



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Commissioners
Zanesville Metropolitan Housing Authority
407 Pershing Road
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of the Zanesville Metropolitan Housing Authority, Muskingum County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2024 through December 31, 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 Zanesville 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

September 11, 2025

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Zanesville Metropolitan Housing Authority
Muskingum County
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For the Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Commissioners

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum County, Ohio (Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Coopermill Manor LP, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit as of December 31, 2024, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Coopermill Manor LP, is based solely on the report of other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Certificate of Actual Modernization Costs, the Financial Data Schedules, 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, this information 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*, we have also issued our report dated June 15, 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.



BHM CPA Group, Inc.
Circleville, Ohio
June 15, 2025

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**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)**

The following discussion and analysis of the Zanesville Metropolitan Housing Authority (the Authority) is to provide an introduction to the basic financial statements for the period ended December 31, 2024, with selected comparative information for the period ended December 31, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources at December 31, 2024 by \$14,204,525 (net position). Of this amount, \$8,276,291 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Net position decreased by \$158,843. Unrestricted net position increased \$271,991.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are depreciated over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

AUTHORITY ACTIVITY HIGHLIGHTS

The following are the various programs that the Authority operates. These programs are included in the single enterprise fund:

Public Housing Program

The Public Housing Program is designed to provide low-cost housing within the County. Under this Program, HUD provides funding via an Annual Contribution Contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the Program.

Capital Fund Program (CFP)

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of housing units.

Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons. Under the Program, independent landlords rent units to eligible low-income families and the Authority provides a Housing Assistance Payment to the landlord to make the rental affordable. HUD provides funding through an Annual Contributions Contract to enable the Authority to structure a lease that sets the participants' rents at about 30 percent of household income.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)**

Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency Programs

Grants funded by the Department of Housing and Urban Development to be used to enable public housing residents and Section 8 Program participants to move toward self-sufficiency and economic independence, and from welfare to work.

WIA Youth Activities

The Authority uses funding from this grant to work in conjunction with Muskingum County Department of Job and Family Services to help youth of the county overcome obstacles to employment.

Business Activity

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is used to account for the rental income received from the daycare facility known as Careytown Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

FSS Escrow Forfeiture Account Program

Within the Housing Choice Voucher and Public Housing programs, the Family Self-Sufficiency program provides families opportunities for education, job training counseling and other support to help the families achieve self-sufficiency. As a participant's skills improve, earnings likely increase the participant's rent amount and under the program the increased rent amounts are placed into an escrow account for the family and upon graduation families withdraw funds from the escrow account. Escrows of participants failing to graduate or otherwise withdrawing from the program are forfeited to be used for the benefit of any FSS participant in good standing under the FSS Escrow Forfeiture Account program.

Component Unit

The Coopermill Manor Limited Partnership is an Ohio Limited Partnership created by the Authority under HUD's Rental Assistance Demonstration Program for the purpose of providing low-income housing. The 324 units of what was formerly the Authority's Public Housing AMP 1 have been converted to Project Based Rental Assistance units (PBRA) under the oversight of HUD's Office of Multifamily Housing and transferred to Coopermill Manor LP. Coopermill Manor LP owns the units and the Zanesville Metropolitan Housing Authority manages the units.

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, and is an indicator of the current fiscal health of the Authority.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)

The following is a summarized comparison at December 31, 2024 and 2023:

Table 1 - Condensed Statement of Net Position Compared to Prior Year		
	2024	2023
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 9,698,553	\$ 9,343,848
Capital Assets	5,948,975	6,538,764
Other Non-Current Assets	1,362,145	1,148,741
Deferred Outflows of Resources	906,749	1,410,489
Total Assets and Deferred Outflows of Resources	<u>\$ 17,916,422</u>	<u>\$ 18,441,842</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 378,661	\$ 326,076
Non-Current Liabilities	3,251,899	3,664,514
Total Liabilities	<u>3,630,560</u>	<u>3,990,590</u>
Deferred Inflows of Resources	<u>81,337</u>	<u>87,884</u>
<u>Net Position</u>		
Net Investment in Capital Assets	5,692,784	6,258,960
Restricted Net Position	235,450	100,108
Unrestricted Net Position	8,276,291	8,004,300
Total Net Position	<u>14,204,525</u>	<u>14,363,368</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,916,422</u>	<u>\$ 18,441,842</u>

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

Total assets were virtually unchanged from the prior fiscal year-end, decreasing just \$21,680. The increase in current assets of \$354,705 (or 4%) was due to the favorable results from operations in the period. The \$589,789 reduction in capital assets reflects that there were no capital additions in the period. And the increase in other noncurrent assets was due to an increase in the note receivable with the Discretely Presented Component Unit, Coopermill Manor LP and increases in the Net Pension and Net OPEB assets.

The other notable changes on the statement, the changes in deferred outflows of resources and noncurrent liabilities, were due to changes in balances reported in accordance with GASB 68 and GASB 75.

GASB 68 is an accounting standard that calls for Zanesville MHA to report what is determined to be its estimated share of the unfunded pension liability/surplus funded pension asset of the retirement system, the Ohio Public Employees Retirement System (OPERS). And GASB 75 is an accounting standard that calls for Zanesville MHA to report what is determined to be its estimated share of the unfunded OPEB (healthcare) liability/surplus funded OPEB asset of OPERS. Employees of Zanesville MHA are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to PERS for all of its employees. The net pension and net OPEB liabilities reported as noncurrent liabilities are unlike other liabilities the Authority has in that the liabilities do not represent invoices or debts to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future pension and OPEB obligations.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)

Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like Zanesville MHA. Similarly there is no means for a public employer to access a pension or OPEB asset. Some changes in the unfunded pension and OPEB liabilities of the retirement system are amortized over a five-year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. That means the larger changes to these balances do not represent changes in operations at Zanesville MHA but rather reflect changes in the funding of future obligations by the retirement system.

Statement of Revenues, Expenses, and Changes in Net Position

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2024 and 2023.

Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position		
	2024	2023
<u>Revenues</u>		
Tenant	\$ 1,222,005	\$ 1,170,395
Subsidies	6,763,353	6,396,147
Capital Grants	0	835,426
Interest	290,880	268,392
Other	548,393	895,467
Total Revenues	<u>8,824,631</u>	<u>9,565,827</u>
<u>Expenses</u>		
Administrative	1,562,952	1,643,411
Tenant Services	332,137	336,940
Utilities	254,512	249,581
Maintenance	1,791,146	1,841,628
Insurance and General	456,889	510,120
HAP	3,996,049	3,578,961
Depreciation	589,789	577,021
Total Expenses	<u>8,983,474</u>	<u>8,737,662</u>
Change in Net Position	(158,843)	828,165
 Beginning Net Position	 <u>14,363,368</u>	 <u>13,535,203</u>
 Ending Net Position	 <u><u>\$ 14,204,525</u></u>	 <u><u>\$ 14,363,368</u></u>

For more detail information see Statement of Revenues, Expenses, and Change in Net Position presented elsewhere in this report.

