

ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

SINGLE AUDIT

JULY 1, 2023 – JUNE 30, 2024





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Columbus, Ohio 43215
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Board of Commissioners
Allen County Metropolitan Housing Authority
600 South Main Street
Lima, OH 45804

We have reviewed the *Independent Auditor's Report* of the Allen County Metropolitan Housing Authority, Allen County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2023 through June 30, 2024. 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 Allen County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 08, 2025

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**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Allen Metropolitan Housing Authority, Allen County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Allen Metropolitan Housing Authority, Allen County, Ohio as of June 30, 2024, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Allen Metropolitan Housing Authority
Allen County
Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Allen Metropolitan Housing Authority
Allen County
Independent Auditor's Report

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 and Cost Certification as required by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not 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, Cost Certification 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 December 4, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 4, 2024

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**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The following discussion and analysis of the Allen Metropolitan Housing Authority (the “Authority”) is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2024 with selected comparative information for the fiscal year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority’s finances.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$8,141,814 (net position). Of this amount, \$3,783,688 (unrestricted net position) may be used to meet the Authority’s ongoing obligations to citizens and creditors.
- Capital additions exceeded depreciation expense by \$387,470.
- Net position increased \$616,727 in the fiscal year ended June 30, 2024.
- Revenues increased notably from 2023, increasing by \$1,241,319. This was primarily due to operating subsidies increasing.
- Expenses increased by \$749,123. The largest increase was to HAP expense.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report.

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

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Basic Financial Statements

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

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

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, 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, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings and liabilities 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 do not meet the definition of “Investment in Capital Assets,” or “Restricted Net Position.” This account resembles the old operating reserves account.

The Authority financial statements include a Statement of Revenues, Expenses and Change in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, operating grants, and other revenues; Operating Expenses, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; Non-Operating Revenues, capital grant revenue, and investment/interest income; and Non-Operating Expenses, interest expense.

The focus of the Statement of Revenues, Expenses and Change 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 from capital and related financing activities.

Fund Financial Statements

The Authority consists exclusively of Enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Accounting balances for many of the programs maintained by the Authority are segregated as required by HUD. Others are segregated to enhance accountability and control.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

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

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

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority administers a contract with independent landlords that own the properties. The Authority subsidizes the family's rent through the Housing Assistance Payment made to the landlord. The Program is administered under the Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to subsidize a lease that sets the participants' rent at 30 percent of household income.

Special Needs Assistance Program (SNAP) – The Continuum of Care Program funding received from HUD for this Program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 Moderate Rehab – Single Room Only (SRO) – The Authority administers Section 8 Rental Assistance programs where HUD enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered.

FSS – Service Coordinators – The purpose of the PIH Family Self-Sufficiency Program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing and coordinate available resources in the community to meet those needs. In the past, the ROSS grant had included programs such as ROSS-Family & Homeownership. These programs have been combined by HUD into the PIH Family Self-Sufficiency Program.

Business Activities - Represents other non-HUD activities

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Revenue		
Tenant Revenues - Rents and Other	\$ 857,673	\$ 836,626
Operating Subsidies	9,411,929	8,380,792
Capital Grants	245,111	220,885
Investment Income	62,517	10,986
Other Revenues	<u>213,309</u>	<u>99,931</u>
Total Revenues	<u>10,790,539</u>	<u>9,549,220</u>
Expenses		
Administrative	1,208,327	1,159,916
Tenant Services	75,895	49,322
Utilities	360,431	350,815
Maintenance	1,116,634	1,067,963
General Expenses, Insurance and Interest	300,730	392,964
Housing Assistance Payments	6,862,310	6,042,599
Pension and OPEB	(9,991)	46,589
Depreciation	<u>259,476</u>	<u>314,521</u>
Total Expenses	<u>10,173,812</u>	<u>9,424,689</u>
Change in Net Position	616,727	124,531
Total Net Position - Beginning of Fiscal Year	<u>7,525,087</u>	<u>7,400,556</u>
Total Net Position - End of Fiscal Year	<u><u>\$ 8,141,814</u></u>	<u><u>\$ 7,525,087</u></u>

Housing Units Managed

The following table shows housing units managed by the Authority for fiscal years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Owned by Authority	245	245
Units Under Vouchers	1,058	1,041
Units Under NC SR	63	63
Total Housing Units Managed	<u>1,366</u>	<u>1,349</u>

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Changes in Capital Assets

Net capital assets increased from the previous fiscal year by \$387,470. The increase is a result of capital additions being more than depreciation on assets. The following table summarizes changes in capital asset balances for fiscal years ending June 30, 2024 and 2023:

	2024	2023
Land and Land Rights	\$ 924,233	\$ 924,233
Construction in Progress	97,699	-
Buildings and Improvements	22,147,775	21,921,324
Equipment and Intangible Right-to-Use	835,132	775,073
Accumulated Depreciation	<u>(19,555,682)</u>	<u>(19,558,943)</u>
Total Capital Assets	<u>\$ 4,449,157</u>	<u>\$ 4,061,687</u>
 Beginning Balance - June 30, 2023		\$ 4,061,687
Current Year Additions		646,946
Current Year Depreciation Expense		<u>(259,476)</u>
Ending Balance - June 30, 2024		<u>\$ 4,449,157</u>

Current Year Additions are summarized as follows:

Maintenance Truck	\$ 59,341
314 Smead improvements	19,154
805 Ewing roof	8,263
936 W Robb roof	111,530
803 College bathroom and siding	7,800
720 Broadway improvements	13,251
1739 Leland improvements	17,472
226 Calumet improvements	9,300
803 College insurance loss renovations	19,145
121 Paradise insurance loss renovations	97,699
Management and accounting software	<u>283,991</u>
Total Additions	<u>\$ 646,946</u>

Capital assets are presented in detail in Note 5 of the notes to the basic financial statements.

