



**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY  
JUNE 30, 2024**

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HURON COUNTY  
JUNE 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

Huron Metropolitan Housing Authority  
Huron County  
17 Mill Street  
Norwalk, Ohio 44857

To the Board of Commissioners:

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority), as of and for the 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 respective financial position of Huron Metropolitan Housing Authority, Huron County, Ohio as of June 30, 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 Opinion***

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

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

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities 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.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule 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 Schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 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  
Auditor of State  
Columbus, Ohio

March 24, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Huron 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, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11)

**FINANCIAL HIGHLIGHTS**

- During fiscal year 2024, the Authority's net position decreased by \$20,676 (or 11%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net positions were \$182,819 and \$162,143 for fiscal year 2023 and fiscal year 2024, respectively.
- The revenue decreased by \$22,277 (or 1%) during fiscal year 2024 and was \$2,935,138 and \$2,912,861 for fiscal year 2023 and fiscal year 2024, respectively.
- Total expenses decreased by \$31,863 (or 1%) during fiscal year 2024 and were \$2,965,400 and \$2,933,537 for fiscal year 2023 and fiscal year 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 ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension and OPEB Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Expenditures of Federal Awards ~

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

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

**Basic Financial Statements**

The basic financial statements are designed to be corporate-like in that all business-type 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 outflow of resources, minus liabilities and deferred inflow of resources, equal "Net Position". Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

Unrestricted: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted".

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

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

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

**The Authority's Fund**

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

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

**Business-Type Activities:**

**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 (HAP) 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.

**Other Programs** – In addition to the major program above, the Authority also maintains other activities which are listed below.

Business Activities – represents resources developed from services provided to other metropolitan housing authorities.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
Current and Other Assets	\$ 526,367	\$ 495,133
Capital Assets	<u>41,064</u>	<u>52,078</u>
Total Assets	567,431	547,211
Deferred Outflows of Resources	<u>104,142</u>	<u>182,904</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 671,573</u>	<u>\$ 730,115</u>
Current Liabilities	\$ 30,042	\$ 14,916
Non-Current Liabilities	<u>457,582</u>	<u>529,421</u>
Total Liabilities	487,624	544,337
Deferred Inflows of Resources	<u>21,806</u>	<u>2,959</u>
Total Liabilities and Deferred Inflows of Resources	<u>509,430</u>	<u>547,296</u>
Net Position:		
Net Investment in Capital Assets	41,064	52,078
Restricted Net Position	30,721	15,582
Unrestricted Net Position	<u>90,358</u>	<u>115,159</u>
Total Net Position	<u>162,143</u>	<u>182,819</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 671,573</u>	<u>\$ 730,115</u>

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

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

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

Current and other assets increased by \$31,234 or 6% in fiscal year 2024. The increase was primarily due to positive results from operations. Capital assets decreased in fiscal year 2024 by the net result of \$11,014 from depreciation. For more detail see "Capital Assets and Debt Administration" Note 4. Liabilities were reduced by \$56,713 or 10% primarily due to lower Pension and OPEB liabilities.

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.

**Table 2 - Changes of Net Position**

	<b>Unrestricted</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>
Beginning Balance	\$115,159	\$52,078	\$15,582
Results of Operation	(35,815)		15,139
Adjustments:			
Current year Depreciation Expense (1)	11,014	(11,014)	
Ending Balance	\$90,358	\$41,064	\$30,721

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

**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 only in Business-Type Activities.

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

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b><u>Revenues</u></b>		
Operating Grants	\$ 2,793,684	2,841,101
Investment Income	12,522	8,011
Other Revenues	106,655	86,026
<b>Total Revenues</b>	<u><b>2,912,861</b></u>	<u><b>2,935,138</b></u>
<b><u>Expenses</u></b>		
Administrative	484,014	455,573
Maintenance	12,558	9,581
General and Interest	27,202	13,118
Housing Assistance Payments	2,398,749	2,475,742
Depreciation	11,014	11,386
<b>Total Expenses</b>	<u><b>2,933,537</b></u>	<u><b>2,965,400</b></u>
Net Increases (Decreases)	(20,676)	(30,262)
Beginning net position	182,819	213,081
<b>Total net position - ending</b>	<u><b>\$ 162,143</b></u>	<u><b>\$ 182,819</b></u>

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

Total revenues decreased slightly. Total expenses decreased as well primarily in the category of Housing Assistance Payments.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2024, the Authority had \$41,064 invested in capital assets as reflected in the following schedule, which represents a decrease of \$11,014 from fiscal year 2023 (current year depreciation).

