fiscal 2021, the Authority has only $42,275 left to spend and must spend it by December 31, 2021. And the reduction in capital revenue is not due to a loss of a funding stream but rather just a routine fluctuation in when the funding is spent. Capital grant funds are provided the agency annually based on a formula considering the age and construction type of the Public Housing program rental units. Typically, PHAs have up to 4 years to spend the money. The revenue is earned as the funding is spent and this drop in revenue then just reflects the drop in spending from last year.

All expense lines decreased from last year. Larger relative decreases were to administrative, tenant services and maintenance expenses, and pension expense contributed to the decreases on those lines. Pension expense is what is realized when there are changes in balances to accounts reported in accordance with GASB 68 and GASB 75, the accounting standards discussed in the previous section. So, because the net pension and net OPEB liabilities decreased as much as they did, it caused pension expense this year to be a negative $539,530 balance. That is a drop in pension expense of $692,950 compared to the previous period. The combined drop in administrative, tenant services and maintenance expenses is $667,000, an amount similar to the drop in pension expense.

The other larger drop in expense was to HAP expense. HAP expense is realized when the Authority makes a rental assistance payment on behalf of a tenant family assisted through the Authority's Housing Choice Voucher program. The 4 percent decrease in HAP expense closely corresponds to a reduction in lease up under the program from last year. Lease up under the program dropped nearly 5 percent and is expected to increase next year.

Table 3 - Condensed Statement of Changes in Capital Assets
(Values Rounded to Nearest Thousand)

	2021	2020
Land and Land Rights	$ 1,301,000	$ 1,301,000
Buildings and Improvements	26,245,000	26,082,000
Equipment	432,000	480,000
Accumulated Depreciation	(22,614,000)	(22,075,000)
Total	$ 5,364,000	$ 5,788,000

The overall drop in capital assets is a reflection of the extent to which depreciation on assets owned by the Authority exceeded capital expenditures in the period.

Debt

The Authority has no debt.

Economic Factors

Chillicothe MHA faces the continuing prospect of HUD providing subsidies used to administer their programs at levels lower than that which the agency is eligible due to Federal budget cuts, made even more difficult with the particularly difficult times currently at the Federal level. The reduction in government assistance for administration of programs despite ever increasing costs to administer the programs means Chillicothe MHA continues to be challenged to provide the same level of quality service to their clients within the limits of resources available to do so.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Carleena Beverly, Executive Director of the Chillicothe Metropolitan Housing Authority, 178 W. Fourth Street, Chillicothe, Ohio, 45601.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets	
Cash and Cash Equivalents	$ 2,548,468
Restricted Cash and Cash Equivalents	290,646
Receivables, Net	103,708
Prepaid Expenses and Other Assets	77,415
Total Current Assets	3,020,237
Non-Current Assets	
Capital Assets:	
Non-Depreciable Capital Assets	1,301,488
Depreciable Capital Assets, Net	4,062,461
Total Capital Assets	5,363,949
Net OPEB Assets	79,049
Total Non-current Assets	5,442,998
Deferred Outflows of Resources	
Deferred Outflow of Resources - Pension	80,750
Deferred Outflow of Resources - OPEB	39,295
Total Deferred Outflows of Resources	120,045
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,583,280
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Current Liabilities	
Accounts Payable	$ 58,502
Accrued Liabilities	27,414
Intergovernmental Payables	42,629
Tenant Security Deposits	70,350
Unearned Revenue	42,275
Total Current Liabilities	241,170
Non-Current Liabilities	
Accrued Compensated Absences Non-Current	36,125
Other Non-Current Liabilities	125,713
Net Pension Liability	699,225
Total Non-Current Liabilities	861,063
TOTAL LIABILITIES	1,102,233
Deferred Inflows of Resources	
Deferred Inflow of Resources - Pension	306,914
Deferred Inflow of Resources - OPEB	251,772
Total Deferred Inflows of Resources	558,686
Net Position	
Investment in Capital Assets	5,363,949
Restricted Net Position	52,308
Unrestricted Net Position	1,506,104
Total Net Position	6,922,361
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 8,583,280