Debt

The Authority has no outstanding debt at June 30, 2024. However, the Authority has an equipment lease liability at June 30, 2024. The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability, June 30, 2023	\$ 37,148
Additions in Period	-
Deletions in period	<u>(14,938)</u>
Equipment Lease Liability, June 30, 2024	<u>\$ 22,210</u>

The Authority also has a subscription liability at June 30, 2024. The following summarizes the change in the subscription liability from last fiscal year-end.

Subscription Liability, June 30, 2023	\$ -
Additions in Period	219,791
Deletions in period	<u>(24,530)</u>
Subscription Liability, June 30, 2024	<u>\$ 195,261</u>

Long-term liabilities are presented in detail in Note 6 of the notes to the basic financial statements.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Financial Position

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The Statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority, as well as net position. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, deferred outflows, deferred inflows of resources, and net position at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 5,237,444	\$ 4,812,222
Capital Assets	4,449,157	4,061,687
Notes Receivable	28,300	33,100
Net OPEB Asset	42,491	-
Total Assets	<u>9,757,392</u>	<u>8,907,009</u>
 Deferred Outflows of Resources	 365,708	 631,458
Total Assets and Deferred Outflows of Resources	<u>10,123,100</u>	<u>9,538,467</u>
 <u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	367,483	312,550
Non-Current Liabilities	1,554,619	1,678,510
Total Liabilities	<u>1,922,102</u>	<u>1,991,060</u>
 Deferred Inflows of Resources	 59,184	 22,320
 <u>Net Position</u>		
Net Investment in Capital Assets	4,231,686	4,024,539
Restricted	126,440	60,175
Unrestricted	3,783,688	3,440,373
Total Net Position	<u>8,141,814</u>	<u>7,525,087</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 10,123,100</u>	 <u>\$ 9,538,467</u>

Major Fluctuations Comments

On the Statement of Net Position, the notable change is the change in total assets which increased \$850,383 over last fiscal year with the largest change being to current assets which increased \$425,222 (or 9 percent). Cash is where the biggest part of that increase occurred, with the corresponding change noted in unrestricted net position, a reflection of favorable results from operations.

**ALLEN METROPOLITAN HOUSING AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

On the Statement of Revenues, Expenses, and Change in Fund Net Position, revenues increased \$1,241,319 (or 13 percent) while total expenses increased \$749,123 (or 8 percent), evidence of the favorable results from operations. The largest increase in revenues was to operating subsidies which increased \$1,031,137 (or 12 percent). That increase closely corresponds to the increase in funding the Authority received for the Housing Choice Voucher program which increased \$966,504. There are two components in funding HUD provides for the Housing Choice Voucher program, funding for administration of the program and funding for the Authority to use to make HAP (rental assistance) payments on behalf of families assisted by the program. Funding of both components increased, funding for administration by \$157,247 and funding for HAP by \$809,257. Funding for administration of the program is based on the lease up rate under the program times the HUD published rate which HUD prorates based on congressional appropriations. Lease up under the program was virtually unchanged from the prior fiscal year-end, and the change was noted in the admin rate paid by HUD. And while the published admin rate increased due to inflation factors applied by HUD annually, the bigger factor contributing to the increase was that the proration level due to congressional appropriations permitted HUD to pay admin fees at much more closely to 100% than in the previous period.

About the increase in funding received for the Authority to use to make HAP payments, HUD provides that funding based on what the Authority spends for that purpose. So it is no coincidence that the largest increase on the expense side of the statement was for Housing Assistance Payments (HAP) expense, which increased \$819,711 (or 14 percent). Again as noted in the previous paragraph lease up under the program was virtually unchanged which indicates on average rental assistance per unit month leased up increased. The amount of HAP paid by the program is essentially based on what is needed to make the rental affordable by the families being helped by the program. Continuing a trend noted last year, rental rates in the jurisdiction of the Authority are increasing meaning more rental assistance is needed to keep rents affordable.

Economic Factors

According to the 2023 West Ohio Community Action Partnership (WOCAP) Community Assessment, compiled with the assistance of the Lima Allen County Regional Planning Commission and Allen County Public Health, the median annual household income for families in Allen County (where the Authority is based) is \$55,114, which is significantly lower than that same statistic statewide and nationally.

Significant Economic Factors Affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development (HUD).
- Local labor supply and demand, which can affect salary and wage rates.
- Severely understaffed in maintenance, which increased contract labor costs significantly.
- Increase in wages to keep up with new employment trends.
- Inflationary pressure on utility rates, supplies, and other related costs.
- Higher insurance costs.
- Aging housing portfolio with major capital needs.
- Significant increase in rental prices and limited supply of affordable housing.
- Elevated tenant account receivables due to unpaid rent.

**ALLEN METROPOLITAN HOUSING AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Our major programs, Housing Choice Voucher finished the fiscal year with 95 percent lease up; Public Housing finished with a 98 percent occupancy rate. The Lima area faces a significant shortage of affordable housing, which poses challenges for tenants seeking stable, affordable options. The aging housing stock managed by the housing authority further complicates the situation, as many properties require major renovations that can be both time-consuming and costly. We will continue to explore repositioning options offered by HUD to address the housing shortage in our community.