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

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
Land	\$ 10,000	\$ 10,000
Building and Improvement	216,308	216,308
Furniture & Equipment	53,023	53,023
Accumulated Depreciation	<u>(238,267)</u>	<u>(227,253)</u>
Total	<u>\$ 41,064</u>	<u>\$ 52,078</u>

Capital Assets are presented in detail in Note 4.

**Table 5 - Changes in Capital Assets**

Beginning Balance	\$ 52,078
Current year Depreciation Expense	<u>(11,014)</u>
Ending Balance	<u>\$ 41,064</u>

### **Debt Outstanding**

As of June 30, 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 demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

### **FINANCIAL CONTACT**

The individual to be contacted regarding this report is Jessica Hunter, Huron MHA 17 Mill Street, Norwalk, OH 44857, (419) 668-3956.

**HURON METROPOLITAN HOUSING AUTHORITY**  
**HURON COUNTY**  
**Statement of Net Position**  
**June 30, 2024**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 478,482.00
Receivables, net	1,274
Prepaid expenses and other assets	3,020
<b>Total current assets</b>	<b>482,776</b>

**Noncurrent assets**

Restricted cash and cash equivalents	30,721
Capital assets:	
Non-Depreciable capital assets	10,000
Depreciable capital assets, net	31,064
<b>Total capital assets</b>	<b>41,064</b>
Other Assets - Net OPEB Asset	12,870
<b>Total noncurrent assets</b>	<b>84,655</b>
<b>Total assets</b>	<b>567,431</b>

**Deferred Outflows of Resources**

Pension	93,099
OPEB	11,043
<b>Total Deferred Outflows of Resources</b>	<b>104,142</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>671,573</b>

**LIABILITIES**

**Current liabilities**

Accounts payable	17,685.00
Accrued Compensated Absences - current	12,357
<b>Total current liabilities</b>	<b>30,042</b>

**Noncurrent liabilities**

Accrued Compensated Absences - Noncurrent	111,216
Net Pension Liability	346,366
<b>Total noncurrent liabilities</b>	<b>457,582</b>
<b>Total liabilities</b>	<b>487,624</b>

**Deferred Inflows of Resources**

Pension	14,442
OPEB	7,364
<b>Total Deferred Inflows of Resources</b>	<b>21,806</b>

**NET POSITION**

Invested in capital assets	41,064
Restricted net position	30,721
Unrestricted net position	90,358
<b>Total net position</b>	<b>162,143</b>

<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 671,573</b>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON METROPOLITAN HOUSING AUTHORITY**  
**HURON COUNTY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2024**

**OPERATING REVENUES**

Operating grants	\$ 2,793,684
Other operating revenue	106,655
<b>Total operating revenues</b>	<b><u>2,900,339</u></b>

**OPERATING EXPENSES**

Administrative	484,014
Maintenance	12,558
General and insurance	27,202
Housing assistance payment	2,398,749
Depreciation	11,014
<b>Total operating expenses</b>	<b><u>2,933,537</u></b>
<b>Operating loss</b>	<b><u>(33,198)</u></b>

**NONOPERATING REVENUES**

Interest income	12,522
Change in net position	(20,676)
Beginning net position	182,819
<b>Total net position - ending</b>	<b><u>\$ 162,143</u></b>

*SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS*



**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY**

**Statement of Cash Flows  
For the Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Operating Grants	\$ 2,793,684
Cash Received from Other Revenue	105,789
Cash Payments for Operating expenses	(495,804)
Cash Payments for Housing Assistance	(2,398,749)
	<hr/>

<b>Net Cash Provided by Operating Activities</b>	<b>4,920</b>
	<hr/>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	12,522
	<hr/>

Net Increase in Cash	17,442
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Cash and cash equivalents - Beginning of year	491,761
	<hr/>