See accompanying notes to the basic financial statements.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Operating Revenues	
Tenant Revenue	$ 856,156
Government Operating Grants	5,327,599
Other Revenue	62,060
Total Operating Revenues	6,245,815
Operating Expenses	
Administrative	504,399
Tenant Services	185,490
Utilities	312,641
Maintenance	880,078
Protective Services	45,304
General	220,080
Housing Assistance Payment	2,913,142
Depreciation	587,044
Total Operating Expenses	5,648,178
Operating Income (Loss)	597,637
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	343
Gain on Disposition	3,357
Total Non-Operating Revenues (Expenses)	3,700
Income (Loss) Before Contributions	601,337
Capital Grants	93,503
Change in Net Position	694,840
Total Net Position - Beginning of Year	6,227,521
Total Net Position - End of Year	$ 6,922,361

See accompanying notes to the basic financial statements.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities	
Cash from HUD and Other Governments	$ 5,264,298
Cash from Tenants	840,479
Cash from Other Sources	62,060
Cash Paid for HAP Expense	(2,913,142)
Cash Paid for Administration	(899,852)
Cash Paid for Other Operating	(1,917,921)
Net Cash Used by Operating Activities	435,922
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(163,351)
Capital Grants Received	93,503
Cash from Asset Sale	3,357
Net Cash Provided by Capital and Related Financing Activities	(66,491)
Cash Flows from Investing Activities	
Investment Income	343
Net Cash Provided by Investing Activities	343
Net Increase in Cash and Cash Equivalents	369,774
Cash and Cash Equivalents - Beginning of Year	2,469,340
Cash and Cash Equivalents - End of Year	$ 2,839,114
Reconciliation of Net Operating Loss to	
Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	$ 597,637
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation	587,044
(Increase) Decrease in Accounts Receivable	(3,046)
(Increase) Decrease in Prepaid Expenses and Other Assets	763
(Increase) Decrease in Deferred Outflows/Net OPEB Asset	48,696
Increase (Decrease) in Accounts Payable	(86,285)
Increase (Decrease) in Accrued Wages and Payroll Taxes	3,249
Increase (Decrease) in Unearned Revenue	(77,832)
Increase (Decrease) in Tenant Security Deposits	1,900
Increase (Decrease) in Pension and OPEB Liabilities	(840,574)
Increase (Decrease) in Deferred Inflows	252,348
Increase (Decrease) in Other Liabilities	(47,978)
Net Cash Provided by Operating Activities	$ 435,922

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Chillicothe Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (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 Chillicothe Metropolitan Housing 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 provision of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

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

Basis of Presentation

The Authority's financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

Proprietary Fund Types

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

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AIPCA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Description of Programs

The following are the various programs which are included in the single enterprise fund:

Public Housing Program

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

Capital Fund Program

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

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

Description of Programs (Continued)

Development
Grant money received from HUD for further purchases or development of low-income housing.

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

PIH Family Self-Sufficiency
A grant funded by HUD to enable families participating in the Public Housing and Housing Choice Voucher programs to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Central Office Cost Center (COCC)
The Authority owns and operates 383 dwelling rental units and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees, bookkeeping fees, and front-line service fees.

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

Restricted Assets
Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Tenant Receivables, Net of Allowance
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was $18,665 at year end 2021.

Other Assets

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond September 30, 2021, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase, and expense is reported in the year in which the services are consumed.

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

Other Assets (Continued)

Inventory
The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at the weighted average cost and use the first-in, first-out (FIFO) method.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years
Leasehold Improvements	15 years

Due From/To Other Programs
The Authority will make cash transfers between its various programs as outlined in the federal regulations. On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. 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. The Agency's policy calls for no payments to be made at termination for unused sick leave.