Overall, the Authority has effectively navigated these unprecedented times by making strategic financial decisions. We are committed to diligently monitoring our resources to ensure we serve our community effectively. By regularly assessing our programs and services, we can maximize our impact and allocate resources appropriately.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Tiffany Wright, Executive Director, Allen Metropolitan Housing Authority, 600 S Main, Lima, Ohio 45804.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Current Assets

Cash and Cash Equivalents	\$ 4,643,878
Restricted Cash	379,308
Receivables, Net	111,321
Prepaid Items	69,279
Inventories, Net	33,658
Total Current Assets	5,237,444

Non-Current Assets

Capital Assets:

Non-Depreciable Capital Assets	1,021,932
Depreciable Capital Assets	22,982,907
Accumulated Depreciation	(19,555,682)
Total Capital Assets	4,449,157

Loans Receivable, Net of Current	28,300
Net OPEB Asset	42,491
Total Non-Current Assets	4,519,948
Total Assets	9,757,392

Deferred Outflows of Resources

Pension	326,601
OPEB	39,107
Total Deferred Outflows of Resources	365,708
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,123,100

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Liabilities

Current Liabilities

Accounts Payable	\$ 14,547
Accrued Wages and Payroll Taxes	25,878
Intergovernmental Payables	177,398
Tenant Security Deposits	71,923
Lease Liability	15,547
Subscription Liability	33,805
Other	28,385
Total Current Liabilities	367,483

Non-Current Liabilities

Accrued Compensated Absences	61,857
Lease Liability, Net of Current	6,663
Subscription Liability, Net of Current	161,456
Other Noncurrent Liabilities	86,571
Net Pension Liability	1,238,072
Total Non-Current Liabilities	1,554,619
Total Liabilities	1,922,102

Deferred Inflows of Resources

Pension	34,795
OPEB	24,389
Total Deferred Inflows of Resources	59,184

Net Position

Net Investment in Capital Assets	4,231,686
Restricted	126,440
Unrestricted	3,783,688
Total Net Position	8,141,814
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 10,123,100

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

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

OPERATING REVENUES

Tenant Revenue	\$ 857,673
Government Operating Grants	9,411,929
Other Revenue	46,286
Total Operating Revenues	<u>10,315,888</u>

OPERATING EXPENSES

Administrative	1,208,327
Tenant Services	75,895
Utilities	360,431
Maintenance	924,975
Insurance	159,501
General	137,748
Extraordinary Maintenance	39,484
Housing Assistance Payments	6,862,310
Pension and OPEB Expense	(9,991)
Depreciation	259,476
Total Operating Expenses	<u>10,018,156</u>
Operating Income	<u>297,732</u>

NONOPERATING REVENUES AND EXPENSES

Capital Grants	245,111
Interest Income	62,517
Insurance Revenues	166,023
Casualty Loss Expense - Noncapital	(152,175)
Interest Expense	(3,481)
Gain on Sale of Assets	1,000
Total Nonoperating Revenues and Expenses	<u>318,995</u>
Change in Net Position	<u>616,727</u>
Total Net Position at July 1, 2023	<u>7,525,087</u>
Total Net Position at June 30, 2024	<u>\$ 8,141,814</u>

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

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Operating Grants	\$ 9,336,768
Cash Received from Tenants	864,848
Cash Received from Other Sources	38,030
Cash Payments for HAP	(6,879,263)
Cash Payments for Operating Expenses	(2,879,588)
Net Cash Provided by Operating Activities	480,795

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	62,517
Net Cash Provided by Investing Activities	62,517

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital Grant Funds Received	245,111
Proceeds from Subscription Liability	219,791
Acquisition of Capital Assets	(646,946)
Payments on Lease Liabilities	(14,938)
Payment on Subscription Liability	(24,530)
Interest Payments on Lease and Subscription Liabilities	(3,481)
Proceeds from Sale of Assets	1,000
Casualty Loss Insurance Proceeds, Net	13,848
Net Cash Used by Capital and Related Activities	(210,145)
Net Change in Cash and Cash Equivalents	333,167
 Cash and Cash Equivalents at July 1, 2023	 4,690,019
Cash and Cash Equivalents at June 30, 2024	\$ 5,023,186

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 297,732
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	259,476
Changes in Assets and Liabilities:	
Accounts Receivable	(82,175)
Prepaid Items	(13,512)
Inventory	3,632
Note Receivable	4,800
Accounts Payable	5,795
Accrued Wages and Payroll Taxes	4,627
Tenant Security Deposits	(316)
Net Pension/OPEB Liability/Asset	(312,605)
Other Liabilities	10,727
Change in Deferred Outflows of Resources	265,750
Change in Deferred Inflows of Resources	36,864
Net Cash Provided by Operating Activities	\$ 480,795

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the U.S. 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 (a) is entitled to the organization’s resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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 Revenues, Expenses and Change in Fund Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to maintain its financial records during 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.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary, and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at fair market value.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Receivables – Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the fiscal year. At June 30, 2024, the allowance for uncollectable tenant receivables was \$5,000, and the allowance for doubtful fraud receipts was \$35,850.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$709 at June 30, 2024.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is \$7,500. The following are the useful lives used for depreciation purposes:

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

Inter-program payables/receivables

On the basic financial statements, intercompany receivables and payables reported on the FDS are eliminated.

Compensated Absences

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Compensated Absences (Continued)

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. The Authority considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

Capital Grants

This represents contributions made available by HUD with respect to all federally aided projects under an annual contributions contract.

Budgetary Accounting

The authority annually prepares its budget as prescribed by HUD. Budgets are submitted to HUD when applicable. Budgets are adopted by the Board of the Authority.

Estimates

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

Accounting and Reporting for Non-exchange Transactions

The Authority previously adopted GASB 33. Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Accounting and Reporting for Non-exchange Transactions (Continued)

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

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

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

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

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

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

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

Unearned Revenue

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

Prepaid Items

Payments made to vendor for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and the expense is reported in the fiscal year the services are consumed.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension are explained in Note 7, and deferred outflow of resources related to OPEB are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension/OPEB. The deferred inflows of resources related to pension are explained in Note 7, and deferred inflow of resources related to OPEB are explained in Note 8.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets net of the lease liability and accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 2: 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.

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 (FDIC) 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.

At fiscal year end June 30, 2024, the carrying amount of the Authority's deposits totaled \$5,023,186 (including petty cash of \$200 and change fund of \$100), and its bank balance was \$5,067,601. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2024, \$500,000 was protected by FDIC and \$4,567,601 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, and sweep accounts. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no investments at June 30, 2024.