Total revenues decreased \$741,196 (or 8%) compared to the prior fiscal period, with the reductions being to capital grants revenue and other revenue. HUD provides funding annually for the Capital Fund Program on a formula basis that considers the size and features of the Public Housing program units the Authority has, and the Authority typically has up to 4 years to spend the funding provided in any year to allow for time to plan and carry out work items to be completed with the funding. The revenue is recognized when the money is spent, and the part that is spent to make capital improvements is reported as capital grant revenue. No capital expenditures were made in the period, just due to a routine fluctuation in when work projects funded by the program were carried out and not an indication of a lost revenue source for the Authority. The reduction in other revenue was largely due to a reduction in fees earned for maintenance services provided to the component unit which was made possible by staff being added at the direct cost of the component unit that in turn meant less services were purchased from the Authority's central maintenance by the component unit. the component unit that in turn meant less services were purchased from the Authority's central maintenance by the component unit.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)**

Total expenses increased but only modestly, increasing by \$245,812 (or 3%), with reductions in almost every expense line being offset by an increase in HAP expense. The increase in HAP expense was \$417,088 (or 12%) and it continues the trend noted in the last fiscal period. This increase reflects increases in rental costs in the area. HAP expense is recorded when rental assistance payments are made on behalf of families in the Housing Choice Voucher program. The amount of rental assistance provided is the difference between what the family can afford to pay for rent and utilities based on Federal guidelines (generally 30% of family income), so as rental rates increase, more rental assistance is needed to make renting affordable.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal year ended December 31, 2024:

	2024
Owned by Authority	350
Units Under Vouchers	946
Units Owned by the Component Unit	324
Total Housing Units Managed	<u>1,620</u>

Capital Assets

The following is a summary of capital assets owned by the Authority at December 31, 2024 and changes from December 31, 2023:

Table 3 - Capital Assets

	2024
Land and Land Rights	\$ 1,175,509
Buildings and Improvements	28,537,625
Equipment	1,345,309
Accumulated Depreciation	(25,109,468)
Total	<u>\$ 5,948,975</u>
Capital Assets Activity	
Capital Assets, Net at December 31, 2023	\$ 6,538,764
Capital Additions in this Period	0
Depreciation Expense	(589,789)
Capital Assets, Net at December 31, 2024	<u>\$ 5,948,975</u>

Debt Administration

The Authority obtained a loan in the amount of \$843,000 on June 1, 2002. The proceeds were used for the Zanesville Caretown Preschool building. During 2014, the Authority refinanced this loan, the refinanced amount was \$460,000 on March 18, 2014 and the new monthly installment of \$2,801.99, which began April 18, 2014. Changes in debt in the period is summarized as follows:

Outstanding Principal Balance as of December 31, 2023	\$ 279,804
Less:	
Principal Payments made during the Year	(23,613)
Outstanding Principal Balance as of December 31, 2024	<u>\$ 256,191</u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)**

Economic Factors

The economic outlook for the Zanesville Metropolitan Housing Authority continues to be uncertain. HUD continues the several year trend of paying admin fees for the Housing Choice Voucher program at prorations considerably lower than 100 percent, and paying operating subsidy for the Public Housing program at less than full eligibility. In addition, funding for the Capital Fund Program has also continued to be at levels well below fully funded. These cuts continuing over so many periods present obvious challenges to management to properly administer agency programs and adequately provide services to clients. Unfortunately, primarily due to the Federal budget situation, the forecast for significant improvement in the funding stream is not optimistic for the Public Housing industry. Locally the Authority is being impacted by negative employment factors of stagnant job growth and a sluggish economic market.

Request for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Julie Huntsman, Finance Coordinator, and Zanesville Metropolitan Housing Authority, 407 Pershing, Zanesville, Ohio 43701.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government	Component Unit
<u>Assets and Deferred Outflows of Resources</u>		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 5,389,892	\$ 45,380
Restricted Cash and Cash Equivalents	508,523	3,328,966
Investments	3,103,261	0
Receivables, Net of Allowance	41,521	26,035
Inventory, Net of Allowance	443,066	0
Prepaid Expenses and Other Assets	212,290	192,565
Total Current Assets	<u>9,698,553</u>	<u>3,592,946</u>
Non-Current Assets:		
Capital Assets		
Non-Depreciable Capital Assets	1,175,509	0
Depreciable Capital Assets, Net	4,773,466	16,654,650
Total Capital Assets	<u>5,948,975</u>	<u>16,654,650</u>
Other Non-Current Assets		
Note Receivable	1,078,432	0
Net Pension Asset	109,886	0
Net OPEB Asset	88,863	0
Other Assets	84,964	8,418,598
Total Other Non-Current Assets	<u>1,362,145</u>	<u>8,418,598</u>
Total Non-Current Assets	<u>7,311,120</u>	<u>25,073,248</u>
Total Assets	<u>17,009,673</u>	<u>28,666,194</u>
Deferred Outflows of Resources		
Pension	826,311	0
OPEB	80,438	0
Total Deferred Outflows of Resources	<u>906,749</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,916,422</u>	<u>\$ 28,666,194</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 24,842	\$ 211,938
Accrued Interest Payable	0	33,454
Accrued Liabilities	154,295	372,011
Tenant Security Deposits	168,337	106,312
Unearned Revenue	6,826	7,994
Bonds, Notes, and Loans Payable	24,361	192,354
Total Current Liabilities	<u>378,661</u>	<u>924,063</u>
Non-Current Liabilities		
Accrued Compensated Absences - Non-Current	251,443	0
Non-Current Liabilities - Other	264,993	82,163
Net Pension Liability	2,503,633	0
Long-Term Debt - Notes Payable and Loans	231,830	23,008,091
Total Non-Current Liabilities	<u>3,251,899</u>	<u>23,090,254</u>
Total Liabilities	<u>3,630,560</u>	<u>24,014,317</u>
Deferred Inflows of Resources		
Pension	30,169	0
OPEB	51,168	0
Total Deferred Inflows of Resources	<u>81,337</u>	<u>0</u>
Net Position		
Net Investment in Capital Assets	5,692,784	2,700,884
Restricted Net Position	235,450	3,209,780
Unrestricted Net Position	8,276,291	(1,258,787)
Total Net Position	<u>14,204,525</u>	<u>4,651,877</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,916,422</u>	<u>\$ 28,666,194</u>

See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2024**

Operating Revenues

Government Grants	\$ 6,763,353
Tenant Revenue	1,222,005
Other Revenue	548,393
Total Operating Revenues	<u>8,533,751</u>

Operating Expenses

Administrative	1,562,952
Tenant Services	332,137
Utilities	254,512
Maintenance	1,791,146
Insurance and General	448,686
Housing Assistance Payments	3,996,049
Depreciation	589,789
Total Operating Expenses	<u>8,975,271</u>
Operating Income (Loss)	<u>(441,520)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Revenue	290,880
Interest Expense	(8,203)
Total Non-Operating Revenues (Expenses)	<u>282,677</u>
Change in Net Position	(158,843)

Total Net Position, Beginning of Year	<u>14,363,368</u>
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Total Net Position - End of Year	<u><u>\$ 14,204,525</u></u>
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See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2024**

Operating Revenues

Tenant Revenue	\$ 2,832,922
Total Operating Revenues	<u>2,832,922</u>

Operating Expenses

Administrative	345,478
Utilities	884,103
Maintenance	763,213
Insurance	213,072
General	310,032
Depreciation	771,864
Total Operating Expenses	<u>3,287,762</u>
Operating Income (Loss)	<u>(454,840)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Revenue	12,277
Interest and Amortization Expense	(424,004)
Total Non-Operating Revenues (Expenses)	<u>(411,727)</u>
Change in Net Position	<u>(866,567)</u>

Total Net Position, Beginning of Year, Restated	<u>5,518,444</u>
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Total Net Position - End of Year	<u><u>\$ 4,651,877</u></u>
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See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF CASH FLOWS
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2024**

