PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

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

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board Members
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2021 through December 31, 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 03, 2022

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PICKAWAY COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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.

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 Pickaway Metropolitan Housing Authority as of December 31, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Authority restated its net position as of the end of 2020 based on corrections to the capital asset depreciation schedule. Additionally, as discussed in Note 12 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 these 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and 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 June 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

June 28, 2022

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It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- Net position decreased by $127,708 (or 3.13 percent) during 2021, and was $3,957,138 and $4,084,846 for 2021 and 2020 (restated), respectively.

- Revenue decreased by $1,046,825 (or 16.10 percent) during 2021, and was $5,455,603 and $6,502,428 for 2021 and 2020, respectively.

- Total expenses decreased by $201,451 (or 3.48 percent) during 2021. Total expenses were $5,583,311 and $5,784,762 for 2021 and 2020, respectively.

FINANCIAL STATEMENTS

The financial statements are designed such that all programs are consolidated into one single enterprise fund for the Authority.

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

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

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

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

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

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

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

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

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

Public Housing – Under the Conventional Public Housing Program (Public Housing), the Authority rents units that it owns to low-income households. Public Housing is operated under an Annual Contributions Contract with the United States Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. Public Housing also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans – Williamsport Terrace is a multiple family housing project supported with funding by the United States Department of Agriculture (USDA). The USDA provides an interest subsidy on the mortgage and pays rental assistance to the Authority on 15 of the 16 units in the project to enable the Authority to set rents based on 30 percent of the family's adjusted gross income from those units. Each month the rental assistance is paid to the Authority and the USDA deducts the mortgage payment from that rental assistance.

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

Subsidiary Entities – PMHA Pickaway Terrace, LLC (PT), an entity formed in 2019 with the Authority as its sole member, is a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens. Tenant rents are based on 30 percent of the adjusted gross income of the tenant family. PT has an on-going Housing Assistance Payments contract whereby HUD provides a subsidy for the difference between the tenant rents and the fair market rent values for the units. Separately issued audited financial statements are available for the LLC.

The Board of Directors of Churches United for Senior Citizens, Inc., a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens, entered into an agreement to become a subsidiary of the Authority in 2020. A new entity, PMHA Eden Place, LLC (EP), was formed with the Authority as its sole member. A loan closed on October 1, 2020 was used by EP to refinance existing debt and allow for renovations to the property. Tenant rents are based on 30 percent of the adjusted gross income of the tenant family. EP and HUD entered into a Housing Assistance Payments contract, effective October 1, 2020, whereby HUD provides a subsidy for the difference between the tenant rents and the fair market rent values for the units. Separately issued audited financial statements are available for the LLC.

PIH Family Self-Sufficiency Program – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the Housing Choice Voucher Program.

Business Activities – This is the activity of the Authority outside the scope of HUD and other government supported housing programs. This fund is used to account for operations related to management contracting performed by the Authority, and to account for operations related to residential rental housing owned by the Authority that is not supported by a Federal rental assistance contract, as well as other permissible miscellaneous activities the Authority undertakes.

Statement of Net Position

The following table presents a condensed Statement of Net Position compared to the prior fiscal year:

Table 1 - Condensed Statement of Net Position

	2021	2020 Restated
Assets		
Current Assets	$ 2,180,623	$ 2,890,233
Capital Assets, Net	8,059,468	7,909,849
OPEB Asset	79,405	0
Other Non-Current Assets	9,250	0
Total Assets	10,328,746	10,800,082
Deferred Outflow of Resources	210,974	263,018
Total Assets and Deferred Outflow of Resources	$ 10,539,720	$ 11,063,100
Liabilities		
Current Liabilities	$ 295,753	$ 416,348
Non-Current Liabilities - Pension and OPEB	708,702	1,451,967
Non-Current Liabilities - Other	5,024,784	4,825,925
Total Liabilities	6,029,239	6,694,240
Deferred Inflow of Resources	553,343	284,014
Net Position		
Net Investment in Capital Assets	3,029,365	3,036,856
Restricted	683,896	1,217,086
Unrestricted	243,877	(169,096)
Total Net Position	3,957,138	4,084,846
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 10,539,720	$ 11,063,100

Major Factors Affecting the Statement of Net Position

There were more than a few notable changes reflected in the statement this year. Current assets were greatly reduced, decreasing by more than $700,000 (about 25 percent). The change was concentrated in the reduction in cash. One area cash was used was to renovate the Eden Place property. Eden Place was brought in as a subsidiary of Pickaway MHA in 2020. PMHA restructured the debt when it was brought into the Authority in 2020 and in doing so freed up cash in the property to be used to renovate the property, and renovations have been underway since October 2020. Nearly $340,000 was spent on renovations in 2021, with the renovations still underway at year-end. Another area cash was used was spending of funding provided the Housing Choice Voucher (HCV) program to make rental assistance payments (HAP payments) on behalf of program participants. At the end of the prior year, the Authority had nearly $287,000 of unspent funds provided by HUD for this purpose. In 2021, HUD made routine adjustments to the funding stream and unspent funding for this purpose dropped nearly $228,000 to about $59,000 at year-end 2021. The spending of these restricted funds to renovate the Eden Place property and the funds to make HAP payments in the HCV program is also reflected in the change in Restricted Net Position realized this year.

Another reason cash is less than at the prior year-end is reflected in the change of current liabilities which dropped by more than $120,000 (about 29%). At last year-end, due to normal timing issues of when invoices are presented for payment, accounts payable were a little more than $142,000. At year-end 2021, accounts payable are just a little over $35,000. This meant not as much cash was sitting in the Authority's accounts at year-end 2021 waiting to be used to pay down invoices that came in near the end of the fiscal period.

And yet another use of cash in the period was related to property acquisitions by the Authority's Business Activities program. The property additions were more than $324,000. The Authority financed $240,000 of the cost of acquiring the properties. These acquisitions are reflected in the decrease in cash and the increase in other non-current liabilities. The Authority is using the properties to provide additional affordable housing units available to the community.

Otherwise, notable changes on the statement were to balances reported in accordance with the accounting standards GASB 68 and GASB 75, OPEB asset and deferred outflows of resources on the asset side of the statement, and non-current liabilities - pension and OPEB and deferred inflows of resources on the liability and net position side of the statement. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and other post-employment benefits (OPEB) and their net liabilities to the reported net position, and subtracting their related deferred outflows and pension and OPEB assets.