NOTE 3: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member. Settled claims have not exceeded the Authority's insurance in any of the past three fiscal years.

NOTE 4: **RESTRICTED CASH**

Restricted cash balance as of June 30, 2024 consists of cash on hand for the following:

FSS Escrow Funds Held for Tenants	\$ 86,571
FSS Forfeitures	34,090
Tenant Security Deposits	71,923
Accounts Payable HUD	136,865
Development Funds on Hand	<u>49,859</u>
Total Restricted Cash	<u><u>\$ 379,308</u></u>

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 6/30/2023	Additions	Reclass	Deletions	Balance 6/30/2024
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 924,233	\$ 0	\$ 0	\$ 0	\$ 924,233
Construction in Progress	0	97,699	0	0	97,699
Total Capital Assets Not Being Depreciated	924,233	97,699	0	0	1,021,932
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	21,921,324	186,770	39,681	0	22,147,775
Furniture and Equipment	709,781	78,486	(39,681)	(262,737)	485,849
Intangible right-to-Use Lease Equipment	65,292	0	0	0	65,292
Intangible right-to-Use Subscription Asset	0	283,991	0	0	283,991
Total Capital Assets Being Depreciated	22,696,397	549,247	0	(262,737)	22,982,907
<u>Accumulated Depreciation</u>					
Buildings and Improvements	(18,819,595)	(219,826)	(20,536)	0	(19,059,957)
Furniture and Equipment	(709,781)	(5,934)	20,536	262,737	(432,442)
Intangible Right-to-Use Lease Equipment	(29,567)	(14,783)	0	0	(44,350)
Intangible Right-to-Use Subscription Asset	0	(18,933)	0	0	(18,933)
Total Accumulated Depreciation	(19,558,943)	(259,476)	0	262,737	(19,555,682)
Capital Assets Being Depreciated, Net	3,137,454	289,771	0	0	3,427,225
Total Capital Assets, Net	\$ 4,061,687	\$ 387,470	\$ 0	\$ 0	\$ 4,449,157

NOTE 6: LONG-TERM LIABILITIES

The Authority entered into a sixty-month lease for copier equipment calling for monthly payments of \$1,346 beginning November 1, 2020. The equipment is being amortized over the life of the lease. The annual interest rate on the lease is estimated to be 4 percent.

	Principal	Interest	Total
2025	\$ 15,547	\$ 605	\$ 16,152
2026	6,663	67	6,730
Total	\$ 22,210	\$ 672	\$ 22,882

The Authority entered into a sixty-month subscription-based information technology arrangement (SBITA) beginning March 2024 for management and accounting software calling for annual payments of \$25,262 at the start of year one, \$41,762 at the start of year two, and \$58,262 at the start of years three through five. The SBITA asset is being amortized over the life of the lease. The annual interest rate is estimated to be 4 percent.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 6: LONG-TERM LIABILITIES (Continued)

Subscription commitments for fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2025	\$ 33,805	\$ 7,957	\$ 41,762
2026	51,684	6,578	58,262
2027	53,790	4,472	58,262
2028	55,982	2,280	58,262
Total	<u>\$ 195,261</u>	<u>\$ 21,287</u>	<u>\$ 216,548</u>

The following is a summary of long-term liabilities:

<u>Description</u>	Balance		Deletions	Balance		Due Within One Year
	7/1/2023	Additions		6/30/2024		
Compensated Absences	\$ 54,699	\$ 57,554	\$ (50,396)	\$ 61,857	\$ 0	0
FSS Escrow Liability	93,415	29,476	(36,320)	86,571	0	0
Net Pension Liability	1,477,593	0	(239,521)	1,238,072	0	0
Net OPEB Liability	30,593	0	(30,593)	0	0	0
Lease Liability	37,148	0	(14,938)	22,210	15,547	
Subscription liability	0	219,791	(24,530)	195,261	33,805	
Total Long-Term Liabilities	<u>\$ 1,693,448</u>	<u>\$ 306,821</u>	<u>\$ (396,298)</u>	<u>\$ 1,603,971</u>	<u>\$ 49,352</u>	

NOTE 7: DEFINED BENEFIT PENSION PLANS

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.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

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

Net Pension Liability (Continued)

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 Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or 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 wages and payroll taxes*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional Pension Plan and the Combined Plan 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 Pension Plan and the Combined Plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continue)

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a Traditional Pension 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. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed Plan 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 annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	State and Local		
	Traditional Pension Plan	Combined Plan	Member- Directed Plan
2023-2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	14.0 %	14.0 %
Employee *	10.0 %	10.0 %	10.0 %
2023-2024 Actual Contribution Rates			
Employer:			
Pension	14.0 %	14.0 %	14.0 %
Post-Employment Health Care Benefits **	0.0 %	0.0 %	0.0 %
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>10.0 %</u>

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

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

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(CONTINUED)

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

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

For fiscal year ending June 30, 2024, the Authority's contractually required contributions used to fund pension benefits was \$111,174 for the Traditional Pension Plan.

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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional <u>Pension Plan</u>
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.005002%
Current Measurement Date	<u>0.004729%</u>
Change in Proportionate Share	<u>-0.000273%</u>
Proportionate Share of the Net Pension Liability	\$ 1,238,072
Pension Expense	\$ 109,197

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional <u>Pension Plan</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 249,893
Differences between expected and actual experience	20,236
Authority contributions subsequent to the measurement date	<u>56,472</u>
Total Deferred Outflows of Resources	<u>\$ 326,601</u>
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and Proportionate share of contributions	<u>\$ 34,795</u>
Total Deferred Inflows of Resources	<u>\$ 34,795</u>

\$56,472 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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(CONTINUED)

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

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

	<u>OPERS</u>
	<u>Traditional</u>
	<u>Pension Plan</u>
Year Ending June 30:	
2025	\$ 37,369
2026	74,082
2027	159,468
2028	<u>(35,585)</u>
Total	<u><u>\$ 235,334</u></u>

Actuarial Assumptions - OPERS

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

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, 2023, 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 actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

<u>Traditional Pension Plan</u>	
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	2.3 percent simple through 2024, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

Actuarial Assumptions – OPERS (Continued)

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

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

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, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table

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

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	<u>5.00</u>	3.46
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. 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.