Cash Flows from Operating Activities

Cash Received from HUD/Other Governments	\$ 6,787,251
Cash Received from Tenants	1,226,096
Cash Received - Other	831,841
Cash Payments for Housing Assistance	(3,996,049)
Cash Payments for Other Operating Expenses	(4,259,810)
Net Cash Used by Operating Activities	589,329

Cash Flows from Capital and Related Financing Activities

Principal Payment on Debt	(23,613)
Interest Paid on Debt	(8,203)
Net Cash (Used for) Capital and Other Related Activities	(31,816)

Cash Flows from Investing Activities

Interest and Investment Income Received	290,880
Change in Investments	(54,557)
Change in Note Receivable	(100,000)
Net Cash Provided from Investing Activities	136,323
Net Change in Cash	693,836

Cash and Cash Equivalents - Beginning of Year	5,204,579
Cash and Cash Equivalents - End of Year	\$ 5,898,415

**Reconciliation of Net Operating Income to
Net Cash Provided by Operating Activities**

Net Operating Income (Loss)	\$ (441,520)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	589,789
(Increase) Decrease in:	
Accounts Receivable	306,861
Inventory, Net of Allowance	124,702
Prepaid and Other Assets	(33,758)
Net Pension and OPEB Assets	(117,521)
Deferred Outflows of Resources	503,740
Increase (Decrease) in:	
Accounts Payable	(7,947)
Accrued Liabilities/Unearned Revenue	41,680
Accrued Compensated Absences and Other Non-Current	30,349
Tenant Security Deposits	5,585
Deferred Inflows of Resources	(6,547)
Net Pension and OPEB Liabilities	(406,084)
Net Cash Provided by Operating Activities	\$ 589,329

See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1: REPORTING ENTITY

Introduction

The Zanesville Metropolitan Housing Authority (the Authority), was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. Under the United States Housing Act of 1937, as amended, the United States Department of Housing and Urban Development (HUD) is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that the primary government is financially accountable for or the nature and significance of the relationship between the entity and primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. Based upon the application of these criteria, including the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* (as amended by GASB Statement No. 61) this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the operating entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements.

Description of Programs

The following are the various programs which are included in the single enterprise fund:

A. Public Housing Program

The Public Housing Program is designed to provide low-cost housing within the County. Under this Program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the Program.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 1: **REPORTING ENTITY** (Continued)

Description of Programs (Continued)

B. Capital Fund Program

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development housing.

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency

Grants funded by HUD that are intended to fund programs to help residents work toward self-sufficiency and economic independence and move from welfare to work.

E. Business Activity

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is used to account for the rental income received from the daycare facility known as Careytown Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

F. FSS Escrow Forfeiture Account Program

Within the Housing Choice Voucher and Public Housing programs, the Family Self-Sufficiency program provides families opportunities for education, job training counseling and other support to help the families achieve self-sufficiency. As a participant's skills improve, earnings likely increase the participant's rent amount and under the program the increased rent amounts are placed into an escrow account for the family and upon graduation families withdraw funds from the escrow account. Escrows of participants failing to graduate or otherwise withdrawing from the program are forfeited to be used for the benefit of any FSS participant in good standing under the FSS Escrow Forfeiture Account program.

G. Discretely Presented Component Unit

Coopermill Manor is an Ohio Limited Partnership that was created for the purpose of providing low-income housing. The 324 units have been converted to Project Based Rental Assistance units (PBRA) under the HUD's Office of Housing Multifamily. The Authority staff operates and manages the units.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Fund Accounting

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments such as CDs, with initial maturities of 3 months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

Investments

The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the period ending December 31, 2024 totaled \$290,880.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Building and Improvements	10 – 40 years
Furniture, Fixtures, and Equipment	3-10 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Position

Net Position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing or other liability incurred for the acquisition, construction, or improvement of those assets. Net Position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax-exempt entity under the Internal Revenue Code.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Authority recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability is incurred in the proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The Authority's policy permits employees to accumulate earned but unused benefits, which are eligible for payments at the employee's current pay rate upon separation from employment.

Sick - The Authority's policy permits employees to accumulate earned but unused sick leave. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Authority's termination policy. The Authority adopted the last-in first-out (LIFO) method for sick time used.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board of Commissioners adopts the budget through passage of budget resolution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability(asset), deferred outflows of resources and deferred inflows of resources related to pensions/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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving or receiving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sale taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB Statement No. 33 establishes two distinct standards upon the kind of stipulation imposed by the provider.

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

Change in Accounting Principle

GASB Statement No. 101, Compensated Absences The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or the Ohio Pooled Collateral System (OPCS).

At December 31, 2024, the carrying amount of the Authority's deposits totaled \$6,242,714 and its bank balance was \$6,275,766. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2024, \$408,841 was exposed to custodial risk as discussed below, while \$5,866,925 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 102 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held as specific collateral at the Federal Reserve Bank in the name of the Authority.

Investments

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fair value is determined by quoted market prices and acceptable other pricing methodologies. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Authority's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs). The following identify the Authority's recurring fair value measurement value.

As of December 31, 2024, the Authority had the following investments:

	Measurement Value	Level Input	Credit Rating	Investment Maturities (in Years)		
				<1	1-3	3-5
Money Market	\$ 981,273	N/A	N/A	\$ 981,273	\$ 0	\$ 0
Negotiable Certificates of Deposit	1,580,967	2	N/A	675,810	804,495	100,662
U.S. Treasuries	96,944	2	N/A	96,944	0	0
Federal Home Loan Mortgage Corporation	99,778	2	AA+/AAA	99,778	-	0
Total Investments	<u>\$ 2,758,962</u>			<u>\$ 1,853,805</u>	<u>\$ 804,495</u>	<u>\$ 100,662</u>

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 5 years.

Custodial Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreements specifically requires compliance with the HUD requirement. The Authority's investment in negotiable certificates of deposit of \$1,580,967 were fully insured by FDIC.

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2024 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	\$ 5,389,892
Cash - Restricted	508,523
Investments - Unrestricted	3,103,261
Total	<u>\$ 9,001,676</u>
Carrying Amount of Deposits	\$ 6,242,714
Investments	2,758,962
Total	<u>\$ 9,001,676</u>

Restricted Cash

The restricted cash balance of \$508,523 on the financial statements represents the following:

Unspent FSS Forfeitures	\$ 36,701
Family Self-Sufficiency Escrows	264,993
Tenant Security Deposit Liability	168,337
Other	38,492
Total Restricted Cash	<u>\$ 508,523</u>

Discretely Presented Component Unit

Cash and cash equivalents include all cash balances with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. Restricted cash of \$3,328,966 includes cash held with financial institutions for tenant security deposits, repairs or improvement to the buildings which extend their useful lives, funding of the working capital reserve, funding of the operating reserve, cash held in the FSS program escrow account, annual insurance payments and funds held in connection with the mortgage.

NOTE 4: ACCOUNT RECEIVABLES

As of December 31, 2024, the accounts receivable balance of \$41,521 represents the following:

Due from Tenants and Clients	\$ 40,908
Allowance for Doubtful Accounts	(18,820)
Due from HUD	19,433
	<u>\$ 41,521</u>

NOTE 5: DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability/asset 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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (continued)

Net Pension Liability/Asset (continued)

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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

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

In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan and the Combined Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377. Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional Pension Plan and the Combined Plan were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan and the Combined Plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

When a Traditional Pension Plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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.

