

**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY**

Single Audit

For the Fiscal Year Ended September 30, 2024



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Columbus, Ohio 43215
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Board of Trustees
Morrow Metropolitan Housing Authority
201A West High Street
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the Morrow Metropolitan Housing Authority, Morrow County, prepared by Kevin L. Penn, Inc, for the audit period October 1, 2023 through September 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

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

July 21, 2025

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**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW, OHIO**

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INDEPENDENT AUDITOR'S REPORT

Morrow Metropolitan Housing Authority
Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Morrow Metropolitan Housing Authority, Morrow County, Ohio, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Morrow Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Morrow Metropolitan Housing Authority, Morrow County, Ohio as of September 30, 2024, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the Morrow Metropolitan Housing Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 Morrow Metropolitan Housing 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

My 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 my 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*, I

- 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 Morrow Metropolitan Housing 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Morrow Metropolitan Housing Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morrow Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and 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 my opinion, the Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards is 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*, I have also issued my report dated May 27, 2025, on my consideration of the Morrow Metropolitan Housing Authority's internal control over financial reporting and my 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 my 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 Morrow Metropolitan Housing 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 Morrow Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

May 27, 2025

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

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

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The Authority’s net position increased by \$62,739, or 48%, during fiscal year 2024. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$130,018 for fiscal year 2023 and \$192,757 for fiscal year 2024.
- Revenues increased by \$94,908, or 10%, during fiscal year 2024 and were \$972,946 and \$1,067,854 for fiscal year 2023 and fiscal year 2024, respectively.
- Expenses increased by \$85,058, or 9%, during fiscal year 2024. Total expenses were \$920,057 and \$1,005,115 for fiscal year 2023 and fiscal year 2024, respectively.

USING THIS ANNUAL REPORT

The following is a graphic outlining the major sections of the report.

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

The primary focus of the Authority’s financial statements 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 basis for comparison (fiscal year-to-fiscal year or Authority-to-Authority), and enhance the Authority’s accountability.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Basic Financial Statements

The basic financial 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 minus liabilities equal “Net Position”. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

Net 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.

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 assets that do not meet the definition of “Investment in Capital Assets”, or “Restricted”.

The basic 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, Non-Operating Revenue and Non-Operating Expenses, such as interest revenue and interest expense.

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

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

THE AUTHORITY'S FUND

The Authority consists exclusively of 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).

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. CARES Act Funding is also included in this program. The CARES Act provided additional funding to housing authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Family Self-Sufficiency Program – Represents HUD resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Supportive Housing for Persons with Disabilities/Mainstream Vouchers – Starting November 2018, these programs designated funding to assist clients with disabilities with a Housing Choice Voucher type program.

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Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

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>2024</u>	<u>2023</u>
Current and Other Assets	\$ 228,324	\$ 180,678
Capital Assets	<u>3,057</u>	<u>1,432</u>
Total Assets	<u>\$ 231,381</u>	<u>\$ 182,110</u>
Current Liabilities	\$ 1,798	\$ 264
Non-Current Liabilities	<u>36,826</u>	<u>51,828</u>
Total Liabilities	<u>38,624</u>	<u>52,092</u>
Net Position:		
Net Investment in Capital Assets	3,057	1,168
Restricted Net Position	-	17,776
Unrestricted Net Position	<u>189,700</u>	<u>111,074</u>
Total Net Position	<u>192,757</u>	<u>130,018</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 231,381</u>	<u>\$ 182,110</u>

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

Major Factors Affecting the Statement of Net Position

Current and other noncurrent assets increased \$47,646 primarily due positive net operating income.

Capital assets increased due acquisition of capital assets exceeding to depreciation of equipment and amortization of lease right-of-use assets.