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 6.9 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 percent lower or one percent higher than the current rate:

	Current		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 1,949,057	\$ 1,238,072	\$ 646,738

NOTE 8: **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.

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Net OPEB Asset (Continued)

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 the 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 related to this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

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

The proportionate share of each plan's unfunded 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 wages and payroll taxes*.

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, the 115 Health Care Trust, which was established in 2014 to fund health care for the Traditional Pension, Combined, and Member-Directed plans. With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

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(CONTINUED)

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Retirees and eligible dependents enrolled in Medicare Parts A and B, and non-Medicare retirees beginning in 2022, are able to participate in the OPERS Connector in lieu of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assist eligible retirees, spouses, and dependents in the evaluation, selection, and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022 or after must meet the following health care eligibility requirements to receive an HRA allowance:

1. **Age 65 or older** – minimum of 20 years of qualified health care service credit.
2. **Age 60 to 64** – based on the following age-and-service criteria:
 - a. Group A – 30 years of total service with at least 20 years of qualified health care service credit;
 - b. Group B – 31 years of total service with at least 20 years of qualified health care service credit; or
 - c. Group C – 32 years of total service with at least 20 years of qualified health care service credit.
3. **Age 59 or younger** – based on the following age-and-service criteria:
 - a. Group A – 30 years of qualified health care service credit;
 - b. Group B - 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or
 - c. Group C – 32 years of qualified health care service credit and at least age 55.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service. Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Retirement Date	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
December 1, 2014 or Prior	Any	10	Any	10	Any	10
January 1, 2015 through December 31, 2021	60	20	52 60	31 20	55	32
	Any	30	Any	32	60	20

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of covered payroll. In 2023 and 2024, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023-2024, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan. The employer contribution as a percent of covered payroll deposited for the Combined Plan and Member-Directed Plan health care programs in 2023-2024 was 2.0 percent and 4.0 percent, respectively.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was \$3,077 for the year ending June 30, 2024.

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

The net OPEB asset/liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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:

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.004852%
Current Measurement Date	<u>0.004708%</u>
Change in Proportionate Share	<u>-0.000144%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ (42,491)
OPEB Expense	\$ (5,322)

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 25,519
Changes of assumptions	10,940
Changes in proportion and differences between Authority contributions and Proportionate share of contributions	982
Authority contributions subsequent to the measurement date	<u>1,666</u>
Total Deferred Outflows of Resources	<u>\$ 39,107</u>
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 6,048
Changes of assumptions	18,266
Changes in proportion and differences between Authority contributions and proportionate share of contributions	75
Total Deferred Inflows of Resources	<u>\$ 24,389</u>

\$1,666 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Year Ending June 30:	
2025	\$ (521)
2026	2,324
2027	19,864
2028	<u>(8,615)</u>
Total	<u>\$ 13,052</u>

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (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 health care costs 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/asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2023	December 31, 2022
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent, including wage inflation	2.75 to 10.75 percent, including wage inflation
Single Discount Rate	5.70 percent	5.22 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	3.77 percent	4.05 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2038	5.50 percent initial, 3.50 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

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 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. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. 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 3.77 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 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the Net OPEB Asset calculated using the single discount rate of 5.70 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 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 23,352	\$ (42,491)	\$ (97,032)

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.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 8: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	\$ (44,255)	\$ (42,491)	\$ (40,489)

NOTE 9: MORTGAGES RECEIVABLE

When the Authority sells a Public Housing home under the 4(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20 percent each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10th year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60 percent reduction, etc.

On December 12, 2016, the Authority sold a house to an eligible family in which the second mortgage amount was \$24,000. If the family remains in the unit until December 2026, they will owe the Authority nothing. The balance at June 30, 2024 is \$9,600. The current portion is \$4,800.

On April 10, 2020, the Authority sold a house to an eligible family in which the second mortgage amount was \$23,500. If the family remains in the unit until April 2030, they will owe the Authority nothing. The balance at June 30, 2024 is \$23,500.

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 10: RESTRICTED NET POSITION

Restricted net position of \$126,440 is composed of the following:

FSS Forfeitures	\$ 34,090
Restricted for Development	49,859
Restricted for the Net OPEB Asset	42,491
Total Restricted Net Position	<u>\$ 126,440</u>

NOTE 11: CONTINGENCIES/LITIGATIONS AND CLAIMS

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2024, the Authority was not involved in such matters.

NOTE: 12: CHANGE IN ACCOUNTING PRINCIPLES

The Authority implemented GASB Statement No. 99 “Omnibus 2022”, and GASB Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62”. GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB statement No. 100 primary objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of these pronouncements did not impact beginning net position.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.004729%	0.005002%	0.005082%	0.005143%	0.004980%	0.005287%	0.005810%	0.005825%	0.005395%	0.006221%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,238,072	\$ 1,477,593	\$ 442,155	\$ 761,566	\$ 984,331	\$ 1,448,002	\$ 911,476	\$ 1,322,758	\$ 933,482	\$ 750,322
Authority's Covered Payroll	\$ 778,368	\$ 775,312	\$ 737,541	\$ 724,295	\$ 700,691	\$ 713,800	\$ 767,825	\$ 753,017	\$ 671,426	\$ 762,762
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.06%	190.58%	59.95%	105.15%	140.48%	202.86%	118.71%	175.66%	139.03%	98.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