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NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	State and Local		
	Traditional Pension Plan	Combined Plan	Member- Directed Plan
2023-2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	14.0 %	14.0 %
Employee *	10.0 %	10.0 %	10.0 %
2023-2024 Actual Contribution Rates			
Employer:			
Pension	14.0 %	12.0 %	10.0 %
Post-Employment Health Care Benefits	0.0 %	2.0 %	4.0 %
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>10.0 %</u>

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

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

For fiscal year ending December 31, 2024, the Authority's contractually required contributions used to fund pension benefits was \$229,338 for the Traditional Pension Plan and \$20,353 for the Combined Plan.

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

The net pension liability/asset for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/asset 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:

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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Prior Measurement Date	0.009638%	0.034464%	
Current Measurement Date	0.009563%	0.035749%	
Change in Proportionate Share	<u>-0.000075%</u>	<u>0.001285%</u>	
Proportionate Share of the:			
Net Pension Liability	\$ 2,503,633	\$ 0	\$ 2,503,633
Net Pension Asset	\$ 0	\$ 109,886	\$ 109,886
Pension Expense	\$ 236,183	\$ 8,733	\$ 244,916

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 505,339	\$ 17,874	\$ 523,213
Differences between expected and actual experience	40,920	4,453	45,373
Changes of assumptions	0	4,085	4,085
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	3,949	3,949
Authority contributions subsequent to the measurement date	<u>229,338</u>	<u>20,353</u>	<u>249,691</u>
Total Deferred Outflows of Resources	<u>\$ 775,597</u>	<u>\$ 50,714</u>	<u>\$ 826,311</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 0	\$ 10,863	\$ 10,863
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>14,816</u>	<u>4,490</u>	<u>19,306</u>
Total Deferred Inflows of Resources	<u>\$ 14,816</u>	<u>\$ 15,353</u>	<u>\$ 30,169</u>

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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

\$249,691 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 or increase to the net pension asset in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2025	\$ 114,196	\$ 3,310	\$ 117,506
2026	166,725	5,518	172,243
2027	322,479	10,271	332,750
2028	(71,957)	(3,401)	(75,358)
2029	0	(152)	(152)
Thereafter	0	(538)	(538)
Total	<u>\$ 531,443</u>	<u>\$ 15,008</u>	<u>\$ 546,451</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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NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	2.3 percent simple through 2024, then 2.05 percent simple	2.3 percent simple through 2024, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	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.

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NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023. The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	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/Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability/asset 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/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

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NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate (Continued)

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 3,941,390	\$ 2,503,633	\$ 1,307,836
Combined Plan	\$ (66,493)	\$ (109,886)	\$ (144,068)

NOTE 6: DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

GASB 75 assumes any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB 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*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *current liabilities*.

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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NOTE 6: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. In 2023 and 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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NOTE 6: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The Authority's contractually required contribution allocated to health care was \$3,659 for the year ending December 31, 2024.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.009936%
Current Measurement Date	<u>0.009846%</u>
Change in Proportionate Share	<u>-0.000090%</u>
 Proportionate Share of the Net OPEB Liability (Asset)	 \$ (88,863)
OPEB Expense	\$ (14,696)

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 53,366
Changes of assumptions	22,878
Changes in proportion and differences between Authority contributions and proportionate share of contributions	535
Authority contributions subsequent to the measurement date	<u>3,659</u>
Total Deferred Outflows of Resources	<u><u>\$ 80,438</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 12,647
Changes of assumptions	38,199
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>322</u>
Total Deferred Inflows of Resources	<u><u>\$ 51,168</u></u>

\$3,659 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Year Ending December 31:	
2025	\$ (2,232)
2026	4,324
2027	41,540
2028	<u>(18,021)</u>
Total	<u><u>\$ 25,611</u></u>

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NOTE 6: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

Pre-retirement mortality rates are based on 130% 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.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio.

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 6: DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 5.70 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 48,836	\$ (88,863)	\$ (202,926)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability 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 liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	\$ (92,552)	\$ (88,863)	\$ (84,676)

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 7: NON-CURRENT ASSETS

Note Receivable

On November 1, 2015, the Authority entered into a loan with Coopermill Manor LP (the Partnership) in the amount of \$450,000 to fund the development of the Project (the “Development Loan”). The Development Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The Development Loan is secured by an Authority funds note and an Authority funds mortgage. As of December 31, 2024, the Development Loan had an outstanding balance of \$192,716, and accrued interest receivable of \$20,417. Due to uncertainty of future principal and interest payments on the Development loan, interest will be recognized when received.

Note receivable at December 31, 2024 also includes an amount of \$57,635 due from Parents Group Child Care Council of Zanesville, a non-profit entity that operates a child daycare center in property leased from the Authority.

The Authority is obligated to provide funds to the Partnership in an amount up to \$1,050,000 during the Operating Deficit Guaranty Period, as defined in the Partnership Agreement, so as to permit the Partnership to meet all reasonable current costs of owning and operating the Project (the “Operating Deficit Guaranty”). As of December 31, 2024, \$828,081 was advanced under the Operating Deficit Guaranty and is included in note receivable. The balance is unsecured and is at 0% interest. Repayment is based on cash flow as defined in the Partnership Agreement, and subordinate to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee.

Discretely Presented Component Unit

Contingent Ground Lease – Coopermill Manor

On November 1, 2015, the Partnership entered into a 70-year ground lease agreement (the “Ground Lease”) with ZMHA totaling \$10,700,000 to lease the land and building or a former Public Housing project. The term of the Ground Lease commenced on November 1, 2015 and will terminate on November 30, 2085. The lease is classified as a finance lease. The Ground Lease will be amortized over a 40-year period, aligning with the end of its useful life. As of December 31, 2024, accumulated amortization totaled \$2,453,671.

Deferred Charges and Amortization

Deferred charges include tax credit fees of \$367,247. Tax credit fees are amortized on a straight-line basis over the 15-year tax credit period (the “Compliance Period”). Amortization expense for the year ended December 31, 2024 was \$24,483. Accumulated amortization as of December 31, 2024 was \$194,978.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 8: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,175,509	\$ 0	\$ 0	\$ 1,175,509
Total Capital Assets Not Being Depreciated	<u>1,175,509</u>	<u>0</u>	<u>0</u>	<u>1,175,509</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	28,537,625	0	0	28,537,625
Equipment and Vehicles	1,345,309	0	0	1,345,309
Total Capital Assets Being Depreciated	<u>29,882,934</u>	<u>0</u>	<u>0</u>	<u>29,882,934</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(23,415,692)	(510,546)	0	(23,926,238)
Equipment and Vehicles	(1,103,987)	(79,243)	0	(1,183,230)
Total Accumulated Depreciation	<u>(24,519,679)</u>	<u>(589,789)</u>	<u>0</u>	<u>(25,109,468)</u>
Depreciable Assets, Net	<u>5,363,255</u>	<u>(589,789)</u>	<u>0</u>	<u>4,773,466</u>
Total Capital Assets, Net	<u>\$ 6,538,764</u>	<u>\$ (589,789)</u>	<u>\$ 0</u>	<u>\$ 5,948,975</u>