Increases and decreases related to pension and OPEB were realized in deferred inflow and outflow of resources, and non-current liabilities and OPEB assets reported on the Statements of Net Position. These balances reported pursuant to the accounting standards GASB 68 and 75 truly do not reflect an operating issue at the Authority, but rather reflect changes at the Ohio Public Employees Retirement System. The standards require the Authority to report on its financial statements what is determined to be its share of the unfunded pension and OPEB liability, its estimated share of any surplus funding of the pension and OPEB plans, and related balances of the Ohio Public Employees Retirement System (OPERS). The concept behind the standards is for OPERS to resolve the unfunded pension and OPEB liability it has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of the Authority are participants in OPERS and that the Authority makes retirement contributions to OPERS on behalf of all of its employees.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability, and OPEB liability when there is one. As explained above, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension and OPEB liability are satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension and OPEB expense for their proportionate share of each plan's *change* in net pension and OPEB liability not accounted for as deferred inflows/outflows. As a result of GASB 68 and 75, the Authority is reporting a net pension liability and OPEB asset, as well as deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting. All of these balances changed significantly from the prior year-end.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following table compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in business-type activities:

Table 2 - Statements of Revenues, Expenses, and Changes in Net Position

	2021	2020
Revenues		
Tenant Revenue - Rents and Other	$ 749,042	$ 581,520
Operating Subsidies and Grants	4,566,957	5,186,682
Capital Grants	9,237	594,418
Investment Income/Other Revenues	130,367	139,808
Total Revenues	5,455,603	6,502,428
Expenses		
Administration	480,135	850,970
Tenant Services	48,938	11,720
Utilities	335,034	260,910
Maintenance	449,552	488,530
General/PILOT/Insurance	120,503	112,234
Housing Assistance Payment	3,328,776	3,475,087
Depreciation	570,958	445,314
Interest Expense	228,209	122,917
Bad Debt/Fraud Losses	21,206	17,080
Total Expenses	5,583,311	5,784,762
Changes in Net Position	(127,708)	717,666
Net Position - Beginning of Year	4,084,846	2,226,544
Restatement of Net Postion - 2020	0	1,140,636
Net Position - End of Year	$ 3,957,138	$ 4,084,846

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position include:

Revenues in the period decreased by more than $1 million (a 16 percent decrease). The drop was realized primarily in subsidies and capital grant revenue, and the majority of it due to routine fluctuations in the flow of funding and not lost funding streams available to the Authority. The decreases were in Capital Fund Program (CFP) grant revenue and Housing Choice Voucher (HCV) program revenue. The CFP program is a reimbursing grant program, as funds are spent the income is recognized. HUD provides the funding on an annual basis via a formula but PHAs typically have up to 4 years to spend the money. Spending depends on when work projects are planned and resources are in place to fund planned work projects. It is normal for fluctuations in spending from year to year, a result of when planned work items are carried out. Early in 2021, the Authority completed a $1.14 million renovation program partly funded by $608,368 of CFP funding from three program years.

The decrease in HCV program revenue was primarily in two areas. First the portion of the HCV funding received annually for the Authority to use to make rental assistance payments (Housing Assistance Payments or HAP) on behalf of program participants decreased by more than $480,000. That funding is provided based on spending for this purpose by the Authority. At last year end the Authority had a surplus of funding for this purpose of nearly $287,000. In addition, the corresponding expense in the period dropped over $145,000. HUD in response temporarily slowed program revenues for this purpose to allow the Authority to more fully expend the funds advanced for this purpose.

The other part of the reduction in HCV program revenues compare to last year is in HCV CARES funding provided. HUD provided nearly $358,000 in CARES funding for PMHA's HCV program in 2020 to help the Authority manage the impact of the emerging COVID-19 pandemic. HUD permitted PHAs to use the funding for any otherwise allowable program costs and gave PHAs up to the end of calendar 2021 to spend it. PMHA simply chose to use it all in 2020. The CARES funding was a special funding increment made available to PHAs and it is uncertain if any additional funding for this purpose will be provided.

Expenses overall were decreased by more than $201,000 in 2021 compared to 2020, a 3% decrease. The decreases were experienced generally in 2 areas, administrative expense and HAP expense. HAP expense is incurred when the Authority makes rental assistance payments on behalf of HCV program participants and the rental assistance amount is based on family income and composition. The lease up rate under the program increased from 2020 so the modest decrease in HAP expense indicates that incomes of families assisted by the program on average increased resulting in lower average HAP payments in the 2021 period compared to 2020.

Administrative expenses decreased significantly, decreasing by almost $371,000 (or 44%). This decrease however was caused by the reduction in pension and OPEB expense. Pension and OPEB expense is incurred by changes in the balances reported in accordance with GASB 68 and GASB 75 discussed in the section following Table 1 of this MD&A about changes to the Statement of Net Position and the expense is allocated to administrative expense and maintenance expense. Changes in the balances reported in accordance with GASB 68 and GASB 75 were so significant that pension expense was a negative $501,297 in 2021, a change of $557,222 from 2020. This reduction in administrative expense then does not reflect changes in operations at PMHA but rather changes in the retirement system's estimated funding of future retirement and healthcare commitments.

CAPITAL ASSETS

As of the current fiscal year-end, the Authority had $8,059,468 invested in net capital assets as reflected in the following schedule, which represents a net increase (additions less depreciation) of $149,619 from the end of last fiscal year. This increase was mainly from renovations being completed at the Eden Place property and property acquisition in the Business Activities program.

Table 3 - Capital Assets at Fiscal Year-End, Net of Depreciation

	2021	2020 (Restated)
Land and Land Rights	$ 780,723	$ 749,223
Buildings	18,280,340	18,043,763
Equipment - Administrative	328,215	233,066
Equipment - Dwellings	429,585	396,872
Leasehold Improvments	3,405	3,405
Construction-in-Progress	348,238	23,600
Accumulated Depreciation	(12,111,038)	(11,540,080)
Total	$ 8,059,468	$ 7,909,849

The following reconciliation summarizes the change in capital assets. Capital fund projects were the main factors affecting a change in capital assets. See notes to the financial statements for more detail of the capital assets.

Table 4 - Change in Capital Assets

Beginning Balance, Restated	$ 7,909,849
Additions (Net of Deletions)	720,577
Depreciation	(570,958)
Ending Balance	$ 8,059,468

DEBT OUTSTANDING

Debt Administration

Changes in debt in the period is summarized as follows:

Outstanding Principal Balance as of December 31, 2020	$ 4,872,993
Add:	
New Debt in period	240,000
Less:	
Principal Payments made during the Year	(82,890)
Outstanding Principal Balance as of December 31, 2021	$ 5,030,103

New debt in the period was used to acquire and make improvements to two properties in Circleville, Ohio, that will provide additional affordable housing units in the community.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

1. Federal funding of the U.S. Department of Housing and Urban Development.
2. Local labor supply and demand, which can affect salary and wage rates.
3. Local inflationary, recession, and employment trends, which can affect resident incomes and, therefore, the demand for housing assistance.
4. Inflationary pressure on utility rates, supplies, and other costs.
5. Market rates for rental housing create disincentives for landlords to participate in the HCV Program utilizing program utilization and admin fees earned by the Authority.
6. The growing Columbus metropolitan area southward toward Pickaway County is magnifying all supply, demand, and inflationary pressures.