See accompanying notes to the required supplementary information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 111,174	\$ 109,491	\$ 106,219	\$ 101,547	\$ 98,903	\$ 103,438	\$ 98,771	\$ 96,287	\$ 89,663	\$ 89,055
Contributions in Relation to the Contractually Required Contribution	<u>(111,174)</u>	<u>(109,491)</u>	<u>(106,219)</u>	<u>(101,547)</u>	<u>(98,903)</u>	<u>(103,438)</u>	<u>(98,771)</u>	<u>(96,287)</u>	<u>(89,663)</u>	<u>(89,055)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered Payroll	\$ 794,100	\$ 782,079	\$ 758,707	\$ 725,336	\$ 706,450	\$ 738,843	\$ 733,112	\$ 770,563	\$ 747,192	\$ 742,125
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%

See accompanying notes to the required supplementary information

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

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.004708%	0.004852%	0.004925%	0.005138%	0.005070%	0.005405%	0.005690%	0.005710%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (42,491)	\$ 30,593	\$ (154,259)	\$ (91,538)	\$ 700,299	\$ 704,684	\$ 617,892	\$ 576,729
Authority's Covered Payroll	\$ 831,134	\$ 807,486	\$ 768,013	\$ 777,046	\$ 766,024	\$ 783,993	\$ 805,408	\$ 788,591
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-5.11%	3.79%	-20.09%	-11.78%	91.42%	89.88%	76.72%	73.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,077	\$ 1,363	\$ 1,246	\$ 1,375	\$ 2,665	\$ 2,659	\$ 5,317	\$ 13,043	\$ 14,720	\$ 15,125
Contributions in Relation to the Contractually Required Contribution	<u>(3,077)</u>	<u>(1,363)</u>	<u>(1,246)</u>	<u>(1,375)</u>	<u>(2,665)</u>	<u>(2,659)</u>	<u>(5,317)</u>	<u>(13,043)</u>	<u>(14,720)</u>	<u>(15,125)</u>
Contribution Deficiency (Excess)	<u><u>\$ 0</u></u>									
Authority Covered Payroll	\$ 871,017	\$ 816,153	\$ 789,855	\$ 759,698	\$ 773,070	\$ 805,314	\$ 768,997	\$ 806,966	\$ 747,192	\$ 780,505
Contributions as a Percentage of Covered Payroll	0.35%	0.17%	0.16%	0.18%	0.34%	0.33%	0.69%	1.62%	1.97%	1.94%

See accompanying notes to the required supplementary information

**ALLEN METROPOLITAN HOUSING AUTHORITY ALLEN
COUNTY, OHIO**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 2014-2024.

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. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, 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 decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

**ALLEN METROPOLITAN HOUSING AUTHORITY ALLEN
COUNTY, OHIO**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net OPEB Liability/Asset

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2024.

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 2019, 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. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

Allen Metropolitan Housing Authority
Entity-Wide Balance Sheet Summary - FDS Schedule Submitted to HUD
June 30, 2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,808,104			\$7,168	\$969,936	\$858,670		\$4,643,878		\$4,643,878
112 Cash - Restricted - Modernization and Development	\$49,859							\$49,859		\$49,859
113 Cash - Other Restricted		\$34,090					\$86,571		\$120,661	\$120,661
114 Cash - Tenant Security Deposits	\$71,923							\$71,923		\$71,923
115 Cash - Restricted for Payment of Current Liabilities				\$136,865				\$136,865		\$136,865
100 Total Cash	\$2,929,886	\$34,090	\$0	\$144,033	\$969,936	\$945,241	\$0	\$5,023,186		\$5,023,186
122 Accounts Receivable - HUD Other Projects						\$51,410		\$51,410		\$51,410
125 Accounts Receivable - Miscellaneous						\$8,256		\$8,256		\$8,256
126 Accounts Receivable - Tenants	\$20,458							\$20,458		\$20,458
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,000							-\$5,000		-\$5,000
126.2 Allowance for Doubtful Accounts - Other	\$0					\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$6,197							\$6,197		\$6,197
128 Fraud Recovery						\$35,850		\$35,850		\$35,850
128.1 Allowance for Doubtful Accounts - Fraud						\$35,850		\$35,850		\$35,850
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$21,655	\$0	\$0	\$0	\$0	\$59,666	\$0	\$111,321		\$111,321
142 Prepaid Expenses and Other Assets	\$69,279							\$69,279		\$69,279
143 Inventories	\$34,367							\$34,367		\$34,367
143.1 Allowance for Obsolete Inventories	-\$709							-\$709		-\$709
150 Total Current Assets	\$3,054,478	\$34,090	\$0	\$144,033	\$969,936	\$1,034,907	\$0	\$5,237,444		\$5,237,444
161 Land	\$924,233							\$924,233		\$924,233
162 Buildings	\$21,942,797				\$168,354	\$36,624		\$22,147,775		\$22,147,775
164 Furniture, Equipment & Machinery - Administration	\$402,696					\$83,153		\$485,849		\$485,849
165 Leasehold Improvements	\$181,595					\$167,685		\$349,285		\$349,285
166 Accumulated Depreciation	-\$19,303,596				-\$107,131	-\$144,955		-\$19,555,682		-\$19,555,682
167 Construction in Progress	\$97,699							\$97,699		\$97,699
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,245,424	\$0	\$0	\$0	\$61,223	\$142,510	\$0	\$4,449,157		\$4,449,157
171 Notes, Loans and Mortgages Receivable - Non-Current	\$28,300							\$28,300		\$28,300
174 Other Assets	\$21,670					\$20,621		\$42,491		\$42,491
180 Total Non-Current Assets	\$4,295,394	\$0	\$0	\$0	\$61,223	\$163,331	\$0	\$4,519,948		\$4,519,948
200 Deferred Outflow of Resources	\$186,512					\$179,196		\$365,708		\$365,708
290 Total Assets and Deferred Outflow of Resources	\$7,536,384	\$34,090	\$0	\$144,033	\$1,031,159	\$1,377,434	\$0	\$10,123,100		\$10,123,100
312 Accounts Payable <= 90 Days	\$11,908					\$2,639		\$14,547		\$14,547
321 Accrued Wage/Payroll Taxes Payable	\$11,099					\$14,775		\$25,878		\$25,878
325 Accrued Interest Payable	\$960					\$999		\$1,959		\$1,959
330 Accrued Payroll - HUD PHA Programs								\$136,685		\$136,685
333 Accounts Payable - Other Government	\$40,533							\$40,533		\$40,533
341 Tenant Security Deposits	\$71,923							\$71,923		\$71,923
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$26,670					\$22,682		\$49,352		\$49,352
346 Accrued Liabilities - Other	\$26,426							\$26,426		\$26,426
310 Total Current Liabilities	\$189,519	\$0	\$0	\$136,865	\$0	\$41,099	\$0	\$367,483		\$367,483
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$83,444					\$84,675		\$168,119		\$168,119
353 Non-current Liabilities - Other						\$56,571		\$86,571		\$86,571
354 Accrued Compensated Absences - Non Current	\$25,541					\$36,316		\$61,857		\$61,857
357 Accrued Pension and OPEB Liabilities	\$631,417					\$606,655		\$1,238,072		\$1,238,072
350 Total Non-Current Liabilities	\$740,402	\$0	\$0	\$0	\$0	\$814,217	\$0	\$1,554,619		\$1,554,619
300 Total Liabilities	\$929,921	\$0	\$0	\$136,865	\$0	\$855,316	\$0	\$1,922,102		\$1,922,102
400 Deferred Inflow of Resources	\$30,183					\$29,001		\$59,184		\$59,184
508.4 Net Investment in Capital Assets	\$4,135,310					\$61,223	\$35,153	\$4,231,686		\$4,231,686
511.4 Restricted Net Position	\$71,529	\$34,090					\$20,621		\$126,440	\$126,440
512.4 Unrestricted Net Position	\$2,369,441	\$0	\$0	\$7,168	\$969,936	\$437,143	\$0	\$3,783,688		\$3,783,688
513 Total Equity - Net Assets / Position	\$6,576,280	\$34,090	\$0	\$7,168	\$1,031,159	\$493,117	\$0	\$8,141,814		\$8,141,814
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,536,384	\$34,090	\$0	\$144,033	\$1,031,159	\$1,377,434	\$0	\$10,123,100		\$10,123,100