Discretely Presented Component Unit

The following is a summary of changes in capital assets:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<u>Capital Assets Being Depreciated</u>				
Buildings	\$ 19,136,909	\$ 0	\$ 0	\$ 19,136,909
Furniture for Project/Tenant Use	1,919,405	0	0	1,919,405
Miscellaneous Fixed Assets	2,030,105	0	0	2,030,105
Subtotal Capital Assets Being Depreciated	<u>23,086,419</u>	<u>0</u>	<u>0</u>	<u>23,086,419</u>
Accumulated Depreciation	(5,659,905)	(771,864)	0	(6,431,769)
Total Depreciable Capital Assets, Net	<u>\$ 17,426,514</u>	<u>\$ (771,864)</u>	<u>\$ 0</u>	<u>\$ 16,654,650</u>

NOTE 9: LONG-TERM DEBT – DIRECT BORROWINGS

Loan Payable - Century National Bank

The Authority has an outstanding note payable with Century National Bank of \$256,191, as of December 31, 2024. The original note was for \$843,000 dated June 1, 2002, to be used for construction of a daycare facility known as Careytown Day Care Center. The note was refinanced in year-end June 30, 2014, an interest rate of 4 percent fixed rate for five years with a variable rate thereafter. The rate at December 31, 2024 is 3 percent. The loan is amortized over a 20-year period. The note payable is secured by a first mortgage on the property and an assignment of rents on the property.

In the event of default, the lender may add any unpaid accrued interest to the principal and the sum shall bear interest until paid. The rate on the note shall be increased by an additional 6 percent default rate margin and the 6 percent default rate margin shall be applied each succeeding interest rate change that would have been applied had there been no default.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 9: LONG-TERM DEBT – DIRECT BORROWINGS (Continued)

Loan Payable - Century National Bank (Continued)

After the note would have matured had there been no default, the default rate margin will continue to apply to the final interest rate described in the note.

Year Ended December 31	Principal	Interest	Total
2025	24,361	7,455	31,816
2026	25,112	6,704	31,816
2027	25,887	5,929	31,816
2028	26,670	5,146	31,816
2029	27,508	4,308	31,816
2030-2034	126,653	8,563	135,216
Totals	\$ 256,191	\$ 38,105	\$ 294,296

The following is a summary of changes in long-term liabilities for the year ended December 31, 2024:

	Primary Government				
	Balance at 12/31/2023	Issued	Retired	Balance at 12/31/2024	Due within One Year
<u>Long-Term Liabilities</u>					
Loan Payable	\$ 279,804	\$ 0	\$ (23,613)	\$ 256,191	\$ 24,361
FSS Escrows	239,158	173,644	(147,809)	264,993	0
Accrued Compensated Absences	269,550	4,514	0	274,064	22,621
Net Pension Liability	2,847,069	0	(343,436)	2,503,633	0
Net OPEB Liability	62,648	0	(62,648)	0	0
	\$ 3,698,229	\$ 178,158	\$ (577,506)	\$ 3,298,881	\$ 46,982

*- Net Change in Liability is Reported

Discretely Presented Component Unit

ZMHA Loan

On November 1, 2015, the Partnership entered into a loan with the Authority in the amount of \$450,000 to fund the development of the Project (the “ZMHA Loan”). The ZMHA Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The ZMHA Loan is secured by an Authority funds note and an Authority funds mortgage. As of December 31, 2024, the ZMHA Loan had an outstanding balance of \$192,716. As of December 31, 2024, accrued interest payable totaled \$20,417. Because payments on this debt is subject to available cash flow, future payments cannot be projected.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 9: **LONG-TERM DEBT – DIRECT BORROWINGS** (Continued)

Discretely Presented Component Unit (Continued)

Seller Loan Payable

On November 1, 2015, the Partnership entered into a loan with the Authority in the amount of \$10,700,000 related to the Authority's transfer of a leasehold interest in the Project (the "Seller Loan"). The Seller Loan bears an interest rate at of 5 percent per annum, compounding annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. Due to the uncertainty of future principal and interest payments on the Seller Loan, interest will be expensed consistent with cash payments made on the Seller Loan's interest. The Seller Loan is secured by a leasehold acquisition mortgage, assignment of leases and rents, security agreement, and fixture filing. At December 31, 2024, the unpaid interest on the Seller Loan totaled \$6,037,539. As of December 31, 2024, the outstanding principal balance of the loan is \$10,700,000.

Due to the uncertainty of future principle and interest payments on the Seller Loan, the note receivable and corresponding prepaid lease are not reported on the financial statements of the Authority, and interest will be recognized when it is received. The Component unit's Balance Sheet contains the Seller Loan payable of \$10,700,000, reported as a right-of-use lease liability, but this amount is offset by a prepaid ground lease in the same amount reported as a right-of-use asset.

Permanent-Loan

On July 1, 2020, the Partnership entered into an FHA-insured mortgage loan with ORIX Real Estate Capital, LLC, in the amount of \$12,030,100 to refinance their FHA-insured mortgage with Red Mortgage Capital LLC (the "Permanent Loan"). The Permanent Loan bears interest at a rate of 3.40 percent, per annum. Beginning August 1, 2020, interest and principal payments are due and payable monthly over the term of the Permanent Loan in the amount of \$47,707. All unpaid accrued interest and principal are due and payable on the maturity date of July 1, 2057. Prepayment of the Permanent Loan is allowed, but subject to a prepayment premium of 10 percent, commencing September 1, 2020, and decreasing 1 percent annually thereafter. The Permanent Loan is secured by, among other things, a first mortgage deed to secure debt or deed of trust. For the year ended December 31, 2024, interest incurred on the Permanent Loan was \$386,556. At December 31, 2024, accrued interest on the Permanent Loan totaled \$33,454.

HDAP-Loan

On November 1, 2015, the Partnership entered into a loan with Zanesville MHA and Ohio Housing Finance Agency in the amount of \$750,000 to fund the development of the Project (the "HDAP Loan"). The HDAP Loan bears an interest rate of 2 percent, per annum, compounding semi-annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. For the year ended December 31, 2024, interest incurred was \$8,786. As of December 31, 2024, accrued interest on the HDAP Loan is \$61,746.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 9: **LONG-TERM DEBT – DIRECT BORROWINGS** (Continued)

Discretely Presented Component Unit (Continued)

Operating Deficit Guaranty

The Authority is obligated to provide funds to the Partnership in an amount up to \$1,050,000 during the Operating Deficit Guaranty Period, as defined in the Partnership Agreement, so as to permit the Partnership to meet all reasonable current costs of owning and operating the Project (the “Operating Deficit Guaranty”). As of December 31, 2024, \$828,081 was advanced under the Operating Deficit Guaranty and is included in long term debt – notes payable and loans. The balance is unsecured and is at 0% interest. Repayment is based on cash flow as defined in the Partnership Agreement, and subordinate to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee.

Long Term Debt – Notes Payable and Loans consists of the following as of December 31, 2024:

Permanent Loan	\$ 11,268,069
HDAP Loan	477,175
Total Principal Balance	11,745,244
Less: Unamortized Debt Issuance Costs	(265,596)
Permanent Loan and HDAP Loan, Net of Unamortized Debt Issuance Costs	11,479,648
Seller Loan Payable	10,700,000
ZMHA Loan	192,716
Operating Deficit Guaranty Note	828,081
Total Long-Term Debt - Notes Payable and Loans	\$ 23,200,445

Debt issuance costs are being amortized to interest expense over the term of the mortgages. For the ended December 31, 2024, interest expense for debt issuance costs was \$13,901. For the year ended December 31, 2024, the effective interest rate of the Permanent Loan, which includes interest expense and amortization of debt issuance costs, was 3.52 percent.