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

Net Position
Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position is recorded as restricted when there are limitations imposed on the use by internal or external restrictions.

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

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD, and other miscellaneous revenue.

Capital Grants

This represents funding made available by HUD that is used to make capital improvements to federally aided projects under an annual contribution contract.

Budgetary Accounting

The Authority adopts annual operating budgets for all its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board approves program budgets. Program budgets are submitted to HUD when required.

Accounting and Reporting for Non-Exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.* Non-exchange transactions occur when the Authority received (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon as expenses in the accompanying Combined Statement of Revenue and Expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Pensions/Other Post-Employment Benefits (OPEB)

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

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

Deferred Outflows/Inflows 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 statements of net position for pension and OPEB. The deferred outflows of resources related to pension are explained the Note 6 and related to OPEB in Note 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. (See Notes 6 and 7).

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

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

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

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

At fiscal year-end September 30, 2021, the carrying amount of the Authority's deposits totaled $2,839,114 (including petty cash of $100) and its bank balance was $2,975,683. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2021, a total of $2,123,515 was exposed to custodial risk as discussed below, while $852,168 was covered by Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve system, in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve in the name of the Authority.

Investments
The Authority had no investments at September 30, 2021.

NOTE 3: **RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2021 of $290,646 represents cash on hand for the following:

Unspent HCV CARES Funding	$	42,275
Unspent Funding to pay HAPs		52,308
Tenant Security Deposit		70,350
FSS Escrow Held for Tenants		125,713
Total Restricted Cash	$	290,646

NOTE 4: **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 disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision and life insurance are offered to Authority employees through a commercial insurance company.

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 5: CAPITAL ASSETS

	Balance 9/30/20	Additions	Deletions	Balance 09/30/21
Capital Assets Not Being Depreciated				
Land	$ 1,301,488	$ 0	$ 0	$ 1,301,488
Total Capital Assets Not Being Depreciated	1,301,488	0	0	1,301,488
Capital Assets Being Depreciated				
Buildings	26,081,225	163,351	0	26,244,576
Equipment	479,511	0	(47,739)	431,772
Subtotal Capital Assets Being Depreciated	26,560,736	163,351	(47,739)	26,676,348
Accumulated Depreciation -				
Buildings	(21,596,375)	(586,175)	0	(22,182,550)
Equipment	(478,207)	(869)	47,739	(431,337)
Total Accumulated Depreciation	(22,074,582)	(587,044)	47,739	(22,613,887)
Net Depreciable	4,486,154	(423,693)	0	4,062,461
Total Capital Assets, Net	$ 5,787,642	$ (423,693)	$ 0	$ 5,363,949

NOTE 6: DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

During 2019, the OPERS Board of Trustees approved changes to the Combined Plan and the Member-Directed Plan. Beginning in 2022, the Combined Plan will be consolidated under the Traditional Plan. Effective January 1, 2022, the Combined Plan option will no longer be available for new hires. The Member-Directed Plan will be modified with changes to the vesting schedule, annuitization, mitigating rate, cost-of-living adjustment and retiree medical account funding. These changes would impact future new members and are in the process of being implemented and the final implementation date will be determined in conjunction with Group D, discussed below.

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):

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those 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 2019, the COLA is 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.

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 future new OPERS contributing members. 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. The date of implementation will be determined when finalized changes are approved.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0 percent for 2020-2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4 percent for the Member-Directed plan for 2020-2021. The Authority's contractually required contributions used to fund pension benefits was $90,565 for fiscal year ending September 30, 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability: Prior Measurement Date	0.004640%
Proportion of the Net Pension Liability: Current Measurement Date	0.004722%
Change in Proportionate Share	0.000082%
Proportionate Share of the Net Pension Liability	$ 699,225
Pension Expense	$ 24,420

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 11,175
Authority contributions subsequent to the measurement date	69,575
Total Deferred Outflows of Resources	$ 80,750
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 272,538
Differences between expected and actual experience	29,250
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,126
Total Deferred Inflows of Resources	$ 306,914

$69,575 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 September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30:	OPERS Traditional Pension Plan
2022	$ (112,763)
2023	(34,708)
2024	(111,097)
2025	(37,171)
Total	$ (295,739)

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 1,333,776	$ 699,225	$ 171,597

NOTE 7: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Asset

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

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

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

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Net OPEB Asset (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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' Comprehensive Annual Financial Report referenced below for additional information.

