



OHIO AUDITOR OF STATE
KEITH FABER



**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

Highland Metropolitan Housing Authority
Highland County
121 East East Street
Washington Court House, Ohio 43160

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Highland Metropolitan Housing Authority, Highland County, Ohio (Authority), as of and for the year ended December 31, 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 Highland Metropolitan Housing Authority, Highland County, Ohio as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules (FDS) required by the 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 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 August 11, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

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HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Highland Metropolitan Housing Authority's (the Authority) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- During FY 2024, the Authority's Net Position increased by \$30,628 or 43.5%. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$70,406 and \$101,034 for FY 2023 and FY 2024, respectively.
- The revenue increased by \$31,155 (or 3.29%) during FY 2024 and was \$947,292 and \$978,447 for FY 2023 and FY 2024, respectively.
- The total expenses of the Authority decreased by \$9,088 (or 0.95%). Total expenses were \$956,907 and \$947,819 for FY 2023 and FY 2024, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Supplementary and Other Information ~ Financial Data Schedules ~

HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide). The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Government-Wide Financial Statements

The Government-wide 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 like a Balance Sheet. The Statement of Net Position reports on all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position". Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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 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 "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)

Fund Financial Statements

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is like accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

Emergency Housing Vouchers – This Program is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

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HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)

Statement of Net Position

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

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

	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 148,098	\$ 75,955
Capital Assets	<u>300</u>	<u>900</u>
 Total Assets	 <u>148,398</u>	 <u>76,855</u>
 Total Liabilities	 \$ 47,364	 \$ 6,449
 Net Position:		
Investment in Capital Assets	300	900
Restricted Net Position	18,764	6,224
Unrestricted Net Position	<u>81,970</u>	<u>63,282</u>
 Total Net Position	 <u>101,034</u>	 <u>70,406</u>
 Total Liabilities, Deferred Inflows and Net Position	 \$ <u>148,398</u>	 \$ <u>76,855</u>

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

Major Factors Affecting the Statement of Net Position

Current assets increased by \$72,143 or 94.98% and current liabilities increased \$40,915 or 634.44%. The reason for the increase in assets and liability is due to an increase in operating revenue and an increase in accounts payable at the end of the year.

Capital assets decreased by \$600. The change in capital assets is due to the current year depreciation expense. For more detail see "Capital Assets and Debt Administration" below.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted and Restricted Net Position provides a clearer change in financial well-being.

HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
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Table 2 - Change of Net Position

	Investment in		
	Unrestricted	Capital Assets	Restricted
Beginning Balance	\$ 63,282	\$900	\$ 6,224
Results of Operation	18,088	0	12,540
Adjustments:			
Current Year Depreciation Expense	600	(600)	0
Ending Balance	<u><u>\$ 81,970</u></u>	<u><u>\$300</u></u>	<u><u>\$ 18,764</u></u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

	2024	2023
Revenues		
HUD Operating Grants	\$ 904,132	\$ 896,590
Investment Income	309	200
Other Revenues	<u>74,006</u>	<u>50,502</u>
Total Revenues	<u>978,447</u>	<u>947,292</u>
 Expenses		
Administrative	117,564	119,125
Tenant Services	4,208	22,748
Housing Assistance Payments	825,447	814,434
Depreciation	600	600
Total Expenses	<u>947,819</u>	<u>956,907</u>
 Changes in Net Position	30,628	(9,615)
Net Position - Beginning	70,406	80,021
Net Position - Ending	<u>\$ 101,034</u>	<u>\$ 70,406</u>

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)**

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

The total amount of HUD PHA Grants for FY 2024 increased by \$7,542 or 0.84% this includes both Administrative Fees and Housing Assistance Payments. The increase is due to an increase in housing assistance payments.

Leasing rate for 2024 decreased to 1,697-unit months leased out of 1,908 available or 88.94%. Compared to 2023 1,735-unit months leased out of 1,863 or 93.13%.

Total expenses for 2024 reflect a decrease of \$9,088 or 0.95%. The main cause for the decrease is a decrease in tenant services expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2024, the Authority had \$300 invested in capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) decrease of \$600 due to current year depreciation expense. Additional information regarding capital assets can be found in Note 5.