Future minimum principal payment requirements on the Permanent Loan over the next five years and thereafter are as follows:

2025	\$ 192,354
2026	198,996
2027	205,869
2028	212,978
2029	220,334
Thereafter	10,714,713
Total	<u>\$ 11,745,244</u>

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 9: LONG-TERM DEBT – DIRECT BORROWINGS (Continued)

Discretely Presented Component Unit (Continued)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2024:

	Discretely Presented Component Unit				
	Balance at 12/31/2023	Issued	Retired	Balance at 12/31/2024	Due within One Year
<u>Long-Term Liabilities</u>					
Permanent Loan	\$ 11,454,002	\$ 0	\$ (185,933)	\$ 11,268,069	192,354
HDAP Loan	477,175	0	0	477,175	0
Unamortized Debt Issuance Costs	(279,497)	0	13,901	(265,596)	0
Ground Lease	10,700,000	0	0	10,700,000	0
ZMHA Loan	192,716	0	0	192,716	0
Operating Deficit Guaranty Note	728,081	100,000	0	828,081	0
Interest Payable ZMHA Loan	16,238	4,179	0	20,417	0
Interest Payable HDAP Loan	52,960	8,786	0	61,746	0
	<u>\$ 23,341,675</u>	<u>\$ 112,965</u>	<u>\$ (172,032)</u>	<u>\$ 23,282,608</u>	<u>\$ 192,354</u>

NOTE 10: ECONOMIC DEPENDENCY

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

NOTE 11: 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 period ending December 31, 2024, the Authority maintained comprehensive insurance coverage with private carriers for real estate property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority operates a self-insurance program for health insurance, which is administered by The Employee Benefit Service Center.

The Authority is a member of HARRG, which is a risk retention group operated as a joint venture by its more than 1,000 public housing authority members. Through HARRG, the Authority carries general liability coverage, public officials' liability coverage, and commercial auto coverage.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its more than 1,000 public housing authority members. Through HAPI, the Authority carries commercial property and fidelity coverage.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 11: RISK MANAGEMENT (Continued)

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

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 12: CONTINGENCIES/LITIGATIONS AND CLAIMS

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2024, the Authority was not involved in such matters.

NOTE 13: RESTRICTED NET POSITION

Restricted net position of \$235,450 is composed of the following:

Unspent Family Self-Sufficiency Escrow Forfeitures	\$ 36,701
Restricted for the GASB 68 Net Pension Asset	109,886
Restricted for the GASB 75 Net OPEB Asset	<u>88,863</u>
Total Restricted Net Position	<u>\$ 235,450</u>

NOTE 14: RESTATEMENT OF NET POSITION

The discretely presented component unit determined that as of December 31, 2023, the right to use asset – ground lease was overstated by \$2,186,171 due to the asset not being amortized over the life of the underlying lease, and determined that the net position as of the fiscal year-end December 31, 2023 should be restated based on corrections to the asset balance. The overstatement resulted in an understatement of net loss of \$267,500 for the year ended December 31, 2024 and prior periods.

Net Position - December 31, 2024, as previously reported	\$ 7,704,615
Error correction to the Right-to-use Asset	<u>(2,186,171)</u>
Net Position - December 31, 2024, Restated	<u>\$ 5,518,444</u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.009563%	0.009638%	0.009806%	0.010578%	0.010066%	0.010174%	0.010430%	0.011355%	0.011620%	0.012276%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,503,633	\$ 2,847,069	\$ 853,162	\$ 1,566,372	\$ 1,989,613	\$ 2,786,452	\$ 1,636,265	\$ 2,578,527	\$ 2,012,729	\$ 1,480,623
Authority's Covered Payroll	\$ 1,574,057	\$ 1,493,971	\$ 1,423,079	\$ 1,489,850	\$ 1,416,336	\$ 1,374,129	\$ 1,356,462	\$ 1,335,950	\$ 1,477,717	\$ 1,526,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.06%	190.57%	59.95%	105.14%	140.48%	202.78%	120.63%	193.01%	136.21%	96.97%
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%
Combined Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.035749%	0.034464%	0.032550%	0.033444%	0.032824%	0.033350%	0.034827%	0.045827%	0.044480%	0.048646%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (109,886)	\$ (81,228)	\$ (128,249)	\$ (96,541)	\$ (68,446)	\$ (37,293)	\$ (47,411)	\$ (25,506)	\$ (21,644)	\$ (18,730)
Authority's Covered Payroll	\$ 164,158	\$ 159,664	\$ 148,393	\$ 147,386	\$ 146,121	\$ 142,636	\$ 164,846	\$ 149,525	\$ 161,100	\$ 167,975
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	66.94%	50.87%	86.43%	65.50%	46.84%	26.15%	28.76%	17.06%	13.44%	11.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

See accompanying notes to the required supplementary information

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 229,338	\$ 220,368	\$ 209,156	\$ 199,231	\$ 208,579	\$ 198,287	\$ 192,378	\$ 176,340	\$ 160,314	\$ 177,326
Combined Plan	<u>20,353</u>	<u>19,699</u>	<u>22,353</u>	<u>20,775</u>	<u>20,634</u>	<u>20,457</u>	<u>19,969</u>	<u>21,430</u>	<u>17,943</u>	<u>19,332</u>
Total Required Contributions	\$ 249,691	\$ 240,067	\$ 231,509	\$ 220,006	\$ 229,213	\$ 218,744	\$ 212,347	\$ 197,770	\$ 178,257	\$ 196,658
Contributions in Relation to the Contractually Required Contribution	<u>\$ (249,691)</u>	<u>\$ (240,067)</u>	<u>\$ (231,509)</u>	<u>\$ (220,006)</u>	<u>\$ (229,213)</u>	<u>\$ (218,744)</u>	<u>\$ (212,347)</u>	<u>\$ (197,770)</u>	<u>\$ (178,257)</u>	<u>\$ (196,658)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 1,638,129	\$ 1,574,057	\$ 1,493,971	\$ 1,423,079	\$ 1,489,850	\$ 1,416,336	\$ 1,374,129	\$ 1,356,462	\$ 1,335,950	\$ 1,477,717
Combined Plan	<u>169,608</u>	<u>164,158</u>	<u>159,664</u>	<u>148,393</u>	<u>147,386</u>	<u>146,121</u>	<u>142,636</u>	<u>164,846</u>	<u>149,525</u>	<u>161,100</u>
Total Covered Payroll	\$ 1,807,737	\$ 1,738,215	\$ 1,653,635	\$ 1,571,472	\$ 1,637,236	\$ 1,562,457	\$ 1,516,765	\$ 1,521,308	\$ 1,485,475	\$ 1,638,817
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
Combined Plan	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.009846%	0.009936%	0.010077%	0.010826%	0.010569%	0.010676%	0.011100%	0.012400%
Authority's Proportionate share of the Net OPEB Liability/(Asset)	\$ (88,863)	\$ 62,648	\$ (315,627)	\$ (192,874)	\$ 1,459,853	\$ 1,391,898	\$ 1,205,378	\$ 1,252,442
Authority's Covered Payroll	\$ 1,738,215	\$ 1,653,635	\$ 1,571,472	\$ 1,637,236	\$ 1,596,739	\$ 1,548,526	\$ 1,572,929	\$ 1,485,475
Authority's Proportionate share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-5.11%	3.79%	20.08%	11.78%	91.43%	89.89%	76.63%	84.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the as the information becomes available.