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.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Table 2 – Changes in Unrestricted and Restricted Net Position

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2023		\$ 120,293
Results of Operations:	\$ 62,739	
Adjustments:		
Use of Unrestricted Net Position for HAP	8,557	
Depreciation and Amortization	1,624	
Principal Payments on Lease Payable	<u>(456)</u>	
Adjusted Results from Operations		72,464
Other Changes		<u>(3,057)</u>
Unrestricted Net Position September 30, 2024		<u>\$189,700</u>

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position September 30, 2023		\$ 8,557
Results of Operations:		
HAP Expenses in Excess of HAP Funding	(\$8,557)	
Total Results from Operations		<u>(8,557)</u>
Restricted Net Position September 30, 2024		<u>\$ -0-</u>

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Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

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.

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

	<u>2024</u>	<u>2023</u>
<u>Revenues</u>		
Operating Grants	\$ 1,059,192	961,002
Investment Income	544	508
Other Revenues	8,118	11,436
Total Revenues	<u>1,067,854</u>	<u>972,946</u>
<u>Expenses</u>		
Administrative	135,548	130,734
Housing Assistance Payments	867,888	786,702
Interest Expense	55	37
Depreciation	1,624	2,584
Total Expenses	<u>1,005,115</u>	<u>920,057</u>
Change in Net Position	62,739	52,889
Net Position at Beginning of Year	130,018	77,129
Net Position at End of Year	<u><u>\$ 192,757</u></u>	<u><u>\$ 130,018</u></u>

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

Operating Grants increased due to a higher level of HUD funding. The Authority has been subsidizing more affordable units, resulting in higher utilization in its Housing Choice Voucher program. Administrative expenses also increased slightly. Housing assistance payments expense also increased due to a higher level of leasing and housing assistance as indicated above. HUD reimburses this cost.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Authority had \$3,057 invested in Capital Assets as reflected in the following schedule, which represents an increase based on additions exceeding depreciation expense.

**CAPITAL ASSETS AT FISCAL YEAR-END (NET
OF DEPRECIATION)**

	Business-type Activities	
	<u>2024</u>	<u>2023</u>
Furniture, Fixtures, and Equipment	\$ 23,100	\$ 22,131
Accumulated Depreciation	(20,043)	(20,699)
Total	\$ <u>3,057</u>	\$ <u>1,432</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 3 of the notes to the basic financial statements.

CHANGE IN CAPITAL ASSETS

	Business-type <u>Activities</u>
Beginning Balance	\$ 1,432
Additions	3,249
Depreciation and Amort.	<u>(1,624)</u>
Ending Balance	\$ <u>3,057</u>

Debt Outstanding

During fiscal year 2024, the Authority entered into a lease agreement for the use of a copier. The initial lease liability was \$3,249 and outstanding balance as of September 30, 2024, is \$3,057.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Shannon Treisch, Executive Director for the Morrow Metropolitan Housing Authority, at (740) 397-8787. Specific requests may be submitted to the Authority at 201A W. High Street, Mount Vernon, Ohio 43050.

MORROW METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$	175,231
Accounts Receivable - HUD		<u>18,728</u>
Total Current Assets		193,959

Non-Current Assets

Restricted Cash (Note 2)		34,365
Capital Assets: (Note 3)		
Depreciable Capital Assets		23,100
Accumulated Depreciation		<u>(20,043)</u>
Total Capital Assets		<u>3,057</u>
TOTAL ASSETS	\$	<u><u>231,381</u></u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$	1,202
Lease Liability - Current Portion		<u>596</u>
Total Current Liabilities		1,798

Non-Current Liabilities

Lease Liability - Non-Current Portion		2,461
Family Self-Sufficiency Deposit Payable		<u>34,365</u>
Total Non-Current Liabilities		<u>36,826</u>
Total Liabilities		38,624

Net Position

Net Investment in Capital Assets		3,057
Unrestricted		<u>189,700</u>
Total Net Position		<u>192,757</u>
TOTAL LIABILITIES AND NET POSITION	\$	<u><u>231,381</u></u>