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

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

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020-2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020-2021 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 allocated to health care was $0 for fiscal year 2021.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.004508%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.004437%
Change in Proportionate Share	-0.000071%
Proportionate Share of the Net OPEB Asset	$ 79,049
OPEB Expense	$ (473,385)

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

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

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	$ 38,862
Changes in proportion and differences between Authority contributions and proportionate share of contributions	433
Total Deferred Outflows of Resources	$ 39,295
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 42,104
Differences between expected and actual experience	71,341
Changes of assumptions	128,083
Changes in proportion and differences between Authority contributions and proportionate share of contributions	10,244
Total Deferred Inflows of Resources	$ 251,772

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

	OPERS
Year Ending September 30:	
2022	$ (113,038)
2023	(76,182)
2024	(18,296)
2025	(4,961)
Total	$ (212,477)

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent
including inflation	including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.50 percent initial,
	3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

NOTE 7: **DEFINED BENEFIT OPEB PLAN** Continued)

Actuarial Assumptions – OPERS (Continued)

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

During 2020, 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 10.5 percent for 2020.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

NOTE 7: **<u>DEFINED BENEFIT OPEB PLAN</u>** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 19,656	$ 79,049	$ 127,874

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care.

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 80,975	$ 79,049	$ 76,893

NOTE 8: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 3 months of employment. As of September 30, 2021, the accrual for compensated absences totaled $36,125 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as non-current.

NOTE 9: SUMMARY OF CHANGES IN LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2021:

Description	Balance at 9/30/2020	Additions	Deletions	Balance at 9/30/2021	Amounts Due In One Year
Compensated Absences	$ 36,870	$ 43,471	$ (44,216)	$ 36,125	$ 0
Net Pension Liability	917,127	0	(217,902)	699,225	0
OPEB Liability	622,672	0	(622,672)	0	0
FSS Escrows	95,548	62,282	(32,117)	125,713	0
	$ 1,672,217	$ 105,753	$ (916,907)	$ 861,063	$ 0

NOTE 10: **OPERATING LEASES**

The Authority leases office equipment through operating leases. Minimum future rental payments under non-cancelable operating leases having terms in the excess of one year as of September 30, 2021 are:

FYE 2022	10,860
FYE 2023	10,860
FYE 2024	6,855
	$ 28,575

Rent expense for operating leases was $10,860 for the year.

NOTE 11: **CONTINGENCIES**

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2021.

Litigations and Claims
The Authority is party to legal proceedings. The Authority is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the Authority.

NOTE 12: **ECONOMIC DEPENDENCY**

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

NOTE 13: **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 ensuing emergency measures will impact subsequent periods of the Chillicothe MHA. The investments of the pension and other employee benefit plan in which the Authority participates fluctuate with market conditions, and due to market volatility, the amounts of gains or losses that will be recognized in subsequent period, 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.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS (1)