<b>Cash and cash equivalents - End of year</b>	<b>509,203</b>
	<hr/> <hr/>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

Net Operating Loss	(33,198)
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Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities

Depreciation	11,014
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(Increases) Decreases in:

Accounts Receivable	(866)
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Prepaid Assets	(56)
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Deferred Outflows of Resources	78,762
--------------------------------	--------

Net OPEB Assets	(12,870)
-----------------	----------

Increases (Decreases) in:

Accounts Payable	15,007
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Accrued Compensated Absences	17,609
------------------------------	--------

Net Pension Liability	(87,687)
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Deferred Inflows	18,847
------------------	--------

Accrued wasges/payroll taxes	(1,642)
	<hr/>

<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,920</b>
	<hr/> <hr/>

*SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS*

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The basic financial statements of the Huron Metropolitan Housing Authority (the Authority) 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 GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. 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 represents all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*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 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 deferred outflows of resources, and all liabilities and deferred inflows of resources 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 flows 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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method.

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 balance of \$30,721.

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**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 asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority beginning in fiscal year 2022 is \$3,000 with previous threshold being \$500. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Life – Years</u>
Building	40
Building Improvements	5-15
Vehicles	5
Equipment	3-7

Total depreciation expense for the 2024 fiscal year was \$11,014.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. 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. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Inflow/Outflow of Resources

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of 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. The Authority did report restricted net position for HAP reserves of \$30,721 at June 30, 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.

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 necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

**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 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. The carrying value of deposits was \$509,203 as of June 30, 2024.

All monies are deposited into banks as determined by the Authority. The fiscal year-end bank balance of \$509,203 was covered by federal deposit insurance. Based on the Authority having only demand deposits at June 30, 2024, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

**3. RISK MANAGEMENT**

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three fiscal years.

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
General Liability	\$5,000	\$2,000,000 (per occurrence)
Transportation	\$2,000	\$ 500,000
Employee Dishonesty		\$ 25,000

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**4. CAPITAL ASSETS**

The following is a summary of capital assets at June 30, 2024:

	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
<b>Capital Assets Not Depreciated:</b>				
Land	\$10,000	\$0	\$0	\$10,000
<b>Total Capital Assets Not Depreciated</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>10,000</b>
<b>Capital Assets Depreciated:</b>				
Building and Improvements	216,308	0	0	216,308
Furnt, Mach. and Equip.	53,023	0	0	53,023
<b>Total Capital Assets Being Depreciated</b>	<b>269,331</b>	<b>0</b>	<b>0</b>	<b>269,331</b>
<b>Accumulated Depreciation:</b>				
Building and Improvements, Furniture and Equipment	(227,253)	(11,014)	0	(238,267)
<b>Total Accumulated Depreciation</b>	<b>(227,253)</b>	<b>(11,014)</b>	<b>0</b>	<b>(238,267)</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>42,078</b>	<b>(11,014)</b>	<b>0</b>	<b>31,064</b>
<b>Total Capital Assets, Net</b>	<b>\$52,078</b>	<b>(\$11,014)</b>	<b>\$0</b>	<b>\$41,064</b>

**5. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at June 30, 2024:

	Balance at 06/30/23	Additions	Reductions	Balance at 06/30/24	Due Within One Year
Compensated Absences	\$ 105,964	\$ 17,609		\$ 123,573	\$ 12,357
Net pension liability	425,081		\$ (78,715)	346,366	
Net OPEB liability	8,972		(8,972)		
<b>Total long-term obligations</b>	<b>\$ 540,017</b>	<b>\$ 17,609</b>	<b>\$ (87,687)</b>	<b>\$ 469,939</b>	<b>\$ 12,357</b>

See Note 6 for information on the Authority's net pension liability.

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**6. DEFINED BENEFIT PENSION PLAN**

***Net Pension Liability***

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

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

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

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

***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.



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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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.



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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

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.

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
<b>2023-2024 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	14.0 %	14.0 %
Employee *	10.0 %	10.0 %	10.0 %
<b>2023-2024 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	12.0 %	10.0 %
Post-Employment Health Care Benefits	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	12.0 %	10.0 %
Employee	10.0 %	10.0 %	10.0 %

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

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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For fiscal year ending June 30, 2024, the Authority's contractually required contributions used to fund pension benefits was \$30,489 for the Traditional Pension Plan.