Table 4 - Capital Assets at Year End

	<u>2024</u>	<u>2023</u>
Equipment	\$ 15,278	\$ 15,278
Accumulated Depreciation	<u>(14,978)</u>	<u>(14,378)</u>
Total	<u>\$ 300</u>	<u>\$ 900</u>

Table 5 - Changes in Capital Assets

Beginning Balance	\$ 900
Current year Depreciation Expense	<u>(600)</u>
Ending Balance	<u>\$ 300</u>

HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Debt Outstanding

As of December 31, 2024, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Tami Hinkley, Executive Director for the Highland Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

HIGHLAND METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
December 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 108,779
Restricted cash and cash equivalents	31,455
Receivables, net	7,864
Total current assets	<u>148,098</u>

Noncurrent assets

Capital assets:	
Depreciable capital assets, net	300
Total capital assets	<u>300</u>
Total noncurrent assets	<u>300</u>
Total assets	<u>\$ 148,398</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 34,673
Unearned revenue	12,691
Total current liabilities	<u>47,364</u>
Total liabilities	<u>\$ 47,364</u>

NET POSITION

Net Invested in capital assets	\$ 300
Restricted net position	18,764
Unrestricted net position	81,970
Total net position	<u>\$ 101,034</u>

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

HIGHLAND METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2024

OPERATING REVENUES

HUD operating grants	\$ 904,132
Other operating revenue	74,006
Total operating revenues	<u>978,138</u>

OPERATING EXPENSES

Administrative	117,564
Tenant services	4,208
Housing assistance payment	825,447
Depreciation	600
Total operating expenses	<u>947,819</u>
Operating income (loss)	<u>30,319</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	309
Total nonoperating revenues (expenses)	<u>309</u>
Change in net position	30,628
Beginning net position	70,406
Total net position - ending	<u>\$ 101,034</u>

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

HIGHLAND METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$ 923,821
Other revenue received	72,863
Cash payments for administrative	(89,660)
Cash payments for HAP	<u>(825,447)</u>
Net cash provided (used) by operating activities	<u>81,577</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>309</u>
Net cash provided (used) by investing activities	<u>309</u>
Net increase (decrease) in cash	81,886
Cash and cash equivalents - Beginning of year	<u>58,348</u>
Cash and cash equivalents - End of year	<u>\$ 140,234</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ 30,319
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	600
- (Increase) Decrease in Accounts Receivable	9,743
- Increase (Decrease) in Accounts Payable	32,112
- Increases (Decreases) in Unearned Revenue	<u>8,803</u>
Net cash provided (used) by operating activities	<u>\$ 81,577</u>

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

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Highland Metropolitan Housing Authority (the Authority or PHA) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the generally accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (as amended by GASB Statement No. 61), 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 can 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 the funds of the Authority for which the Authority is financially accountable.

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation

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

Measurement Focus

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

Fund Accounting

The Authority uses a 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 like those found in the private sector. The following is the Authority's only proprietary fund type:

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

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

Accounting and Reporting for Nonexchange Transactions

Non-exchange transactions occur when the Authority 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).

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- 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).
- 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).

The Authority grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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.

- 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, authority's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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 deferred revenue and the provider of those resources would record an advance.

Cash and Cash Equivalents

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

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

<u>Description</u>	<u>Estimated Useful Life – Years</u>
Furniture & Equipment	3-7
Computer Hardware & Software	3

Tenant/Fraud Receivables-net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant/fraud receivable balances at the end of the year. The allowance for doubtful accounts was \$4,074 on December 31, 2024.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$31,455.

Net Position

The net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation. As of December 31, 2024, the Authority had \$300 investment in capital assets.

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 for which both restricted and unrestricted net position are available, the Authority first applies restricted resources. The Authority had \$18,764 reported in restricted net position for HAP reserves on December 31, 2024.

Estimates

The preparation of the basic 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, deferred outflow of resources, liabilities, and deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, housing assistance payments and depreciation.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present an insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

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

At the fiscal year-end December 31, 2024, the carrying amount of the Authority's deposits totaled \$140,234 and its bank balance was \$140,242. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2024, no amount was exposed to custodial risk as discussed below and the full balance was covered by the Federal Depository Insurance Corporation.

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

3. RESTRICTED CASH AND NET POSITION

Restricted cash balance of \$18,764 represents advanced from HUD to be used for housing assistance for the following programs:

-	Housing Choice Voucher Program	\$16,927
-	Emergency Housing Voucher Program	\$237
-	Mainstream Voucher Program	\$1,600

HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. RISK MANAGEMENT

The Authority utilizes private insurance carriers for comprehensive coverage of real property, vehicles and furnishings & equipment and health. Individual policies allow for coverage for bodily injury and property damage liabilities. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three fiscal years.