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

MORROW METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Operating Revenue:

Operating Grants	\$ 1,059,192
Other Revenue	<u>8,118</u>
Total Operating Revenue	1,067,310

Operating Expenses:

Housing Assistance Payments	867,888
Administrative	135,548
Depreciation and Amortization Expense	<u>1,624</u>
Total Operating Expenses	<u>1,005,060</u>

Operating Income (Loss)	62,250
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Non-Operating Revenues (Expenses)

Interest Income	544
Interest Expense	<u>(55)</u>
Total Non-Operating Revenues (Expenses)	<u>489</u>

Change in Net Position	62,739
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Net Position - Beginning of Year	<u>130,018</u>
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Net Position - End of Year	<u><u>\$ 192,757</u></u>
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The accompanying notes are an integral part of the financial statements.

MORROW METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cash Flows From Operating Activities:	
Cash received from Operating Grants	\$ 1,041,086
Cash received from Other Revenue	8,118
Cash payments for Operating Expenses	(134,346)
Cash payments for Housing Assistance	(885,351)
	<hr/>
Net Cash Provided (Used) by Operating Activities	29,507
Cash Flows From Capital and Related Financing Activities:	
Interest paid	(55)
Acquisition of Capital Assets	(3,249)
Proceeds from Capital Debt	3,249
Loan Debt Payments, Principal and Interest	(456)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(511)
Cash Flows From Investing Activities:	
Interest Income	544
	<hr/>
Net Cash Provided (Used) by Investing Activities	544
Increase (Decrease) in Cash and Cash Equivalents	29,540
Cash and Cash Equivalents - Beginning of Year	180,056
	<hr/>
Cash and Cash Equivalents - End of Year	<u>\$ 209,596</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ 62,250
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation and Amortization Expense	1,624
(Increase) decrease in:	
Accounts Receivable	(18,106)
Increase (decrease) in:	
Accounts Payable	1,202
Family Self-Sufficiency Deposits Payable	(17,463)
	<hr/>
Net cash used in operating activities	<u>\$ 29,507</u>

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

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Morrow 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 accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Fund Accounting

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

Proprietary Fund Type:

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

Enterprise Fund – The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, 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 and reports all 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, and deferred outflows and inflows 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

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.

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 unspent grant funds of \$34,365.

Accounts Receivable

Management considers all accounts receivable to be collected in

full. Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year which services are consumed. The Authority did not report prepaid items at September 30, 2024.

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 asset life, are not capitalized. The capitalization threshold used by the Authority is \$500. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Equipment and Furniture	5-7
Computer Hardware & Software	3

Total depreciation expense for the 2024 fiscal year was \$1,178.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation less any related debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

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. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments. 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 not have net position restricted by enabling legislature at September 30, 2024.

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 nonoperating 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. All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position as of September 30, 2024 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$175,231	\$ 34,365	\$ 209,596
Items-in-transit	<u>-</u>	<u>-</u>	<u>-</u>
Carrying balance	<u>\$ 175,231</u>	<u>\$ 34,365</u>	<u>\$ 209,596</u>

Of the fiscal year-end bank balance, \$209,596 of deposits of the total checking and saving account balances were covered by federal deposit insurance. Based on the Authority having only demand deposits at September 30, 2024, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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

3. CAPITAL ASSETS

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

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Capital Assets depreciated				
Furniture and Equipment	\$ 19,851	\$ 0	\$ 0	\$ 19,851
Intangible Right-to-Use: Leased Equipment	2,280	3,249	(2,280)	3,249
Total Capital Assets Depreciated/Amortized	22,131	3,249	(2,280)	23,100
Accumulated Depreciation/Amortization				
Furniture and Equipment	(18,660)	(1,178)		(19,851)
Intangible Right-to-Use: Leased Equipment	(2,039)	(446)	2,280	(192)
Total Accumulated Depreciation/Amortized	(20,699)	(1,624)	2,280	(20,043)
Total Capital Assets Depreciated – Net	1,432	1,625	0	3,057
Total Capital Assets – Net	<u>\$ 1,432</u>	<u>\$ 1,625</u>	<u>\$ 0</u>	<u>\$3,057</u>