***Pension Liabilities, Pension Expense, and Deferred Outflows 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:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.001439%
Current Measurement Date	<u>0.001323%</u>
Change in Proportionate Share	<u><u>-0.000116%</u></u>
 Proportionate Share of the Net Pension Liability	 \$346,366
Pension Expense	\$39,029

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$69,912
Differences between expected and actual experience	5,661
Authority contributions subsequent to the measurement date	<u>17,526</u>
Total Deferred Outflows of Resources	<u><u>\$93,099</u></u>

	<u>OPERS</u>
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>\$14,442</u>
Total Deferred Outflows of Resources	<u><u>\$14,442</u></u>

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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

\$17,526 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 related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year Ending June 30:	
2025	\$25,268
2026	26,842
2027	44,614
2028	<u>(2,157)</u>
Total	<u><u>\$94,567</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:

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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

	<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

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

The 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.

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**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

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:

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	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

**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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 545,274	\$ 346,366	\$ 180,933

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**7. OTHER POST-EMPLOYMENT BENEFITS**

**Net OPEB Asset**

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

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because 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 liability. Resulting adjustments to the net OPEB liability 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 liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accounts payable on both the accrual and modified accrual bases of accounting.

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

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2023, measurement date health care valuation.

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**7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2024, Authority contributed at a rate of 14 percent of earnable salary.

The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2023 and 2024. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan and combined plan health care accounts for 2023 and 2024 was 25 and 4%, respectively.

The net OPEB liability for OPERS was measured as of December 31, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as December 31, 2022. The Authority's proportion of the net OPEB liability/asset was based on The Authority's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:



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

**7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

	<u>Health Care Plan</u>
Proportionate Share of Net OPEB Asset	\$12,870
Proportion of the Net OPEB Asset	
- Prior Measurement Date	0.001423%
- Current Measurement Date	<u>0.001426%</u>
Change in Proportion from Prior Year	<u>0.000003%</u>
OPEB Expense (Revenue)	(\$15,739)

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

	<u>Health Care Plan</u>
<b>Deferred Outflows of Resources</b>	
Net Difference between projected and actual earnings on pension plan investments	\$ 7,729
Changes of Assumptions	<u>3,314</u>
Total Deferred Outflows of Resources	<u>\$ 11,043</u>
<b>Deferred Inflows of Resources</b>	
Changes of Assumptions	5,532
Difference between expected and actual experience	<u>1,832</u>
Total Deferred Inflows of Resources	<u>\$ 7,364</u>

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

	<u>Health Care Plan</u>
Fiscal Year Ending June 30:	
2025	(\$326)
2026	598
2027	6,017
2028	<u>(2,610)</u>
Total	<u>\$3,679</u>



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

**7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

Actuarial Assumptions – OPERS

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 was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement:

	December 31, 2023	December 31, 2022
Wage Inflation	2.75%	2.75%
Future Salary Increases, including inflation	2.75 - 10.75%	2.75 - 10.75%
Single Discount Rate	5.70%	5.22%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	3.77%	4.05%
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2038	5.5% initial, 3.5% ultimate in 2036
Actuarial Cost Method	Individual entry age	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females were then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

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

The 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.

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

**7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

**Average Remaining Service Life**

GASB 75 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in OPEB expense over the average remaining service life of all employees provided with coverage through the health care plans (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2023, the average of the expected remaining service lives of all employees calculated by OPERS external actuaries was 2.5557 years. Employers should use this amount when calculating elements of OPEB expense subject to amortization requirements as defined in GASB 75 and reported in the Schedule of Collective OPEB Amounts.