5. CAPITAL ASSETS

The following is a summary of capital assets on December 31, 2024:

	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance</u> <u>12/31/2024</u>
Furniture and Equipment	\$15,278	\$0	\$0	\$15,278
Accumulated Depreciation	(14,378)	(600)	0	(14,978)
Total Capital Assets net of Depreciation	\$900	(\$600)	\$0	\$300

6. ECONOMIC DEPENDENCY

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

7. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2024.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

8. MANAGEMENT SERVICES CONTRACT

The Authority contracted with Fayette Metropolitan Housing Authority for management services including management and operations of all HUD programs. Fayette Metropolitan Housing Authority contracted Fayette County Commissioners for management services. Highland Metropolitan Housing Authority does not have any employees and is staffed by personnel subcontracted from the Fayette County Commissioners.

**HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

9. ADMINISTRATIVE FEE

The Authority receives an ‘Administrative fee’ as part of the annual contributions from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Program. The fee is earned as a percentage of a HUD – determined base rate for each unit leased at the first of each month under HAP contracts.

10. LEASES

GASB Statement No. 87, *Leases* (GASB 87), is a comprehensive change by the governmental accounting standards board for lease arrangements. Previous GASB lease guidance, including GASB 13 and GASB 62, did not require all leases to be recognized on the statement of financial position. Instead, only those classified as capital leases were recognized and disclosed as assets and liabilities in the financial statements.

To improve the consistency and transparency of accounting and financial reporting for leases by governments, GASB 87 requires lessees to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases and establishes a single classification model for leases going forward.

GASB 87 requires lessees to recognize a lease asset associated with their lease agreements. Therefore, one of the newly required quantitative disclosures is to disclose the total amount of lease assets and the related accumulated amortization, summarized by the major classifications of the underlying assets. The Authority did not have any leases that needed to be disclosed.

HIGHLAND METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass Through Grantor/ Program Title	Federal AL Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Housing Voucher Program - Cluster		
Housing Choice Voucher Program	14.871	\$592,190
Emergency Housing Voucher	14.871	87,194
Mainstream Voucher Program	14.879	224,748
Total Housing Voucher Program - Cluster		<u>904,132</u>
Total Direct Awards		<u>904,132</u>
Total U.S. Department of Housing and Urban Development		<u>904,132</u>
Total Expenditures of Federal Awards		<u>\$904,132</u>

HIGHLAND METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Highland County Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2024. The information in 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

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

NOTE C – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended December 31, 2024.

NOTE D – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2024.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2024.

NOTE E – INDIRECT COST RATE

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

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Highland Metropolitan Housing Authority (OH086)

WASHINGTON COURT HOUSE, OH

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 12/31/2024

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$17,678	\$71,950	\$19,151	\$108,779	\$0	\$108,779
113 Cash - Other Restricted	\$1,600	\$16,927	\$12,928	\$31,455	\$0	\$31,455
100 Total Cash	\$19,278	\$88,877	\$32,079	\$140,234	\$0	\$140,234
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$7,864	\$0	\$7,864	\$0	\$7,864
128 Fraud Recovery	\$0	\$4,074	\$0	\$4,074	\$0	\$4,074
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$4,074)	\$0	(\$4,074)	\$0	(\$4,074)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$7,864	\$0	\$7,864	\$0	\$7,864
150 Total Current Assets	\$19,278	\$96,741	\$32,079	\$148,098	\$0	\$148,098
164 Furniture, Equipment & Machinery - Administration	\$0	\$15,278	\$0	\$15,278	\$0	\$15,278
166 Accumulated Depreciation	\$0	(\$14,978)	\$0	(\$14,978)	\$0	(\$14,978)
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$300	\$0	\$300	\$0	\$300
180 Total Non-Current Assets	\$0	\$300	\$0	\$300	\$0	\$300
290 Total Assets and Deferred Outflow of Resources	\$19,278	\$97,041	\$32,079	\$148,398	\$0	\$148,398
312 Accounts Payable <= 90 Days	\$0	\$22,047	\$12,626	\$34,673	\$0	\$34,673
342 Unearned Revenue	\$0	\$0	\$12,691	\$12,691	\$0	\$12,691
310 Total Current Liabilities	\$0	\$22,047	\$25,317	\$47,364	\$0	\$47,364

Highland Metropolitan Housing Authority (OH086)