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact the Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Respectfully submitted,

Joy Ewing
Executive Director

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets and Deferred Outflow of Resources	
Assets	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 1,299,426
Cash and Cash Equivalents - Restricted	773,733
Receivables, Net	18,148
Prepaid Expenses and Other Assets	89,316
Total Current Assets	2,180,623
Noncurrent Assets	
Capital Assets:	
Non-Depreciable Capital Assets	1,128,961
Depreciable Capital Assets, Net	6,930,507
Total Capital Assets	8,059,468
Notes Receivable	9,250
Net OPEB Asset	79,405
Total Noncurrent Assets	8,148,123
Total Assets	10,328,746
Deferred Outflows of Resources	
Pension	145,976
OPEB	64,998
Total Deferred Outflows of Resources	210,974
Total Assets and Deferred Outflow of Resources	$ 10,539,720
Liabilities, Deferred Inflow of Resources, and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable	$ 35,315
Accrued Liabilities	89,240
Accrued Interest	8,859
Intergovernmental Payables	13,963
Tenant Security Deposits	58,207
Bonds, Notes, and Loans Payable	90,169
Total Current Liabilities	295,753
Noncurrent Liabilities	
Bonds, Notes, and Loans Payable	4,939,934
Accrued Liablities - Noncurrent	21,780
Accrued Compensated Absences Non-Current	63,070
Accrued Pension Liabilities	708,702
Total Noncurrent Liabilities	5,733,486
Total Liabilities	6,029,239
Deferred Inflow of Resources	
Pension	308,741
OPEB	244,602
Total Deferred Inflow of Resources	553,343
Net Position	
Net Investment in Capital Assets	3,029,365
Restricted Net Position	683,896
Unrestricted Net Position	243,877
Total Net Position	3,957,138
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 10,539,720

See the accompanying notes to the financial statements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Operating Revenues		
Tenant Revenue	$	749,042
Government Operating Grants		4,508,235
Other Revenue		129,849
Total Operating Revenues		5,387,126
Operating Expenses		
Administrative		480,135
Tenant Services		48,938
Utilities		335,034
Maintenance		449,552
Insurance		85,893
PILOT		13,963
Compensated Absences		11,477
Other General Expenses		30,376
Housing Assistance Payments		3,328,776
Depreciation		570,958
Total Operating Expenses		5,355,102
Operating Income		32,024
Non-Operating Revenues (Expenses)		
Interest and Investment Revenue		518
Interest Subsidy		58,722
Interest Expense		(228,209)
Total Non-Operating Revenue (Expenses)		(168,969)
Net Loss Before Capital Grants		(136,945)
Capital Grants - HUD		9,237
Changes in Net Position		(127,708)
Total Net Position - Beginning of Year - Restated		4,084,846
Total Net Position - End of Year	$	3,957,138

See the accompanying notes to the financial statements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Operating Grants Received	$ 4,508,235
Tenant Revenue Received	760,394
Other Revenue Received	130,883
General and Administrative Expenses Paid	(2,018,524)
Housing Assistance Payments	(3,349,221)
Net Cash Provided by Operating Activities	31,767
Cash Flows from Investing Activities	
Interest Earned Received	518
Net Cash Provided by Investing Activities	518
Cash Flows from Capital and Related Activities	
Capital Grant Funds Received	9,237
Capital Assets Acquisition	(720,577)
Debt Proceeds	240,000
Principal Payments	(82,890)
Interest Payments	(169,610)
Net Cash (Used) by Capital and Related Activities	(723,840)
Change in Cash and Cash Equivalents	(691,555)
Cash and Cash Equivalents - Beginning of Year	2,764,714
Cash and Cash Equivalents - End of Year	$ 2,073,159
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating Income	$ 32,024
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	570,958
(Increases) Decreases in:	
Accounts Receivables, Net of Allowance	22,184
Prepaid Expenses and Other Assets	(13,379)
OPEB Asset	(79,405)
Deferred Outflow of Resources	52,044
Increases (Decreases) in:	
Accounts Payable	(106,728)
Accrued Liabilities	20,011
Intergovernmental Payables	2,867
Tenant Security Deposits	(552)
Accrued Compensated Absence	5,679
Accrued Pension Liability	(170,871)
Accrued OPEB Liability	(572,394)
Deferred Inflows of Resources	269,329
Net Cash Provided by Operating Activities	$ 31,767

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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 is: a) entitled to the organization’s resources; b) legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) obligated in some manner for the debt of the organization.

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

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

Basis of Presentation

The Authority's basic 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.

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

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

Measurement Focus

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

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and 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. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise Fund

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

Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. PH is operated under an Annual Contributions Contract with HUD, and HUD provides Operating Subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. PH also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans – Williamsport Terrace (WT) is a multiple family housing project with funding by the United States Department of Agriculture (USDA). The USDA provides an interest subsidy on the mortgage and pays rental assistance to the Authority on 15 of the 16 units in the project to enable the Authority to set rents based on 30 percent of the family's adjusted gross income for those units. Each month the rental assistance is paid to the Authority and the USDA deducts a portion of the mortgage payment from that rental assistance payment.

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

Enterprise Fund (Continued)

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

PIH Family Self-Sufficiency Program (FSS) – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the Housing Choice Voucher Program.

Business Activities – This is the activity of the Authority outside the scope of HUD and other government supported housing programs. This fund is used to account for operations related to management contracting performed by the Authority, and to account for operations related to residential rental housing owned by the Authority that is not supported by a Federal rental assistance contract, as well as other permissible miscellaneous activities the Authority undertakes.

Subsidiary Entities – PMHA Pickaway Terrace, LLC (PT), an entity formed in 2019 with the Authority as its sole member, is a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens. PT has an on-going Housing Assistance Payments Contract, whereby HUD provides a subsidy for the difference between the affordable tenant rent and the fair market rents for the units.