Traditional Plan	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004722%	0.004640%	0.004748%	0.004499%	0.004258%	0.433300%	0.387800%	0.387800%
Authority's Proportionate Share of the Net Pension Liability	$ 699,225	$ 917,127	$ 1,300,382	$ 705,806	$ 969,919	$ 750,530	$ 467,730	$ 457,166
Authority's Covered Payroll	$ 671,027	$ 652,786	$ 641,256	$ 594,553	$ 550,498	$ 539,324	$ 475,398	$ 521,662
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.20%	140.49%	202.79%	118.71%	176.19%	139.16%	98.39%	87.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIRMENT SYSTEM
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 90,565	$ 94,310	$ 90,186	$ 86,521	$ 71,881	$ 71,934	$ 58,845	$ 56,316	$ 70,085	$ 55,091
Contributions in Relation to the Contractually Required Contribution	(90,565)	(94,310)	(90,186)	(86,521)	(71,881)	(71,934)	(58,845)	(56,316)	(70,085)	(55,091)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 646,893	$ 673,643	$ 644,186	$ 629,244	$ 563,773	$ 599,450	$ 490,375	$ 469,300	$ 539,115	$ 550,910
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%	12.00%	13.00%	10.00%

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.004437%	0.004508%	0.004615%	0.004210%	0.004170%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (79,049)	$ 622,672	$ 601,685	$ 457,175	$ 421,184
Authority's Covered Payroll	$ 671,027	$ 681,079	$ 669,336	$ 596,173	$ 576,799
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.78%	91.42%	89.89%	76.68%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 1,367	$ 7,097	$ 12,515	$ 10,574
Contributions in Relation to the Contractually Required Contribution	$ 0	$ 0	$ 0	$ (1,367)	$ (7,097)	$ (12,515)	$ (10,574)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 646,893	$ 685,781	$ 672,730	$ 649,718	$ 584,570	$ 599,447	$ 528,716
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.21%	1.21%	2.09%	2.00%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2021

Chillicothe Metropolitan Housing Authority (OH024)	Project Total	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,606,422	-	-	-	-	116,695	-	825,351	2,548,468	-	2,548,468
113 Cash - Other Restricted	60,798	-	-	-	-	117,223	-	-	178,021	-	178,021
114 Cash - Tenant Security Deposits	70,350	-	-	-	-	-	-	-	70,350	-	70,350
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	42,275	-	42,275	-	42,275
100 Total Cash	1,737,570	-	-	-	-	233,918	42,275	825,351	2,839,114	-	2,839,114
122 Accounts Receivable - HUD Other Projects	-	-	11,002	-	41,635	-	-	1,850	54,487	-	54,487
126 Accounts Receivable - Tenants	43,126	-	-	-	-	-	-	-	43,126	-	43,126
126.1 Allowance for Doubtful Accounts -Tenants	-11,500	-	-	-	-	-	-	-	-11,500	-	-11,500