4. FSS ESCROW PAYABLE

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants are limited to a five year contract (with a two year extension option) at which time, they either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs, the money earned is used by the Authority to reinvest into the Housing Choice Voucher Program.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2024, the Authority purchased commercial insurance for public officials and employment practices liability for general insurance, property, crime, electronic equipment, and automobile insurance. Public officials' liability and employment practices liability insurance each carries a \$2,500 deductible. Property and electronic equipment insurance each carries a \$500 deductible. Vehicle carries a \$250 deductible for comprehensive damages and \$500 deductible for collision.

Settled claims have not exceeded this coverage in any of the last three fiscal years. There has been no significant reduction in coverage from last fiscal year.

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

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2024:

<u>Description</u>	<u>Balance 09/30/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/24</u>	<u>Due Within One Year</u>
Lease Liability	\$ 264	\$ 3,249	(\$ 456)	\$ 3,057	\$ 596
Family Self-Sufficiency Payable	<u>51,828</u>	<u>0</u>	<u>(17,463)</u>	<u>34,365</u>	<u>0</u>
Total	<u>\$ 52,092</u>	<u>\$ 3,249</u>	<u>(\$17,919)</u>	<u>\$37,422</u>	<u>\$ 596</u>

The Authority entered a sixty-month lease for a copier which requires monthly payments of \$61.31 beginning June 2024. In accordance with GASB 87, the Authority's financial statements include a lease asset, an intangible asset classified as equipment, and a lease liability. The lease asset is being amortized over the remaining life of the lease. The imputed interest rate on the lease is 5%.

Lease commitments for fiscal years ending September 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	596	140	736
2026	627	109	736
2027	659	77	736
2028	693	43	736
2029	<u>482</u>	<u>9</u>	<u>491</u>
Totals	<u>\$ 3,057</u>	<u>\$ 378</u>	<u>\$ 3,435</u>

7. SERVICE AGREEMENT

The Authority entered into a service contract with the Knox Metropolitan Housing Authority to provide fiscal and consulting services. The Knox Metropolitan Housing Authority shall perform the following services for the Authority in accordance with the service agreement: 1) Month-end accounting; 2) Accounts payable/receivable; and 3) Accounting, fiscal support, tax reporting, and general office support.

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. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2024.

B. Litigation

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

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

9. SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through May 27, 2025, the date on which the financial statements were available to be issued.

10. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 91, "Conduit Debt Obligations": The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Morrow Metropolitan Housing Authority does not have conduit debt, and therefore is not subject to this new standard.

Morrow Metropolitan Housing Authority
Statement of Net Position
September 30, 2024

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

Line item	Account Description	Housing Choice Voucher	Mainstream Voucher	Total
111	Cash - Unrestricted	\$ 156,503	\$ 18,728	\$ 175,231
113	Cash - Restricted	34,365		34,365
100	Total Cash	190,868	18,728	209,596
122	Accounts Receivable - HUD Other Projects	10,945	7,783	18,728
120	Net Total Receivables	10,945	7,783	18,728
150	Total Current Assets	201,813	26,511	228,324
164	F/E/M - Admin.	19,851		19,851
165	Lease	3,249		3,249
166	Accum Depreciation and Amortization	(20,043)		(20,043)
160	Net Fixed Assets	3,057	-	3,057
290	Total Assets and Deferred Outflow of Resources	204,870	26,511	231,381
312	Accounts Payable	1,202		1,202
343	Current Portion of Long-Term Debt	596		596
310	Total Current Liabilities	1,798	-	1,798
351	Long-term Debt, Net of Current - Capital Project	2,461		2,461
353	Non-current Liabilities - Other	34,365		34,365
	Total Liabilities	38,624	-	38,624
512.1	Unrestricted Net Position	166,246	26,511	192,757
513	Total Equity/Net Position	166,246	26,511	192,757
600	Total Liab., Deferred Inflows of Resources and Equity	\$ 204,870	\$ 26,511	\$ 231,381

See Auditor's Report.