Allen Metropolitan Housing Authority
Entity-Wide Revenue and Expense Summary - FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$762,381							\$762,381		\$762,381
70400 Tenant Revenue - Other	\$95,292							\$95,292		\$95,292
70500 Total Tenant Revenue	\$857,673	\$0	\$0	\$0	\$0	\$0	\$0	\$857,673	\$0	\$857,673
70600 HUD PHA Operating Grants	\$1,577,033		\$52,200	\$192,033		\$7,464,233	\$126,430	\$9,411,929		\$9,411,929
70610 Capital Grants	\$245,111							\$245,111		\$245,111
71100 Investment Income - Unrestricted	\$24,052				\$38,465			\$62,517		\$62,517
71400 Fraud Recovery						\$28,166		\$28,166		\$28,166
71500 Other Revenue	\$181,116					\$3,027		\$184,143		\$184,143
71600 Gain or Loss on Sale of Capital Assets	\$1,000							\$1,000		\$1,000
70000 Total Revenue	\$2,885,985	\$0	\$52,200	\$192,033	\$38,465	\$7,495,426	\$126,430	\$10,790,539	\$0	\$10,790,539
91100 Administrative Salaries	\$271,642			\$32,727		\$411,389	\$8,697	\$724,634		\$724,634
91200 Auditing Fees	\$4,896			\$340		\$4,364		\$9,600		\$9,600
91400 Advertising and Marketing						\$151		\$151		\$151
91500 Employee Benefit contributions - Administrative	\$119,091			\$20,000		\$25,554	\$2,453	\$167,098		\$167,098
91600 Office Expenses	\$79,212					\$123,712		\$202,924		\$202,924
91700 Legal Expense	\$35,283				\$2,475			\$37,758		\$37,758
91800 Travel	\$9,788					\$13,537		\$23,325		\$23,325
91900 Other	\$2,235					\$10,947		\$13,182		\$13,182
91000 Total Operating - Administrative	\$522,347	\$0	\$0	\$53,067	\$2,475	\$589,633	\$11,150	\$1,178,672	\$0	\$1,178,672
92000 Asset Management Fee										
92100 Tenant Services - Salaries				\$37,307				\$37,307		\$37,307
92300 Employee Benefit Contributions - Tenant Services				\$14,893				\$14,893		\$14,893
92400 Tenant Services - Other	\$23,695							\$23,695		\$23,695
92500 Total Tenant Services	\$23,695	\$0	\$52,200	\$0	\$0	\$0	\$0	\$75,895	\$0	\$75,895
93100 Water	\$270,600							\$270,600		\$270,600
93200 Electricity	\$62,168							\$62,168		\$62,168
93300 Gas	\$17,313							\$17,313		\$17,313
93600 Sewer	\$10,350							\$10,350		\$10,350
93000 Total Utilities	\$360,431	\$0	\$0	\$0	\$0	\$0	\$0	\$360,431	\$0	\$360,431
94100 Ordinary Maintenance and Operations - Labor	\$137,667							\$137,667		\$137,667
94200 Ordinary Maintenance and Operations - Materials and Other	\$269,387							\$269,387		\$269,387
94300 Ordinary Maintenance and Operations Contracts	\$477,274							\$477,274		\$477,274
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,311							\$60,311		\$60,311
94000 Total Maintenance	\$944,639	\$0	\$0	\$0	\$0	\$0	\$0	\$944,639	\$0	\$944,639
96110 Property Insurance	\$152,758							\$152,758		\$152,758
96130 Workmen's Compensation	\$3,377					\$3,366		\$6,743		\$6,743
96100 Total Insurance Premiums	\$156,135	\$0	\$0	\$0	\$0	\$3,366	\$0	\$159,501	\$0	\$159,501
96200 Other General Expenses	\$3,244				\$21,503	\$8,107		\$32,854		\$32,854
96210 Compensated Absences	\$4,559					\$3,024		\$7,583		\$7,583
96300 Payments in Lieu of Taxes	\$40,533							\$40,533		\$40,533
96400 Bad debt - Tenant Rents	\$86,068							\$86,068		\$86,068
96500 Bad debt - Mortgages	\$4,800							\$4,800		\$4,800
96000 Total Other General Expenses	\$139,204	\$0	\$0	\$0	\$21,503	\$11,131	\$0	\$171,838	\$0	\$171,838
96710 Interest of Mortgage (or Bonds) Payable	\$2,108					\$1,373		\$3,481		\$3,481
96700 Total Interest Expense and Amortization Cost	\$2,108	\$0	\$0	\$0	\$0	\$1,373	\$0	\$3,481	\$0	\$3,481
96900 Total Operating Expenses	\$2,148,559	\$0	\$52,200	\$53,067	\$23,978	\$605,503	\$11,150	\$2,894,457	\$0	\$2,894,457
97000 Excess of Operating Revenue over Operating Expenses	\$737,426	\$0	\$0	\$138,966	\$14,487	\$6,889,923	\$115,280	\$7,896,082	\$0	\$7,896,082
97100 Extraordinary Maintenance	\$39,484							\$39,484		\$39,484
97200 Casualty Losses - Non-capitalized	\$152,175							\$152,175		\$152,175
97300 Housing Assistance Payments				\$136,153		\$6,608,891	\$115,280	\$6,860,324		\$6,860,324
97350 HAP Portability-In						\$1,986		\$1,986		\$1,986
97400 Depreciation Expense	\$237,599				\$6,122	\$15,755		\$259,476		\$259,476
90000 Total Expenses	\$2,577,817	\$0	\$52,200	\$189,220	\$30,100	\$7,232,135	\$126,430	\$10,207,902		
10010 Operating Transfer In	\$260,701							\$260,701		\$260,701
10020 Operating transfer Out	\$260,701							-\$260,701		\$260,701
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$308,168	\$0	\$0	\$2,813	\$8,365	\$263,291	\$0	\$582,637	\$0	\$582,637
11020 Required Annual Debt Principal Payments	\$17,247	\$0	\$0	\$0	\$0	\$17,738	\$0	\$34,985		\$34,985
11030 Beginning Equity	\$6,268,112	\$0	\$0	\$4,355	\$1,022,794	\$229,826	\$0	\$7,525,087		\$7,525,087
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$34,090						\$34,090		\$34,090
11170 Administrative Fee Equity						\$493,117		\$493,117		\$493,117
11180 Housing Assistance Payments Equity						\$0		\$0		\$0
11190 Unit Months Available	2914	0	756			12680	220	16570		16570
11210 Number of Unit Months Leased	2862	0	388			12095	220	15566		15566