PMHA Eden Place, LLC (EP), an entity formed in 2020 with the Authority as its sole member, is a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens. EP has an on-going Housing Assistance Payments Contract, whereby HUD provides a subsidy for the difference between the affordable tenant rent and the fair market rents for the units.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts at December 31, 2021 is $1,059.

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is $5,000.

Useful Lives	
Buildings	27-40 years
Buildings and Leasehold Improvements	15
Furniture and Equipment	7
Autos	5
Computers	3

Depreciation is recorded on the straight-line method.

Investments

Investments, if any, are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost.

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 consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. PMHA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available to be used.

Compensated Absences

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit; however, only 25 percent up to a maximum of 160 hours will be paid upon separation. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

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

Deferred inflow/outflow of Resources
In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Restatement of Net Position
The Authority has determined that the net position as of the end of 2020 should be restated based on corrections to the depreciation schedule:

Net Position - December 31, 2020	$ 2,944,210
Restatement for Change in Accumulated Depreciation	1,140,636
Net Position - December 31, 2020, Restated	$ 4,084,846

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2021, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 8, *Accounting for Interest cost Incurred before the End of a Construction Period*. The objectives of this Statement are: (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position/fund balance.

NOTE 3: **DEPOSITS AND INVESTMENTS**

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

- 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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Deposits (Continued)

- 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 certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

The carrying amount of the Authority's deposits was $2,073,159, including $225 petty cash, at December 31, 2021. The corresponding bank balances were $2,190,695. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, as of December 31, 2021. $872,325 was covered by federal depository insurance, while $974,027 was collateralized with securities pledged in the name of the Authority, $295,138 was held in trust, and $49,205 was uninsured and uncollateralized.

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 that are collateralized are 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 banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Restricted Cash

The restricted cash balance of $773,733 on the financial statements represents the following:

Unspent cash advanced by HUD for HCV Housing Assistance Payments (HAP)	$ 59,262
Family Self-Sufficiency Escrows	21,780
Replacement Reserves of the Rural Housing Williamsport Terrace Project	83,296
Tenant Security Deposit Liability	58,207
HAP Payments due to HCV Landlords	9,850
Construction and Replacement Resreves of the Eden Place Project	246,200
Replacement Reserve and Debt Related Escrows of the Pickaway Terrace Project	295,138
Total Restricted Cash	$ 773,733

Investments

In accordance with the Ohio Revised Code and HUD regulations, the Authority is permitted to invest in certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

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

Investments (Continued)
The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement and investment policy specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments in 2021.

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2021, is as follows:

	Balance (Restated) 12/31/2020	Additions	Reclasses	Disposals	Balance 12/31/2021
Capital Assets Not Being Depreciated					
Land	$ 749,223	$ 31,500	$ 0	$ 0	$ 780,723
Construction in Progress	23,600	324,638	0	0	348,238
Total Capital Assets Not Being Depreciated	772,823	356,138	0	0	1,128,961
Capital Assets Being Depreciated					
Buildings and Improvements	18,047,168	364,439	(127,862)	0	18,283,745
Furniture and Equipment	629,938	0	127,862	0	757,800
Total Capital Assets Being Depreciated	18,677,106	364,439	0	0	19,041,545
Accumulated Depreciation					
Buildings and Improvements	(10,939,521)	(562,888)	127,862	0	(11,374,547)
Furniture and Equipment	(600,559)	(8,070)	(127,862)	0	(736,491)
Total Accumulated Depreciation	(11,540,080)	(570,958)	0	0	(12,111,038)
Net Depreciable Assets	7,137,026	(206,519)	0	0	6,930,507
Total Capital Assets, Net	$ 7,909,849	$ 149,619	$ 0	$ 0	$ 8,059,468

NOTE 5: **COMPENSATED ABSENCES**

At December 31, 2021, based on the vesting method, $81,579 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of $63,070 and short-term compensated absences of $18,509, which is included in accrued liabilities.

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.

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.*

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

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):

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

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

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

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.

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.

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

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

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.

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% for 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 2021. The Authority's contractually required contributions used to fund pension benefits was $99,838 for fiscal year ending December 31, 2021.

Pension Liabilities, 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:

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.004450%
Proportion of the Net Pension Liability:	
Current Measurement Date	0.004786%
Change in Proportionate Share	0.000336%
Proportionate Share of the Net Pension Liability	$ 708,702
Pension Expense	$ 61,370

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 46,138
Authority contributions subsequent to the measurement date	99,838
Total Deferred Outflows of Resources	$ 145,976
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 276,232
Differences between expected and actual experience	29,646
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,863
Total Deferred Inflows of Resources	$ 308,741

$99,838 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 December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2022	$ (88,867)
2023	(23,460)
2024	(112,603)
2025	(37,673)
Total	$ (262,603)

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	$ 1,351,854	$ 708,702	$ 173,923

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

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

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

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.

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.

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

Net OPEB Asset (Continued)

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.

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.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary 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 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 2021.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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	0.004144%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.004457%
Change in Proportionate Share	0.000313%
Proportionate Share of the Net OPEB Asset	$ 79,405
OPEB Expense	$ (462,829)

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

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

At December 31, 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	$	39,037
Changes in proportion and differences between Authority contributions and proportionte share of contributions		25,961
Total Deferred Outflows of Resources	$	64,998
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	42,292
Differences between expected and actual experience		71,665
Changes of assumptions		128,660
Changes in proportion and differences between Authority contributions and proportionate share of contributions		1,985
Total Deferred Inflows of Resources	$	244,602

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 December 31:		
2022	$	(92,295)
2023		(63,945)
2024		(18,379)
2025		(4,985)
Total	$	(179,604)

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:

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

Actuarial Assumptions – OPERS (Continued)

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent 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.

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.

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

Actuarial Assumptions – OPERS (Continued)

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 %

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.

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

Actuarial Assumptions – OPERS (Continued)

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	$ 19,745	$ 79,405	$ 128,451

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. 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	$ 81,340	$ 79,405	$ 77,240

NOTE 8: **ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies from HUD.

NOTE 9: RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHRP). 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 is 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 10: LONG-TERM DEBT – DIRECT BORROWINGS

The Authority manages a multiple family housing project funded by the USDA under its Rural Rental Housing program. The first Promissory Note secured by the property is a 50 year note dated May 10, 1985 in the amount of $538,620. The rate is 11.875% but is subsidized by the USDA in an amount of $4244.53 monthly. The monthly installment on the note is $1172.97. A second Promissory Note secured by the property is dated 4/19/2011 in the amount of $300,000. The rate is 4.625 percent but is subsidized by the USDA in a monthly amount of $649.01. The monthly installment on the note is $637.30. Payments on the note are based on a repayment of 50 years but all indebtedness on the note shall be due and payable on April 19, 2041. Payments required for the USDA mortgages vary based on a calculation performed on a monthly basis using the standard loan payment amount, overages on tenant rental amounts, and the rental assistance requested. In the event of default, the government may declare all indebtedness to be immediately due and payable. The outstanding balances on the notes at December 31, 2021 are $435,275 and $279,434 respectively.