WASHINGTON COURT HOUSE, OH

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 12/31/2024

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$0	\$22,047	\$25,317	\$47,364	\$0	\$47,364
508.4 Net Investment in Capital Assets	\$0	\$300	\$0	\$300	\$0	\$300
511.4 Restricted Net Position	\$1,600	\$16,927	\$237	\$18,764	\$0	\$18,764
512.4 Unrestricted Net Position	\$17,678	\$57,767	\$6,525	\$81,970	\$0	\$81,970
513 Total Equity - Net Assets / Position	\$19,278	\$74,994	\$6,762	\$101,034	\$0	\$101,034
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$19,278	\$97,041	\$32,079	\$148,398	\$0	\$148,398

Highland Metropolitan Housing Authority (OH086)

WASHINGTON COURT HOUSE, OH

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 12/31/2024

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
70600 HUD PHA Operating Grants	\$224,748	\$592,190	\$87,194	\$904,132	\$0	\$904,132
71100 Investment Income - Unrestricted	\$0	\$306	\$3	\$309	\$0	\$309
71400 Fraud Recovery	\$482	\$2,218	\$0	\$2,700	\$0	\$2,700
71500 Other Revenue	\$0	\$71,306	\$0	\$71,306	\$0	\$71,306
70000 Total Revenue	\$225,230	\$666,020	\$87,197	\$978,447	\$0	\$978,447
91200 Auditing Fees	\$0	\$5,408	\$0	\$5,408	\$0	\$5,408
91600 Office Expenses	\$0	\$10,010	\$30	\$10,040	\$0	\$10,040
91900 Other	\$20,203	\$74,765	\$7,148	\$102,116	\$0	\$102,116
91000 Total Operating - Administrative	\$20,203	\$90,183	\$7,178	\$117,564	\$0	\$117,564
92400 Tenant Services - Other	\$0	\$0	\$4,208	\$4,208	\$0	\$4,208
92500 Total Tenant Services	\$0	\$0	\$4,208	\$4,208	\$0	\$4,208
96900 Total Operating Expenses	\$20,203	\$90,183	\$11,386	\$121,772	\$0	\$121,772
97000 Excess of Operating Revenue over Operating Expenses	\$205,027	\$575,837	\$75,811	\$856,675	\$0	\$856,675
97300 Housing Assistance Payments	\$185,749	\$503,279	\$71,526	\$760,554	\$0	\$760,554
97350 HAP Portability-In	\$0	\$64,893	\$0	\$64,893	\$0	\$64,893
97400 Depreciation Expense	\$0	\$600	\$0	\$600	\$0	\$600
90000 Total Expenses	\$205,952	\$658,955	\$82,912	\$947,819	\$0	\$947,819
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$19,278	\$7,065	\$4,285	\$30,628	\$0	\$30,628

Highland Metropolitan Housing Authority (OH086)

WASHINGTON COURT HOUSE, OH

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 12/31/2024

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
11030 Beginning Equity	\$0	\$67,929	\$2,477	\$70,406	\$0	\$70,406
11170 Administrative Fee Equity	\$0	\$58,067	\$0	\$58,067	\$0	\$58,067
11180 Housing Assistance Payments Equity	\$0	\$16,927	\$0	\$16,927	\$0	\$16,927
11190 Unit Months Available	468	1,260	180	1,908	0	1,908
11210 Number of Unit Months Leased	413	1,141	143	1,697	0	1,697



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

Highland Metropolitan Housing Authority
Highland County
121 East East Street
Washington Court House, Ohio 43160

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Highland Metropolitan Housing Authority, Highland County, Ohio (the Authority) as of and for the year ended December 31, 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 August 11, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Highland Metropolitan Housing Authority
Highland 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025



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

Highland Metropolitan Housing Authority
Highland County
121 East East Street
Washington Court House, Ohio 43160

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Highland Metropolitan Housing Authority's, Highland County, (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 Highland Metropolitan Housing Authority's major federal program for the year ended December 31, 2024. Highland Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Highland Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the 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 the 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.

Highland Metropolitan Housing Authority

Highland County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

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 the major federal program as a whole.

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

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

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

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.

Highland Metropolitan Housing Authority

Highland County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

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.

KEITH FABER

Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM

Chief Deputy Auditor

August 11, 2025

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HIGHLAND METROPOLITAN HOUSING AUTHORITY
HIGHLAND COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 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):	AL 14.871 and AL 14.879 Housing Choice Voucher Program Cluster
(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?	No

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

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted

OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND METROPOLITAN HOUSING AUTHORITY

HIGHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/26/2025

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Phone: 614-466-4514 or 800-282-0370

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