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

See accompanying notes to the required supplementary information.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,659	\$ 3,283	\$ 0	\$ 0	\$ 0	\$ 1,371	\$ 1,270	\$ 17,278	\$ 29,710	\$ 32,776
Contributions in Relation to the Contractually Required Contribution	<u>(3,659)</u>	<u>(3,283)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,371)</u>	<u>(1,270)</u>	<u>(17,278)</u>	<u>(29,710)</u>	<u>(32,776)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 1,814,394	\$ 1,738,215	\$ 1,653,635	\$ 1,571,472	\$ 1,637,236	\$ 1,596,739	\$ 1,548,526	\$ 1,572,929	\$ 1,485,475	\$ 1,638,817
Contributions as a Percentage of Covered Payroll	0.20%	0.19%	0.00%	0.00%	0.00%	0.09%	0.08%	1.10%	2.00%	2.00%

See accompanying notes to the required supplementary information.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2024.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net OPEB Liability

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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

	CFP P501-19	CFP P501-20	CFP E501-20	CFP P501-21	CFP E501-22
Funds approved	\$ 945,321	\$ 1,013,532	\$ 250,000	\$ 988,082	\$ 184,745
Funds Expended	945,321	1,013,532	250,000	988,082	184,745
Excess of (deficiency) of funds approved	\$ -	\$ -	\$ -	\$ -	\$ -
Funds advanced	\$ 945,321	\$ 1,013,532	\$ 250,000	\$ 988,082	\$ 184,745
Funds expensed	945,321	1,013,532	250,000	988,082	184,745
Excess of (deficiency) of funds advanced	\$ -	\$ -	\$ -	\$ -	\$ -

1. All modernization work in connection with the Capital Fund Program has been completed.
2. The entire actual modernization costs or liabilities incurred by the Authority have been fully paid.
3. There are no discharged mechanics, laborers, contractors, or material liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

Zanesville Metropolitan Housing Authority (OH009)
Zanesville, OH
Entity Wide Balance Sheet Summary
Fiscal Year End 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self- Sufficiency Program	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,396,825		\$45,380		\$33,330	\$453,869	\$905,732		\$1,600,136	\$5,435,272		\$5,435,272
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$44,948	\$36,701	\$3,209,780			\$18,640	\$220,045			\$3,530,114		\$3,530,114
114 Cash - Tenant Security Deposits	\$168,337		\$119,186							\$287,523		\$287,523
115 Cash - Restricted for Payment of Current Liabilities	\$19,486						\$366			\$19,852		\$19,852
100 Total Cash	\$2,629,596	\$36,701	\$3,374,346	\$0	\$33,330	\$472,509	\$1,126,143	\$0	\$1,600,136	\$9,272,761	\$0	\$9,272,761
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects							\$17,522	\$1,911		\$19,433		\$19,433
126 Accounts Receivable - Tenants	\$9,164		\$8,112							\$17,276		\$17,276
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,000		\$0							-\$3,000		-\$3,000
126.2 Allowance for Doubtful Accounts - Other	-\$4,000		\$0				\$0	\$0	\$0	-\$4,000		-\$4,000
127 Notes, Loans, & Mortgages Receivable - Current	\$14,257		\$17,923							\$32,180		\$32,180
128 Fraud Recovery							\$17,487			\$17,487		\$17,487
128.1 Allowance for Doubtful Accounts - Fraud							-\$11,820			-\$11,820		-\$11,820
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$16,421	\$0	\$26,035	\$0	\$0	\$0	\$23,189	\$1,911	\$0	\$67,556	\$0	\$67,556
131 Investments - Unrestricted	\$560,683					\$2,542,578				\$3,103,261		\$3,103,261
142 Prepaid Expenses and Other Assets	\$134,646		\$192,565			\$12,968	\$9,169		\$55,507	\$404,855		\$404,855
143 Inventories									\$464,566	\$464,566		\$464,566
143.1 Allowance for Obsolete Inventories									-\$21,500	-\$21,500		-\$21,500
144 Inter Program Due From									\$1,911	\$1,911	(\$1,911)	\$0
150 Total Current Assets	\$3,341,346	\$36,701	\$3,592,946	\$0	\$33,330	\$3,028,055	\$1,158,501	\$1,911	\$2,100,620	\$13,293,410	(\$1,911)	\$13,291,499
161 Land	\$1,024,522					\$130,987			\$20,000	\$1,175,509		\$1,175,509
162 Buildings	\$22,858,551		\$21,167,014			\$4,656,518			\$1,010,106	\$49,692,189		\$49,692,189
163 Furniture, Equipment & Machinery - Dwellings	\$212,934		\$1,919,405						\$160,431	\$2,292,770		\$2,292,770
164 Furniture, Equipment & Machinery - Administration	\$233,217					\$539,171	\$1,542		\$198,014	\$971,944		\$971,944
165 Leasehold Improvements									\$12,450	\$12,450		\$12,450
166 Accumulated Depreciation	-\$20,182,724		-\$6,431,769			-\$3,860,233	-\$904		-\$1,065,607	-\$31,541,237		-\$31,541,237
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,146,500	\$0	\$16,654,650	\$0	\$0	\$1,466,443	\$638	\$0	\$335,394	\$22,603,625	\$0	\$22,603,625
171 Notes, Loans and Mortgages Receivable - Non-Current						\$1,078,432				\$1,078,432		\$1,078,432
174 Other Assets	\$27,825		\$8,418,598			\$27,825	\$27,825		\$200,238	\$8,702,311		\$8,702,311
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$4,174,325	\$0	\$25,073,248	\$0	\$0	\$2,572,700	\$28,463	\$0	\$535,632	\$32,384,368	\$0	\$32,384,368
200 Deferred Outflow of Resources	\$126,945					\$126,945	\$126,945		\$525,914	\$906,749		\$906,749

Zanesville Metropolitan Housing Authority (OH009)
Zanesville, OH
Entity Wide Balance Sheet Summary
Fiscal Year End 12/31/2024