The Authority has a mortgage note dated July 27, 2021 in the amount of $100,000 payable to The Savings Bank. The rate is 4 percent payable in monthly installments of $477.60 per month for 30 years. The mortgage is secured by property at 341 E High St., in Circleville. In the event of default, the rate on the note shall increase 2 percent and at the option of the lender all amounts of indebtedness shall become due and payable. The outstanding balance on the note at December 31, 2021 is $99,284.

The Authority has a mortgage note dated September 15, 2021 in the amount of $140,000 payable to The Savings Bank. The rate is 4% payable in monthly installments of $668.56 per month for 30 years. The mortgage is secured by property at 110 Park St., in Circleville. In the event of default, the rate on the note shall increase 2 percent and at the option of the lender all amounts of indebtedness shall become due and payable. The outstanding balance on the note at December 31, 2021 is $139,389.

NOTE 10: **LONG-TERM DEBT** (Continued)

PMHA Pickaway Terrace, LLC, a wholly owned subsidiary of the Authority, has a mortgage note dated June 1, 2019 in the amount of $2,632,500 payable to Centennial Mortgage, Inc. The rate is 3.81 percent payable in monthly installments of $11,337.94 for 35 years. The mortgage is secured by the Pickaway Terrace property in Circleville, Ohio. PMHA Pickaway Terrace, LLC has the right to prepay this mortgage note in whole on the last day of any calendar month and concurrently pay to Centennial Mortgage, LLC, an initial prepayment premium of 10 percent, which decreases 1 percent each year until 2029, after which there is no prepayment premium. In the event of default continuing for 30 days, at the option of the lender all amounts of indebtedness shall become due and payable. The outstanding balance on the note at December 31, 2021 is $2,541,528.

PMHA Eden Place, LLC, a wholly owned subsidiary of the Authority, has a mortgage note dated September 30, 2020 in the amount of $1,570,000 payable to The Savings Bank. The rate is 4 percent payable in monthly installments of $7,497.11 per month for 30 years. The mortgage is secured by a 40-unit Eden Place apartment property in Circleville, Ohio. In the event of default, the rate on the note shall increase 2 percent and at the option of the lender all amounts of indebtedness shall become due and payable. The outstanding balance on the note at December 31, 2021 is $1,535,193.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	Balance at 12/31/2020	Issued	Retired	Balance at 12/31/2021	Due Within One Year
Long-Term Liabilities					
USDA Note Payable	$ 447,778	$ 0	$ (12,503)	$ 435,275	$ 14,070
USDA Note Payable	281,884	0	(2,450)	279,434	2,566
Note Payable - East High Street	0	100,000	(716)	99,284	1,792
Note Payable - Park Street	0	140,000	(611)	139,389	2,493
Note Payable - PMHA Pickaway Terrace, LLC	2,580,188	0	(38,660)	2,541,528	40,160
Note Payable - PMHA Eden Place, LLC	1,563,143	0	(27,950)	1,535,193	29,088
FSS Escrows	29,780	11,959	(19,959)	21,780	0
Accrued Compensated Absences	75,900	76,667	(70,988)	81,579	18,509
Net Pension Liability	879,573	0	(170,871)	708,702	0
OPEB Liability	572,394	0	(572,394)	0	0
	$ 6,430,640	$ 328,626	$ (917,102)	$ 5,842,164	$ 108,678

NOTE 10: **LONG-TERM DEBT** (Continued)

Long-term debt principal and interest for the years ending December 31 are as follows:

Year	Principal	Interest	Total
2022	$ 90,169	$ 230,291	$ 320,460
2023	94,972	225,488	320,460
2024	99,925	220,535	320,460
2025	105,631	214,829	320,460
2026	111,563	208,897	320,460
2027-2031	664,132	938,168	1,602,300
2032-2036	791,041	708,218	1,499,259
2037-2041	938,344	529,779	1,468,123
2042-2046	866,357	333,713	1,200,070
2047-2051	933,148	150,403	1,083,551
2052-2056	334,821	17,274	352,095
Total	$ 5,030,103	$ 3,777,595	$ 8,807,698

NOTE 11: **ACCRUED LIABILITIES**

The following is the detail of accrued liabilities at December 31, 2021:

Accrued Payroll and Payroll Taxes	$ 59,312
Accrued Compensated Absences - Current	18,509
Other Accrued Liabilities	11,419
Total Accrued Liabilities	$ 89,240

NOTE 12: **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 likely impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plans in which the Authority participates fluctuates with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004786%	0.004450%	0.004510%	0.004085%	0.005064%	0.005180%	0.004064%	0.004064%
Authority's Proportionate Share of the Net Pension Liability	$ 708,702	$ 879,573	$ 1,235,199	$ 640,857	$ 1,149,948	$ 897,242	$ 498,921	$ 490,164
Authority's Covered Payroll	$ 674,043	$ 626,150	$ 609,236	$ 558,692	$ 561,020	$ 552,569	$ 591,258	$ 601,615
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.47%	202.75%	114.71%	204.97%	162.38%	84.38%	81.47%
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.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 99,838	$ 94,366	$ 87,661	$ 85,293	$ 72,630	$ 67,322	$ 66,308	$ 70,951	$ 78,210	$ 80,177
Contributions in Relation to the Contractually Required Contribution	(99,838)	(94,366)	(87,661)	(85,293)	(72,630)	(67,322)	(66,308)	(70,951)	(78,210)	(80,177)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 713,129	$ 674,043	$ 626,150	$ 609,236	$ 558,692	$ 561,020	$ 552,569	$ 591,258	$ 601,615	$ 801,770
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