126.2 Allowance for Doubtful Accounts - Other	-2,000	-	-	-	-	-	-	-	-2,000	-	-2,000
127 Notes, Loans, & Mortgages Receivable - Current	16,760	-	-	-	-	-	-	-	16,760	-	16,760
128 Fraud Recovery	-	-	-	-	-	8,000	-	-	8,000	-	8,000
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-5,165	-	-	-5,165	-	-5,165
120 Total Receivables, Net of Allowances for Doubtful Accounts	46,386	-	11,002	-	41,635	2,835	-	1,850	103,708	-	103,708
142 Prepaid Expenses and Other Assets	15,596	-	-	-	-	-	-	2,331	17,927	-	17,927
143 Inventories	59,488	-	-	-	-	-	-	-	59,488	-	59,488
144 Inter Program Due From	-	-	-	-	-	-	-	52,637	52,637	-52,637	-
150 Total Current Assets	1,859,040	-	11,002	-	41,635	236,753	42,275	882,169	3,072,874	-52,637	3,020,237
161 Land	871,233	-	-	-	226,067	162,144	-	42,044	1,301,488	-	1,301,488
162 Buildings	23,242,177	-	-	-	1,512,371	-	-	1,490,028	26,244,576	-	26,244,576
163 Furniture, Equipment & Machinery - Dwellings	151,166	-	-	-	735	-	-	-	151,901	-	151,901
164 Furniture, Equipment & Machinery - Administration	113,181	-	-	-	-	598	-	166,092	279,871	-	279,871
166 Accumulated Depreciation	-20,242,605	-	-	-	-972,129	-598	-	-1,398,555	-22,613,887	-	-22,613,887
160 Total Capital Assets, Net of Accumulated Depreciation	4,135,152	-	-	-	767,044	162,144	-	299,609	5,363,949	-	5,363,949
174 Other Assets	34,781	-	-	-	-	13,438	-	30,830	79,049	-	79,049
180 Total Non-Current Assets	4,169,933	-	-	-	767,044	175,582	-	330,439	5,442,998	-	5,442,998
200 Deferred Outflow of Resources	52,821	-	-	-	-	20,408	-	46,816	120,045	-	120,045
290 Total Assets and Deferred Outflow of Resources	6,081,794	-	11,002	-	808,679	432,743	42,275	1,259,424	8,635,917	-52,637	8,583,280
312 Accounts Payable <= 90 Days	45,342	-	-	-	-	-	-	13,160	58,502	-	58,502
321 Accrued Wage/Payroll Taxes Payable	4,371	-	-	-	-	-	-	23,043	27,414	-	27,414
333 Accounts Payable - Other Government	42,629	-	-	-	-	-	-	-	42,629	-	42,629
341 Tenant Security Deposits	70,350	-	-	-	-	-	-	-	70,350	-	70,350
342 Unearned Revenue	-	-	-	-	-	-	42,275	-	42,275	-	42,275
347 Inter Program - Due To	-	-	11,002	-	41,635	-	-	-	52,637	-52,637	-
310 Total Current Liabilities	162,692	-	11,002	-	41,635	-	42,275	36,203	293,807	-52,637	241,170
353 Non-current Liabilities - Other	60,798	-	-	-	-	64,915	-	-	125,713	-	125,713
354 Accrued Compensated Absences - Non Current	16,584	-	-	-	-	6,158	-	13,383	36,125	-	36,125
357 Accrued Pension and OPEB Liabilities	307,659	-	-	-	-	118,868	-	272,698	699,225	-	699,225
350 Total Non-Current Liabilities	385,041	-	-	-	-	189,941	-	286,081	861,063	-	861,063
300 Total Liabilities	547,733	-	11,002	-	41,635	189,941	42,275	322,284	1,154,870	-52,637	1,102,233