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 within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

<b>Asset Class</b>	<b>Target Allocation as of December 31, 2023</b>	<b>Weighted Average Long-Term Expected Real Rate of Return</b>
Fixed Income	37.00%	2.82%
Domestic Equities	25.00%	4.27%
REITs	5.00%	4.68%
International Equities	25.00%	5.16%
Risk Parity	3.00%	4.38%
Other Investments	5.00%	2.43%
<b>TOTAL</b>	<b>100.00%</b>	

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

**7. OTHER POST-EMPLOYMENT BENEFITS – 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. 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, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of Authority's Proportionate Share of the Net OPEB Liability 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 <u>(4.70%)</u>	Discount Rate <u>(5.70%)</u>	1% Increase <u>(6.70%)</u>
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ 7,073	(\$ 12,870)	\$ (29,393)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 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.

	1% Decrease <u>(4.70%)</u>	Current Health Care Cost Trend Rate <u>Assumption</u>	1% Decrease <u>(6.70%)</u>
Authority Net OPEB (Asset)	(\$13,404)	(\$ 12,870)	\$ (12,264)

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

**8. 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 June 30, 2024.

**B. Litigation**

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001323%	0.0014390%	0.0014650%	0.0014940%	0.0014000%	0.0013680%	0.0015290%	0.0014300%	0.0015840%	0.0015540%
Authority's Proportionate Share of the Net Pension Liability	\$346,366	\$425,081	\$127,461	\$221,229	\$276,719	\$374,667	\$239,870	\$324,729	\$274,369	\$187,430
Authority's Covered Employee Payroll	\$223,000	\$230,100	\$212,303	\$207,177	\$185,619	\$193,737	\$198,098	\$186,388	\$194,204	\$174,497
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	155.32%	184.74%	60.04%	106.78%	149.08%	193.39%	121.09%	174.22%	141.28%	107.42%
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%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of Net OPEB Liability/(Asset)	0.001426%	0.0014230%	0.0013890%	0.0013920%	0.0013040%	0.0012740%	0.0014300%	0.001330%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	(\$12,870)	\$8,972	\$(43,506)	\$(24,800)	\$188,116	\$166,100	\$155,287	\$144,435
Authority's Covered Employee Payroll	\$223,000	\$230,100	\$212,303	\$207,177	\$185,619	\$193,737	\$198,098	\$186,388
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a percent of covered employee payroll	(5.77%)	3.90%	(20.49%)	(11.97%)	63.63%	85.73%	78.39%	77.49%
Plan Fiduciary Net Position as a percentage of the total OPEB Liability/(Asset)	107.76%	94.79%	128.23%	115.57%	47.80%	43.33%	54.14%	68.52%

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

2) Information prior to 2017 is not available.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contributions:										
Pension	\$30,490	\$31,220	\$32,214	\$28,533	\$27,928	\$24,085	\$26,112	\$24,796	\$22,367	\$23,304
OPEB	\$ -	\$ -	\$ -	\$ 1,189	\$ 1,077	\$ 1,902	\$ 1,011	\$ 2,954	\$ 3,728	\$ 3,884
Contributions in relation to the contractually required contributions	\$30,490	\$(31,220)	\$(32,214)	\$(29,722)	\$(29,005)	\$(25,987)	\$(27,123)	\$(27,750)	\$(26,095)	\$(27,188)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$217,783	\$223,000	\$230,100	\$212,303	\$207,177	\$185,619	\$193,737	\$198,098	\$186,388	\$194,204
Contributions as a percentage of covered-employee payroll										
Pension	14.00%	14.00%	14.00%	13.44%	13.48%	13.48%	13.48%	12.52%	12.00%	12.00%
OPEB		.00%	.00%	0.56%	0.52%	0.52%	0.52%	1.48%	2.00%	2.00%

**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY  
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 RP2014 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.