See accompanying notes to the required supplementary information.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
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	0.004457%	0.004144%	0.004200%	0.003970%	0.004990%
Authority's Proportion Share of the Net OPEB Liability/(Asset)	$ (79,405)	$ 572,394	$ 547,581	$ 431,113	$ 504,007
Authority's Covered Payroll	$ 674,043	$ 626,150	$ 609,236	$ 582,900	$ 586,350
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	11.78%	91.41%	89.88%	73.96%	85.96%
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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
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	$ 0	$ 5,829	$ 11,727	$ 11,695
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	(5,829)	(11,727)	(11,695)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 713,129	$ 674,043	$ 626,150	$ 609,236	$ 582,900	$ 586,350	$ 584,750
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	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.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	291,577	-	141,460	-	151,449	17,476	697,464	-	1,299,426	-	1,299,426
113 Cash - Other Restricted	-	-	541,338	-	-	83,296	81,042	-	705,676	-	705,676
114 Cash - Tenant Security Deposits	14,362	-	32,872	-	5,302	5,671	-	-	58,207	-	58,207
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	9,850	-	9,850	-	9,850
100 Total Cash	305,939	-	715,670	-	156,751	106,443	788,356	-	2,073,159	-	2,073,159
125 Accounts Receivable - Miscellaneous	1,631	-	-	-	-	-	2,689	-	4,320	-	4,320
126 Accounts Receivable - Tenants	1,688	-	6,451	-	-	40	-	-	8,179	-	8,179
126.1 Allowance for Doubtful Accounts -Tenants	-9	-	-	-	-	-	-	-	-9	-	-9
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-1,050	-	-1,050	-	-1,050
127 Notes, Loans, & Mortgages Receivable - Current	2,597	-	-	-	3,600	511	-	-	6,708	-	6,708
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,907	-	6,451	-	3,600	551	1,639	-	18,148	-	18,148
142 Prepaid Expenses and Other Assets	38,664	-	25,571	-	2,249	3,006	19,826	-	89,316	-	89,316
150 Total Current Assets	350,510	-	747,692	-	162,600	110,000	809,821	-	2,180,623	-	2,180,623
161 Land	449,081	-	223,944	-	92,698	15,000	-	-	780,723	-	780,723
162 Buildings	11,401,855	-	4,925,707	-	598,162	1,354,616	-	-	18,280,340	-	18,280,340
163 Furniture, Equipment & Machinery - Dwellings	173,265	-	242,376	-	13,944	-	-	-	429,585	-	429,585
164 Furniture, Equipment & Machinery - Administration	234,707	-	26,932	-	-	4,653	61,923	-	328,215	-	328,215
165 Leasehold Improvements	-	-	-	-	-	-	3,405	-	3,405	-	3,405
166 Accumulated Depreciation	-8,064,219	-	-2,952,344	-	-199,931	-831,145	-63,399	-	-12,111,038	-	-12,111,038
167 Construction in Progress	-	-	348,238	-	-	-	-	-	348,238	-	348,238
160 Total Capital Assets, Net of Accumulated Depreciation	4,194,689	-	2,814,853	-	504,873	543,124	1,929	-	8,059,468	-	8,059,468
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	9,250	-	-	-	9,250	-	9,250
174 Other Assets	31,761	-	-	-	23,822	-	23,822	-	79,405	-	79,405
180 Total Non-Current Assets	4,226,450	-	2,814,853	-	537,945	543,124	25,751	-	8,148,123	-	8,148,123
200 Deferred Outflow of Resources	84,390	-	-	-	63,292	-	63,292	-	210,974	-	210,974
290 Total Assets and Deferred Outflow of Resources	4,661,350	-	3,562,545	-	763,837	653,124	898,864	-	10,539,720	-	10,539,720

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	4,078	-	28,520	-	351	1,651	715	-	35,315	-	35,315
321 Accrued Wage/Payroll Taxes Payable	45,646	-	5,113	-	4,319	242	3,992	-	59,312	-	59,312
322 Accrued Compensated Absences - Current Portion	5,553	-	-	-	7,774	925	4,257	-	18,509	-	18,509
325 Accrued Interest Payable	-	-	8,235	-	-	624	-	-	8,859	-	8,859
333 Accounts Payable - Other Government	13,963	-	-	-	-	-	-	-	13,963	-	13,963
341 Tenant Security Deposits	14,362	-	32,872	-	5,302	5,671	-	-	58,207	-	58,207
342 Unearned Revenue	-	-	-	-	4	-	-	-	4	-	4
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	69,248	-	4,285	16,636	-	-	90,169	-	90,169
345 Other Current Liabilities	1,519	-	46	-	-	-	9,850	-	11,415	-	11,415
310 Total Current Liabilities	85,121	-	144,034	-	22,035	25,749	18,814	-	295,753	-	295,753
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	4,007,473	-	234,388	698,073	-	-	4,939,934	-	4,939,934
353 Non-current Liabilities - Other	-	-	-	-	-	-	21,780	-	21,780	-	21,780
354 Accrued Compensated Absences - Non Current	23,753	-	-	-	16,819	1,659	20,839	-	63,070	-	63,070
357 Accrued Pension and OPEB Liabilities	283,480	-	-	-	212,611	-	212,611	-	708,702	-	708,702
350 Total Non-Current Liabilities	307,233	-	4,007,473	-	463,818	699,732	255,230	-	5,733,486	-	5,733,486
300 Total Liabilities	392,354	-	4,151,507	-	485,853	725,481	274,044	-	6,029,239	-	6,029,239
400 Deferred Inflow of Resources	221,337	-	-	-	166,003	-	166,003	-	553,343	-	553,343
508.4 Net Investment in Capital Assets	4,194,689	-	-1,261,868	-	266,200	-171,585	1,929	-	3,029,365	-	3,029,365
511.4 Restricted Net Position	-	-	541,338	-	-	83,296	59,262	-	683,896	-	683,896
512.4 Unrestricted Net Position	-147,030	-	131,568	-	-154,219	15,932	397,626	-	243,877	-	243,877
513 Total Equity - Net Assets / Position	4,047,659	-	-588,962	-	111,981	-72,357	458,817	-	3,957,138	-	3,957,138
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	4,661,350	-	3,562,545	-	763,837	653,124	898,864	-	10,539,720	-	10,539,720