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2021

Chillicothe Metropolitan Housing Authority (OH024)	Project Total	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
400 Deferred Inflow of Resources	245,821	-	-	-	-	94,976	-	217,889	558,686	-	558,686
508.4 Net Investment in Capital Assets	4,135,152	-	-	-	767,044	162,144	-	299,609	5,363,949	-	5,363,949
511.4 Restricted Net Position	-	-	-	-	-	52,308	-	-	52,308	-	52,308
512.4 Unrestricted Net Position	1,153,088	-	-	-	-	-66,626	-	419,642	1,506,104	-	1,506,104
513 Total Equity - Net Assets / Position	5,288,240	-	-	-	767,044	147,826	-	719,251	6,922,361	-	6,922,361
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	6,081,794	-	11,002	-	808,679	432,743	42,275	1,259,424	8,635,917	-52,637	8,583,280

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Chillicothe Metropolitan Housing Authority (OH024)	Project Total	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	806,498	-	-	-	-	-	-	-	806,498	-	806,498
70400 Tenant Revenue - Other	49,658	-	-	-	-	-	-	-	49,658	-	49,658
70500 Total Tenant Revenue	856,156	-	-	-	-	-	-	-	856,156	-	856,156
70600 HUD PHA Operating Grants	1,739,257	150,286	105,224	-	-	3,255,000	77,832	-	5,327,599	-	5,327,599
70610 Capital Grants	93,503	-	-	-	-	-	-	-	93,503	-	93,503
70710 Management Fee	-	-	-	-	-	-	-	406,748	406,748	-406,748	-
70720 Asset Management Fee	-	-	-	-	-	-	-	45,960	45,960	-45,960	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	77,278	77,278	-77,278	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	529,986	529,986	-529,986	-
71100 Investment Income - Unrestricted	-	-	-	-	-	50	-	293	343	-	343
71400 Fraud Recovery	-	-	-	-	-	21,660	-	-	21,660	-	21,660
71500 Other Revenue	16,971	-	-	-	-	500	-	22,929	40,400	-	40,400
71600 Gain or Loss on Sale of Capital Assets	1,201					1,501		655	3,357	-	3,357
70000 Total Revenue	2,707,088	150,286	105,224	-	-	3,278,711	77,832	553,863	6,873,004	-529,986	6,343,018
91100 Administrative Salaries	125,001	-	-	-	-	77,149	68,016	147,518	417,684	-	417,684
91200 Auditing Fees	11,801	-	-	-	-	4,539	-	2,029	18,369	-	18,369
91300 Management Fee	331,808	-	-	-	-	74,940	-	-	406,748	-406,748	-
91310 Book-keeping Fee	33,563	-	-	-	-	43,715	-	-	77,278	-77,278	-
91400 Advertising and Marketing	115	-	-	-	-	44	-	498	657	-	657
91500 Employee Benefit contributions - Administrative	-23,349	-	-	-	-	-12,221	-	-143,581	-179,151	-	-179,151
91600 Office Expenses	86,865	-	-	-	-	29,239	-	53,668	169,772	-	169,772
91700 Legal Expense	4,473	-	-	-	-	775	-	2,306	7,554	-	7,554
91800 Travel	1,397	-	-	-	-	100	-	2,243	3,740	-	3,740
91900 Other	19,084	-	-	-	-	33,217	-	13,473	65,774	-	65,774
91000 Total Operating - Administrative	590,758	-	-	-	-	251,497	68,016	78,154	988,425	-484,026	504,399
92000 Asset Management Fee	45,960	-	-	-	-	-	-	-	45,960	-45,960	-
92100 Tenant Services - Salaries	17,900	-	61,051	-	-	-	-	-	78,951	-	78,951
92300 Employee Benefit Contributions - Tenant Services	-	-	44,173	-	-	-	-	-	44,173	-	44,173
92400 Tenant Services - Other	400	47,057	-	5,093	-	-	9,816	-	62,366	-	62,366
92500 Total Tenant Services	18,300	47,057	105,224	5,093	-	-	9,816	-	185,490	-	185,490
93100 Water	67,670	-	-	-	-	-	-	280	67,950	-	67,950
93200 Electricity	151,173	-	-	-	-	-	-	9,606	160,779	-	160,779
93300 Gas	13,060	-	-	-	-	-	-	2,523	15,583	-	15,583
93600 Sewer	68,107	-	-	-	-	-	-	222	68,329	-	68,329
93000 Total Utilities	300,010	-	-	-	-	-	-	12,631	312,641	-	312,641
94100 Ordinary Maintenance and Operations - Labor	176,653	-	-	-	-	-	-	-	176,653	-	176,653
94200 Ordinary Maintenance and Operations - Materials and Other	103,660	-	-	-	-	-	-	945	104,605	-	104,605
94300 Ordinary Maintenance and Operations Contracts	321,992	103,229	-	-	-	267	-	24,867	450,355	-	450,355
94500 Employee Benefit Contributions - Ordinary Maintenance	-32,680	-	-	-	-	-	-	-	-32,680	-	-32,680
94000 Total Maintenance	569,625	103,229	-	-	-	267	-	25,812	698,933	-	698,933
95200 Protective Services - Other Contract Costs	45,304	-	-	-	-	-	-	-	45,304	-	45,304
95000 Total Protective Services	45,304	-	-	-	-	-	-	-	45,304	-	45,304