Morrow Metropolitan Housing Authority
Statement of Revenue and Expenses
September 30, 2024

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

Line item	Account Description	Housing Choice Voucher	Mainstream Voucher	Family Self- Sufficiency	Total
70600	HUD PHA Operating Grants	\$ 770,251	\$ 237,585	\$ 51,356	\$ 1,059,192
711	Investment Income - PHA	544			544
715	Other Revenue	8,118			8,118
700	TOTAL REVENUE	778,913	237,585	51,356	1,067,854
912	Audit	7,852	2,642		10,494
913	Management Fee	30,827	10,373	51,356	92,556
916	Office Expenses	21,011	7,070		28,081
917	Legal	1,871	629		2,500
918	Travel	1,434	483		1,917
	Total Operating - Admin.	62,995	21,197	51,356	131,131
967.2	Interest Expense	55	-	-	55
	TOTAL OPERATING EXPENSES	63,050	21,197	51,356	131,186
970	Excess Oper. Rev. over Exp.	715,863	216,388	-	936,668
973	HAP	661,656	199,096		860,752
973.5	HAP - Portability-In	7,136			7,136
974	Depreciation and Amortization Expense	1,624			1,624
900	TOTAL EXPENSES	733,466	220,293	51,356	1,005,115
1000	NET INCOME (LOSS)	\$ 45,447	\$ 17,292	\$ -	\$ 62,739

See Auditor's Report.

Morrow Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Program			
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher	14.871	N/A	\$ 733,466
Mainstream Vouchers	14.879	N/A	<u>220,293</u>
Total Housing Voucher Cluster			953,759
Family Self-Sufficiency Program	14.896	N/A	<u>51,356</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,005,115</u></u>

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

MORROW METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Morrow Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended September 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.

NOTE D – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ending September 30, 2024.

NOTE E – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2024.



Kevin L.
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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***

Morrow Metropolitan Housing Authority
Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Morrow Metropolitan Housing Authority, Morrow County, (the Authority) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated May 27, 2025.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Morrow Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Morrow Metropolitan Housing Authority's internal control. Accordingly, I have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Morrow Metropolitan Housing Authority's financial statements. 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.

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

Compliance and Other Matters

As part of reasonably assuring whether the Morrow Metropolitan Housing Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of the Authority's in a separate letter dated May 27, 2025.

Purpose of this Report

This report only describes the scope of my internal control and compliance testing and my testing results and does not opine on the effectiveness of the Morrow Metropolitan Housing Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Morrow Metropolitan Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kevin L. Penn, Inc.
Cleveland, Ohio

May 27, 2025



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

Morrow Metropolitan Housing Authority
Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees

Report on Compliance for each Major Federal Program

Opinion on each Major Federal Program

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

In my opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2024.

Basis for Opinion on each Major Federal Program

I conducted my 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 my report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My 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 my 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, I:

- 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 I 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.

I am 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 I identified during the audit.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Kevin L. Penn, Inc.
Cleveland, Ohio

May 27, 2025

Morrow Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance
for major program: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of major programs:

14.871 and 14.879 Housing Voucher Cluster

Dollar threshold used to distinguish

between Type A and Type B programs: Type A: > \$750,000
Type B: all others

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

Morrow Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

There were no audit findings, during the 2023 fiscal year.

OHIO AUDITOR OF STATE KEITH FABER



MORROW METROPOLITAN HOUSING AUTHORITY

MORROW 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 7/31/2025

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