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	258,956	-	394,508	-	34,765	41,915	-	-	730,144	-	730,144
70400 Tenant Revenue - Other	13,250	-	-	-	-	5,648	-	-	18,898	-	18,898
70500 Total Tenant Revenue	272,206	-	394,508	-	34,765	47,563	-	-	749,042	-	749,042
70600 HUD PHA Operating Grants	458,388	-	541,068	24,069	-	-	3,416,271	-	4,439,796	-	4,439,796
70610 Capital Grants	9,237	-	-	-	-	-	-	-	9,237	-	9,237
70800 Other Government Grants	-	-	-	-	-	127,161	-	-	127,161	-	127,161
71100 Investment Income - Unrestricted	19	-	153	-	79	55	154	-	460	-	460
71400 Fraud Recovery	-	-	-	-	-	-	10,404	-	10,404	-	10,404
71500 Other Revenue	6,139	-	7,642	-	94,682	3,086	71,876	-	183,425	-63,980	119,445
72000 Investment Income - Restricted	-	-	58	-	-	-	-	-	58	-	58
70000 Total Revenue	745,989	-	943,429	24,069	129,526	177,865	3,498,705	-	5,519,583	-63,980	5,455,603
91100 Administrative Salaries	145,247	-	58,447	-	75,212	9,148	211,089	-	499,143	-	499,143
91200 Auditing Fees	1,294	-	19,083	-	548	145	7,619	-	28,689	-	28,689
91300 Management Fee	-	-	54,188	-	-	9,792	-	-	63,980	-63,980	-
91400 Advertising and Marketing	1,221	-	1,372	-	1,181	362	6,945	-	11,081	-	11,081
91500 Employee Benefit contributions - Administrative	-61,291	-	26,476	-	-139,636	4,531	-85,923	-	-255,843	-	-255,843
91600 Office Expenses	22,840	-	28,536	-	24,925	953	71,096	-	148,350	-	148,350
91700 Legal Expense	3,632	-	551	-	3,404	823	764	-	9,174	-	9,174
91800 Travel	5,820	-	409	-	120	819	6,866	-	14,034	-	14,034
91900 Other	8,572	-	-	-	8,320	-	8,615	-	25,507	-	25,507
91000 Total Operating - Administrative	127,335	-	189,062	-	-25,926	26,573	227,071	-	544,115	-63,980	480,135
92100 Tenant Services - Salaries	-	-	-	18,069	-	-	-	-	18,069	-	18,069
92200 Relocation Costs	-	-	7,064	-	-	-	-	-	7,064	-	7,064
92300 Employee Benefit Contributions - Tenant Services	-	-	-	6,000	-	-	-	-	6,000	-	6,000
92400 Tenant Services - Other	418	12,471	-	-	-	-	-	4,916	17,805	-	17,805
92500 Total Tenant Services	418	12,471	7,064	24,069	-	-	-	4,916	48,938	-	48,938
93100 Water	47,923	-	38,871	-	500	4,658	503	-	92,455	-	92,455
93200 Electricity	11,441	-	113,499	-	1,103	1,603	3,987	-	131,633	-	131,633
93300 Gas	12,040	-	6,007	-	589	217	642	-	19,495	-	19,495
93600 Sewer	47,923	-	38,871	-	-	4,657	-	-	91,451	-	91,451
93000 Total Utilities	119,327	-	197,248	-	2,192	11,135	5,132	-	335,034	-	335,034
94100 Ordinary Maintenance and Operations - Labor	92,499	-	49,954	-	3,461	8,811	-	-	154,725	-	154,725
94200 Ordinary Maintenance and Operations - Materials and Other	60,224	-	15,599	-	2,896	2,404	-	-	81,123	-	81,123
94300 Ordinary Maintenance and Operations Contracts	134,394	-	68,597	-	23,008	26,743	10,046	-	262,788	-	262,788
94500 Employee Benefit Contributions - Ordinary Maintenance	-63,247	-	11,884	-	770	1,509	-	-	-49,084	-	-49,084
94000 Total Maintenance	223,870	-	146,034	-	30,135	39,467	10,046	-	449,552	-	449,552
96110 Property Insurance	29,977	-	33,699	-	1,883	2,434	-	-	67,993	-	67,993
96120 Liability Insurance	-	-	-	-	-	-	2,350	-	2,350	-	2,350
96140 All Other Insurance	8,460	-	1,585	-	18	65	5,422	-	15,550	-	15,550
96100 Total insurance Premiums	38,437	-	35,284	-	1,901	2,499	7,772	-	85,893	-	85,893

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96200 Other General Expenses	-	-	6,161	-	2,497	-	512	-	9,170	-	9,170
96210 Compensated Absences	9,789	-	-	-	-	1,688	-	-	11,477	-	11,477
96300 Payments in Lieu of Taxes	13,963	-	-	-	-	-	-	-	13,963	-	13,963
96400 Bad debt - Tenant Rents	18,588	-	387	-	625	1,606	-	-	21,206	-	21,206
96000 Total Other General Expenses	42,340	-	6,548	-	3,122	3,294	512	-	55,816	-	55,816
96710 Interest of Mortgage (or Bonds) Payable	-	-	159,649	-	3,067	65,493	-	-	228,209	-	228,209
96700 Total Interest Expense and Amortization Cost	-	-	159,649	-	3,067	65,493	-	-	228,209	-	228,209
96900 Total Operating Expenses	551,727	12,471	740,889	24,069	14,491	148,461	250,533	4,916	1,747,557	-63,980	1,683,577
97000 Excess of Operating Revenue over Operating Expenses	194,262	-12,471	202,540	-	115,035	29,404	3,248,172	-4,916	3,772,026	-	3,772,026
97300 Housing Assistance Payments	-	-	-	-	-	-	3,268,098	-	3,268,098	-	3,268,098
97350 HAP Portability-In	-	-	-	-	-	-	60,678	-	60,678	-	60,678
97400 Depreciation Expense	386,974	-	123,128	-	16,505	44,124	227	-	570,958	-	570,958
90000 Total Expenses	938,701	12,471	864,017	24,069	30,996	192,585	3,579,536	4,916	5,647,291	-63,980	5,583,311
10010 Operating Transfer In	-	-	-	-	-	-	-	4,916	4,916	-4,916	-
10020 Operating transfer Out	-	-	-	-	-	-	-4,916	-	-4,916	4,916	-
10030 Operating Transfers from/to Primary Government	-	-	-33,320	-	-	-	-	-	-33,320	33,320	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	33,320	-	-	-	33,320	-33,320	-
10093 Transfers between Program and Project - In	-	12,471	-	-	-	-	-	-	12,471	-12,471	-
10094 Transfers between Project and Program - Out	-12,471	-	-	-	-	-	-	-	-12,471	12,471	-
10100 Total Other financing Sources (Uses)	-12,471	12,471	-33,320	-	33,320	-	-4,916	4,916	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-205,183	-	46,092	-	131,850	-14,720	-85,747	-	-127,708	-	-127,708
11020 Required Annual Debt Principal Payments	-	-	60,610	-	1,327	14,953	-	-	76,890	-	76,890
11030 Beginning Equity	3,112,206	-	-635,054	-	-19,869	-57,637	544,564	-	2,944,210	-	2,944,210
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	1,140,636	-	-	-	-	-	-	-	1,140,636	-	1,140,636
11170 Administrative Fee Equity	-	-	-	-	-	-	399,555	-	399,555	-	399,555
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	59,262	-	59,262	-	59,262
11190 Unit Months Available	1,296	-	1,200	-	50	192	7,932	-	10,670	-	10,670
11210 Number of Unit Months Leased	1,291	-	1,172	-	49	189	6,432	-	9,133	-	9,133