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Chillicothe Metropolitan Housing Authority (OH024)	Project Total	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
96110 Property Insurance	92,166	-	-	-	-	-	-	7,905	100,071	-	100,071
96130 Workmen's Compensation	3,922	-	-	-	-	-	-	-	3,922	-	3,922
96100 Total insurance Premiums	96,088	-	-	-	-	-	-	7,905	103,993	-	103,993
96200 Other General Expenses	-	-	-	-	-	7,643	-	-	7,643	-	7,643
96210 Compensated Absences	3,147	-	-	-	-	-	-	514	3,661	-	3,661
96300 Payments in Lieu of Taxes	47,719	-	-	-	-	-	-	-	47,719	-	47,719
96400 Bad debt - Tenant Rents	57,064	-	-	-	-	-	-	-	57,064	-	57,064
96000 Total Other General Expenses	107,930	-	-	-	-	7,643	-	514	116,087	-	116,087
96900 Total Operating Expenses	1,773,975	150,286	105,224	5,093	-	259,407	77,832	125,016	2,496,833	-529,986	1,966,847
97000 Excess of Operating Revenue over Operating Expenses	933,113	-	-	-5,093	-	3,019,304	-	428,847	4,376,171	-	4,376,171
97100 Extraordinary Maintenance	178,281	-	-	-	-	-	-	-	178,281	-	178,281
97200 Casualty Losses - Non-capitalized	2,864	-	-	-	-	-	-	-	2,864	-	2,864
97300 Housing Assistance Payments	-	-	-	-	-	2,913,142	-	-	2,913,142	-	2,913,142
97400 Depreciation Expense	534,078	-	-	-	27,743	-	-	25,223	587,044	-	587,044
90000 Total Expenses	2,489,198	150,286	105,224	5,093	27,743	3,172,549	77,832	150,239	6,178,164	-529,986	5,648,178
10010 Operating Transfer In	98,004	-	-	5,093	-	-	-	-	103,097	-103,097	-
10020 Operating transfer Out	-98,004	-	-	-	-	-	-	-5,093	-103,097	103,097	-
10100 Total Other financing Sources (Uses)	-	-	-	5,093	-	-	-	-5,093	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	217,890	-	-	-	-27,743	106,162	-	398,531	694,840	-	694,840
11030 Beginning Equity	5,070,350	-	-	-	794,787	41,664	-	320,720	6,227,521	-	6,227,521
11170 Administrative Fee Equity	-	-	-	-	-	95,518	-	-	95,518	-	95,518
11180 Housing Assistance Payments Equity	-	-	-	-	-	52,308	-	-	52,308	-	52,308
11190 Unit Months Available	4,596	-	-	-	-	6,732	-	-	11,328	-	11,328
11210 Number of Unit Months Leased	4,475	-	-	-	-	6,245	-	-	10,720	-	10,720

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/ *Pass Through Grantor/* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs		
Family Self-Sufficiency Program	14.896	$ 105,224
Public and Indian Housing	14.850	1,378,794
Public and Indian Housing - CARES Act	14.850	150,286
Total CFDA #14.850		1,529,080
Public Housing Capital Fund	14.872	453,966
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	3,255,000
Section 8 Housing Choice Vouchers - CARES Act	14.871	77,832
Total Housing Voucher Cluster		3,332,832
Total Direct Programs		5,421,102
Total U.S. Department of Housing and Urban Development		
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 5,421,102

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Chillicothe Metropolitan Housing Authority under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chillicothe Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Chillicothe Metropolitan Housing Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

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Certified Public Accountants
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

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, the financial statements of the business-type activities of the Chillicothe Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2021, 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 25, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

March 25, 2022

JAMES G. ZUPKA, C.P.A., INC.
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Chillicothe Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Chillicothe Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

March 25, 2022

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinion	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871 Section 8 Housing Choice Vouchers - CARES Act - CFDA #14.871	
2021(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2021(ix)	Low Risk Auditee?	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

None.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

The prior audit for the period ended September 30, 2020, had no findings. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/5/2022

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