**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

***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.

**Huron Metropolitan Housing Authority**  
**Huron County**  
**June 30, 2024**  
**Statement of Net Position**

Financial Data Schedule Submitted to U.S. Department of HUD

	<b>Business Activities</b>	<b>Mainstream Vouchers</b>	<b>Housing Choice Vouchers</b>	<b>Total</b>
111 Cash - Unrestricted	\$84,109	\$23,620	\$370,753	\$478,482
113 Cash - Other Restricted		7,055	23,666	30,721
100 Total Cash	84,109	30,675	394,419	509,203
125 Accounts Receivable - Miscellaneous			1,274	1,274
128 Fraud Recovery			9,054	9,054
128.1 Allowance for Doubtful Accounts - Fraud			-9,054	-9,054
120 Total Receivables, Net of Allowances for Doubtful Accounts			1,274	1,274
142 Prepaid Expenses and Other Assets			3,020	3,020
150 Total Current Assets	84,109	30,675	398,713	513,497
161 Land	10,000			10,000
162 Buildings	109,000		107,308	216,308
164 Furniture, Equipment & Machinery - Administration			53,023	53,023
166 Accumulated Depreciation	-109,000		-129,267	-238,267
160 Total Capital Assets, Net of Accumulated Depreciation	10,000		31,064	41,064
174 Other Assets			12,870	12,870
180 Total Non-Current Assets	10,000		43,934	53,934
200 Deferred Outflow of Resources			104,142	104,142
290 Total Assets and Deferred Outflow of Resources	<b>94,109</b>	<b>30,675</b>	<b>546,789</b>	<b>671,573</b>
311 Bank Overdraft				
312 Accounts Payable <= 90 Days			15,007	15,007
321 Accrued Wage/Payroll Taxes Payable			2,678	2,678
322 Accrued Compensated Absences - Current Portion			12,357	12,357
310 Total Current Liabilities			30,042	30,042
354 Accrued Compensated Absences - Non Current			111,216	111,216
357 Accrued Pension and OPEB Liabilities	79,663		266,703	346,366
350 Total Non-Current Liabilities	79,663		377,919	457,582
300 Total Liabilities	79,663		407,961	487,624
400 Deferred Inflow of Resources			21,806	21,806
508.4 Net Investment in Capital Assets	10,000		31,064	41,064
511.4 Restricted Net Position		7,055	23,666	30,721
512.4 Unrestricted Net Position	4,446	23,620	62,292	90,358
513 Total Equity - Net Assets / Position	14,446	30,675	117,022	162,143
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<b>\$94,109</b>	<b>\$30,675</b>	<b>\$546,789</b>	<b>\$671,573</b>

**Huron Metropolitan Housing Authority**  
**Huron County**  
**June 30, 2024**  
**Statement of Revenue and Expense**

Financial Data Schedule Submitted to U.S. Department of HUD

	<b>Business Activities</b>	<b>Mainstream Vouchers</b>	<b>Housing Choice Vouchers</b>	<b>Total</b>
70600 HUD PHA Operating Grants		\$125,486	\$2,668,198	\$2,793,684
71100 Investment Income - Unrestricted	\$3,782		8,740	12,522
71400 Fraud Recovery			1,544	1,544
71500 Other Revenue	101,917		3,194	105,111
70000 Total Revenue	105,699	125,486	2,681,676	2,912,861
91100 Administrative Salaries	75,741	13,307	166,851	255,899
91200 Auditing Fees		272	4,964	5,236
91400 Advertising and Marketing		38	697	735
91500 Employee Benefit contributions - Administrative	26,176	4,540	89,721	120,437
91600 Office Expenses		1,698	30,955	32,653
91700 Legal Expense		209	3,816	4,025
91800 Travel		145	2,651	2,796
91900 Other		2,993	59,240	62,233
91000 Total Operating - Administrative	101,917	23,202	358,895	484,014
94200 Ordinary Maintenance and Operations - Materials and Other		653	11,905	12,558
94000 Total Maintenance		653	11,905	12,558
96140 All Other Insurance		512	9,332	9,844
96100 Total insurance Premiums		512	9,332	9,844
96210 Compensated Absences		903	16,455	17,358
96000 Total Other General Expenses		903	16,455	17,358
96900 Total Operating Expenses	101,917	25,270	396,587	523,774
97000 Excess of Operating Revenue over Operating Expenses	3,782	100,216	2,285,089	2,389,087
97300 Housing Assistance Payments		93,951	2,304,798	2,398,749
97400 Depreciation Expense			11,014	11,014
90000 Total Expenses	101,917	119,221	2,712,399	2,933,537
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	3,782	6,265	-30,723	-20,676
11030 Beginning Equity	10,664	24,410	147,745	182,819
11170 Administrative Fee Equity			126,492	126,492
11180 Housing Assistance Payments Equity			23,666	23,666
11190 Unit Months Available		480	6,864	7,344
11210 Number of Unit Months Leased		286	5,260	5,546