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Assistance Listing Number**	**Expenditures**	**Loan Balance**
U.S. Department of Housing and Urban Development			
Direct Awards:			
Public Housing Programs			
Public and Indian Housing	14.850	$ 411,138	$ 0
Public Housing Capital Fund	14.872	56,487	0
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	3,416,271	0
Total Housing Voucher Cluster		3,416,271	0
Family Self-Sufficiency Program	14.896	24,069	0
Total U.S. Department of Housing and Urban Development		3,907,965	0
U.S. Department of Agriculture			
Direct Award:			
Rural Rental Housing Loans	10.415	127,161	729,662
Total U.S. Department of Agriculture		127,161	729,662
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 4,035,126	$ 729,662

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Pickaway Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 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 Pickaway Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pickaway 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**

Pickaway 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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, 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 Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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 June 28, 2022, wherein we noted the Authority restated its net position as of the end of 2020 based on corrections to the capital asset depreciation schedule, and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2021-001**.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

June 28, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Pickaway Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 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.

In our opinion, the Pickaway 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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

June 28, 2022

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 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)?	Yes
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 - ALN #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. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding 2021-001 – Significant Deficiency – Restatement of Prior Period Net Position

Statement of Condition/Criteria
In prior periods, a considerable portion the Authority's capital assets were depreciated as a net total, instead of as individual depreciable assets based on their useful lives. To properly account for its capital assets beginning in 2021, the Authority revised its capital asset depreciation schedules and restated accumulated depreciation and related net position by $1,140,636.

Cause/Effect
The changes in financial presentation of depreciable capital assets resulted in a prior period adjustment to accumulated depreciation and net position.

Recommendation
We recommend that the Authority continue to record depreciation expense based on the useful lives of the depreciable capital assets, and maintain its efforts to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes in a timely manner.

Client's Response
We were given comments in an email sent 7/7/2020 regarding the Pickaway Metropolitan Housing Authority depreciation schedule which included auditor concerns regarding the method of preparation. The Auditor stated in that email discussion regarding the 12/31/19 FYE audit, "Depreciation expense for assets acquired and placed in service prior to 2016 is set by a depreciation schedule prepared for year-end 2015, that has not been updated since 2015. That is possible because none of the assets being depreciated as of year-end 2015 have become fully depreciated. Use of that schedule that has not been updated for 4 years *makes it more cumbersome than should be needed to audit* that expense and accumulated depreciation on any of the assets on that schedule are properly calculated." These comments were included under Verbal Comments in the audit. The Fee Accountant retained at that time by PMHA, disagreed with the comments made by the auditor. He cited the requirements as he understood them and stated that the method of reporting the assets as was provided by PMHA was an acceptable method of doing so. He further stated that as a small housing authority, the time required to do the more detailed version of depreciation as was being suggested was not cost effective. The auditor's recommendation in the final audit was, "the depreciation schedule be updated for each reporting period and the record be maintained to permit for an audit of expense for the period and accumulated at the end of the period at the level of each asset on the schedule."

2. **FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS** (Continued)

Finding 2021-001 – Significant Deficiency – Restatement of Prior Period Net Position

Client's Response (Continued)
For the 12/31/20 FYE audit, changes in the depreciation schedule reporting were not implemented due to the long-term unavailability of the Fee Accountant due to health concerns. In the 2020 Audit, a Management Letter was included as part of the audit completion which stated, "We are submitting for your consideration the following comment of the Authority's compliance with applicable laws and regulations and on its internal controls. This comment reflects a matter that, while in our opinion does not represent a material instance of noncompliance or a significant deficiency in internal control conditions, we believe represents a matter for which improvements in compliance or internal control or operational efficiency might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendation suggested below. However, this comment reflects our continuing desire to assist your government." The comment in the letter specifically stated,

"During our audit, we noted various errors and misclassifications in the financial statements. All errors and misclassification, other than those that were not material, were subsequently corrected." Under Recommendations in the letter, it was written, "We recommend the Authority exercise due care when preparing the financial statements and that the financial statements be reviewed for accuracy prior to submission." This comment and recommendation were specific to the number of adjustments required in the audit that were associated with the transition of a multi-family property to Pickaway MHA ownership. During the audit however, the concerns regarding the depreciation schedule continued and were made part of the audit verbal comments included in the audit process. The PMHA Staff felt the written management comment applied not only to the adjustments required but also to the depreciation schedule. Executive Director Kim Hartinger responded to the Depreciation Schedule and Sale of Capital Assets comments as follows, "These issues are related to work completed on behalf of the agency by our Fee Accountant. While I have not held conversation with him regarding the sale of Capital Assets, I have discussed the Depreciation Schedule with him recently and in the past. His assertion is that an agency our size has relatively little depreciation and was spending approximately $2000 per year in the previous six years prior to his time with our agency to have a depreciation schedule prepared. It was for this reason that he presented the depreciation information in the current format. At this time, we are planning to procure Fee Accountant services for the agency. We will resolve the issue regarding the completion of the depreciation schedule and monitoring of assets as part of that process." In response, the Director was told that these were "only comments and observations" and did not require a response. Therefore, we feel the significance of the depreciation presentation was not fully conveyed to us.

Because we desire to be compliant and feel strongly about accurate reporting and recording of information, we terminated the association with our former Fee Accountant and retained a FA that we felt confident would guide us through the process of correcting the depreciation schedule issues. That is exactly what happened. The Finance Manager from our agency and the current Fee Accountant spent numerous hours to correct this situation because we believed that we could not move forward with accurate reporting if the past omissions were not corrected.

2. **FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS** (Continued)

Finding 2021-001 – Significant Deficiency – Restatement of Prior Period Net Position

Client's Response (Continued)
In summary, the comments both verbally and written in the two prior audits led us to commit to correcting the depreciation schedule issue; an issue which was identified initially as requested only to make the auditing process easier. In our commitment to comply, we retained an individual who assisted us to complete this process not only to make it a more auditable process, but to also provide the baseline to move forward with proper reporting in the future as outlined in both verbal and written direction. We would also note that we do have greater understanding of the presentation of assets through this process. We would add that these numbers do not reflect upon the successful cash operation and financial management that the agency enforces. We are concerned that even as significant as we now understand the depreciation situation to be, there were no findings for recovery or operational concerns.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

The prior audit report, as of December 31, 2020, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

PICKAWAY COUNTY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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 8/16/2022

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