NOTE FOR REAC REPORTING: Based on HUD guidance an entry was required within FDS line 11040 to reopt FSS forfeitures within a separate program. This entry is for REAC reporting and is not considered a prior period adjustment or correction for GAAP reporting. The amount is reflected within general expenses within the basic financial statements.

ALLEN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Assistance Listing Number	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Project Based Cluster:			
Section 8 - New Construction and Substantial Rehab	N/A	14.182	\$ 192,033
Total Section 8 Project Based Cluster			<u>192,033</u>
Shelter Plus Care	N/A	14.238	126,430
Public and Indian Housing	N/A	14.850	1,276,848
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	7,464,233
Total Housing Voucher Cluster			<u>7,464,233</u>
Public Housing Capital Fund	N/A	14.872	545,296
Family Self-Sufficiency Program	N/A	14.896	<u>52,200</u>
Total Expenditures of Federal Awards			<u>\$ 9,657,040</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years.

NOTE C – INDIRECT COST RATE

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

ALLEN METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
JUNE 30, 2024

Capital Fund Program Number: 501-20

1. The Program Costs are as follows:

Funds Approved	\$591,571
Funds Expended	<u>591,571</u>

Excess (Deficiency) of Funds Approved	<u>\$ -</u>
---------------------------------------	-------------

Funds Advanced	\$591,571
Funds Expended	<u>591,571</u>

Excess (Deficiency) of Funds Advanced	<u>\$ -</u>
---------------------------------------	-------------

2. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on: 4/17/24

4. The Final Costs on the Certification agrees with the Authority's records.

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Allen Metropolitan Housing Authority, Allen County, (the Authority) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Allen Metropolitan Housing Authority

Allen County

Independent Auditor's Report on Internal Control

Over Financial Reporting and on Compliance and Other Matters

Required by *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

Wilson, Shumaker & Snod, Inc.

Newark, Ohio

December 4, 2024

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

Allen Metropolitan Housing Authority
 Allen County
 600 South Main Street
 Lima, Ohio 45804

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allen Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2024. The Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Allen Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Allen Metropolitan Housing Authority

Allen County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control

Over Compliance Required by the Uniform Guidance

Page 2

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Allen Metropolitan Housing Authority

Allen County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control

Over Compliance Required by the Uniform Guidance

Page 3

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

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

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

Wilson, Shannon & Snou, Inc.

Newark, Ohio

December 4, 2024

**ALLEN METROPOLITAN HOUSING AUTHROITY
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Housing Voucher Cluster Public and Indian Housing/ALN 14.850
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN 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 1/21/2025

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

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