**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR</b>	<b>Federal</b>	
<b><i>Pass Through Grantor</i></b>	<b>AL</b>	<b>Total Federal</b>
<b>Program / Cluster Title</b>	<b>Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b><i>Direct Programs</i></b>		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 2,668,198
Mainstream Vouchers	14.879	125,486
Total Housing Voucher Cluster		<u>2,793,684</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u><b>2,793,684</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$ 2,793,684</b></u>

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

**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Huron Metropolitan Housing Authority (the Authority) under programs of the federal government for the 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

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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**

Huron Metropolitan Housing Authority  
Huron County  
17 Mill Street  
Norwalk, Ohio 44857

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 Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority) as of and for the 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 March 24, 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.

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 24, 2025





65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

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

Huron Metropolitan Housing Authority  
Huron County  
17 Mill Street  
Norwalk, Ohio 44857

To the Board of Commissioners:

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

***Qualified Opinion***

We have audited Huron Metropolitan Housing Authority, Huron County, Ohio's (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 Huron Metropolitan Housing Authority's major federal program for the year ended June 30, 2024. Huron Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

***Qualified Opinion on Housing Voucher Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Huron Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Housing Voucher Cluster for the year ended June 30, 2024.

***Basis for Qualified Opinion***

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

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

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*Matter Giving Rise to Qualified Opinion on Housing Voucher Cluster*

As described in finding 2024-001 in the accompanying schedule of findings, the Authority did not comply with requirements regarding Special Tests and Provisions - Depository Agreements applicable to its Housing Voucher Cluster major federal program.

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

***Responsibilities of Management for Compliance***

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

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

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

### **Other Matter**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2024-001 to be a material weakness.

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

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

Huron Metropolitan Housing Authority  
Huron 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 4

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.

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber  
Auditor of State  
Columbus, Ohio

March 24, 2025

**HURON METROPOLITAN HOUSING AUTHORITY  
HURON COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

### 3. FINDINGS FOR FEDERAL AWARDS

#### Special Tests and Provisions - Depository Agreements

<b>Finding Number:</b>	<b>2024-001</b>
<b>Assistance Listing Number and Title:</b>	<b>AL # 14.871/14.879 Housing Choice Voucher Cluster</b>
<b>Federal Award Identification Number / Year:</b>	<b>2024</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Special Tests and Provisions - Depository Agreements</b>
<b>Pass-Through Entity:</b>	<b>None</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

#### **Noncompliance and Material Weakness**

**2 CFR §2400.101** gives regulatory effect to the Department of Housing and Urban Development for **2 CFR §200.303** which requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain effective internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**24 CFR § 982.156** states in part that all program receipts must be promptly deposited with a financial institution selected as depository by the Authority in accordance with HUD requirements. It further states that the Authority must enter into an agreement with the depository in the form required by HUD. The agreement serves as a safeguard for federal funds and provide third party rights to HUD.

Due to deficiencies in the Authority's compliance with depository agreements, the Authority did not have a signed depository agreement with Park National Bank on the form required by HUD.

Failure to use the HUD required form to enter into a depository agreement with Park National Bank can lead to noncompliance with program requirements and mishandling of federal funds. To prevent noncompliance and mishandling of federal funds, the Authority should enter into a depository agreement with Park National Bank using the form prescribed by HUD.

#### **Officials' Response:**

See Corrective Action Plan



**Huron Metropolitan Housing Authority**  
**17 Mill Street Norwalk, OH 44857**  
**Phone (419) 668-3956 Fax (419) 668-9091**

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**JUNE 30, 2024**

<b>Finding Number:</b>	2024-001
<b>Planned Corrective Action:</b>	Depository Agreements have been completed effective July 2024.
<b>Anticipated Completion Date:</b>	July 2024
<b>Responsible Contact Person:</b>	Jessica Hunter, Executive Director

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# OHIO AUDITOR OF STATE KEITH FABER



**HURON METROPOLITAN HOUSING AUTHORITY**

**HURON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/27/2025**

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](http://www.ohioauditor.gov)