290 Total Assets and Deferred Outflow of Resources	\$7,642,616	\$36,701	\$28,666,194	\$0	\$33,330	\$5,727,700	\$1,313,909	\$1,911	\$3,162,166	\$46,584,527	(\$1,911)	\$46,582,616
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$17,237		\$211,938		\$110		\$6,022		\$1,473	\$236,780		\$236,780
321 Accrued Wage/Payroll Taxes Payable	\$15,201				\$1,382		\$4,686		\$65,615	\$86,884		\$86,884
322 Accrued Compensated Absences - Current Portion	\$10,509								\$12,112	\$22,621		\$22,621
325 Accrued Interest Payable			\$33,454							\$33,454		\$33,454
341 Tenant Security Deposits	\$168,337		\$106,312							\$274,649		\$274,649
342 Unearned Revenue	\$6,826		\$7,994							\$14,820		\$14,820
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$192,354			\$24,361				\$216,715		\$216,715
345 Other Current Liabilities	\$19,486		\$372,011			\$18,640	\$366			\$410,503		\$410,503
346 Accrued Liabilities - Other	\$5,829						\$469			\$6,298		\$6,298
347 Inter Program - Due To								\$1,911		\$1,911	(\$1,911)	\$0
310 Total Current Liabilities	\$243,425	\$0	\$924,063	\$0	\$1,492	\$43,001	\$11,543	\$1,911	\$79,200	\$1,304,635	(\$1,911)	\$1,302,724
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$22,180,010			\$231,830				\$22,411,840		\$22,411,840
352 Long-term Debt, Net of Current - Operating Borrowings			\$828,081							\$828,081		\$828,081
353 Non-current Liabilities - Other	\$44,948		\$82,163				\$220,045			\$347,156		\$347,156
354 Accrued Compensated Absences - Non Current	\$40,828					\$60,466	\$17,540		\$132,609	\$251,443		\$251,443
357 Accrued Pension and OPEB Liabilities	\$350,509					\$350,509	\$350,509		\$1,452,106	\$2,503,633		\$2,503,633
350 Total Non-Current Liabilities	\$436,285	\$0	\$23,090,254	\$0	\$0	\$642,805	\$588,094	\$0	\$1,584,715	\$26,342,153	\$0	\$26,342,153
300 Total Liabilities	\$679,710	\$0	\$24,014,317	\$0	\$1,492	\$685,806	\$599,637	\$1,911	\$1,663,915	\$27,646,788	(\$1,911)	\$27,644,877
400 Deferred Inflow of Resources	\$11,387					\$11,388	\$11,388		\$47,174	\$81,337		\$81,337
508.4 Net Investment in Capital Assets	\$4,146,500	\$0	\$2,700,884	\$0		\$1,210,252	\$638	\$0	\$335,394	\$8,393,668		\$8,393,668
511.4 Restricted Net Position	\$27,825	\$36,701	\$3,209,780	\$0		\$27,825	\$27,825	\$0	\$115,274	\$3,445,230		\$3,445,230
512.4 Unrestricted Net Position	\$2,777,194	\$0	-\$1,258,787	\$0	\$31,838	\$3,792,429	\$674,421	\$0	\$1,000,409	\$7,017,504		\$7,017,504
513 Total Equity - Net Assets / Position	\$6,951,519	\$36,701	\$4,651,877	\$0	\$31,838	\$5,030,506	\$702,884	\$0	\$1,451,077	\$18,856,402	\$0	\$18,856,402
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,642,616	\$36,701	\$28,666,194	\$0	\$33,330	\$5,727,700	\$1,313,909	\$1,911	\$3,162,166	\$46,584,527	(\$1,911)	\$46,582,616

Zanesville Metropolitan Housing Authority (OH009)

Zanesville, OH

Entity Wide Revenue and Expense Summary

Fiscal Year End 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,188,188		\$2,799,693							\$3,987,881		\$3,987,881
70400 Tenant Revenue - Other	\$33,817		\$33,229							\$67,046		\$67,046
70500 Total Tenant Revenue	\$1,222,005	\$0	\$2,832,922	\$0	\$0	\$0	\$0	\$0	\$0	\$4,054,927	\$0	\$4,054,927
70600 HUD PHA Operating Grants	\$1,841,216			\$224,362			\$4,551,265	\$55,756	\$14,220	\$6,686,819		\$6,686,819
70610 Capital Grants												
70710 Management Fee									\$622,807	\$622,807	-\$456,268	\$166,539
70720 Asset Management Fee									\$42,000	\$42,000	-\$42,000	\$0
70730 Book Keeping Fee									\$95,100	\$95,100	-\$95,100	\$0
70740 Front Line Service Fee									\$1,155,073	\$1,155,073	-\$1,155,073	\$0
70750 Other Fees									\$102,034	\$102,034		\$102,034
70700 Total Fee Revenue									\$2,017,014	\$2,017,014	-\$1,748,441	\$268,573
70800 Other Government Grants					\$76,534					\$76,534		\$76,534
71100 Investment Income - Unrestricted	\$135,009		\$5,667			\$133,310	\$22,502			\$296,488		\$296,488
71400 Fraud Recovery							\$15,650			\$15,650		\$15,650
71500 Other Revenue	\$60,578	\$27,783				\$123,937	\$10,120		\$41,752	\$264,170		\$264,170
71600 Gain or Loss on Sale of Capital Assets												
72000 Investment Income - Restricted		\$59	\$6,610							\$6,669		\$6,669
70000 Total Revenue	\$3,258,808	\$27,842	\$2,845,199	\$224,362	\$76,534	\$257,247	\$4,599,537	\$55,756	\$2,072,986	\$13,418,271	-\$1,748,441	\$11,669,830
91100 Administrative Salaries	\$207,015		\$71,070		\$16,263		\$80,807		\$473,507	\$848,662		\$848,662
91200 Auditing Fees	\$2,400		\$24,825				\$7,557		\$4,000	\$38,782		\$38,782
91300 Management Fee	\$354,052		\$166,539				\$102,216			\$622,807	-\$456,268	\$166,539
91310 Book-keeping Fee	\$31,215						\$63,885			\$95,100	-\$95,100	\$0
91400 Advertising and Marketing			\$2,342				\$1,000			\$3,342		\$3,342
91500 Employee Benefit contributions - Administrative	\$120,165		\$28,839		\$2,703		\$40,715		\$245,763	\$438,185		\$438,185
91600 Office Expenses	\$81,905		\$35,394		\$1,350	\$2,800	\$63,393		\$31,726	\$216,568		\$216,568
91700 Legal Expense	\$18,462		\$12,274						\$308	\$31,044		\$31,044
91800 Travel	\$10,847		\$245		\$213		\$3,243		\$15,565	\$30,113		\$30,113
91810 Allocated Overhead												
91900 Other	\$18,604		\$3,950		\$27,859	\$27,844	\$54,681		\$2,257	\$135,195		\$135,195
91000 Total Operating - Administrative	\$844,665	\$0	\$345,478	\$0	\$48,388	\$30,644	\$417,497	\$0	\$773,126	\$2,459,798	-\$551,368	\$1,908,430
92000 Asset Management Fee	\$42,000									\$42,000	-\$42,000	\$0
92100 Tenant Services - Salaries	\$21,366			\$130,434				\$30,503		\$182,303		\$182,303
92300 Employee Benefit Contributions - Tenant Services	\$16,352			\$93,928				\$16,420		\$126,700		\$126,700
92400 Tenant Services - Other	\$4,200	\$10,021				\$80		\$8,833		\$23,134		\$23,134
92500 Total Tenant Services	\$41,918	\$10,021	\$0	\$224,362	\$0	\$80	\$0	\$55,756	\$0	\$332,137	\$0	\$332,137

Zanesville Metropolitan Housing Authority (OH009)

Zanesville, OH

Entity Wide Revenue and Expense Summary

Fiscal Year End 12/31/2024

93100 Water	\$20,384		\$192,235			\$700	\$1,791		\$1,405	\$216,515		\$216,515
93200 Electricity	\$126,540		\$213,234			\$3,408	\$2,176		\$17,188	\$362,546		\$362,546
93300 Gas	\$49,669		\$159,031			\$1,586	\$313		\$9,335	\$219,934		\$219,934
93600 Sewer	\$7,150		\$319,603			\$1,460	\$3,378		\$8,029	\$339,620		\$339,620
93000 Total Utilities	\$203,743	\$0	\$884,103	\$0	\$0	\$7,154	\$7,658	\$0	\$35,957	\$1,138,615	\$0	\$1,138,615
94100 Ordinary Maintenance and Operations - Labor			\$303,903						\$573,679	\$877,582		\$877,582
94200 Ordinary Maintenance and Operations - Materials and Other	\$261,101		\$148,794			\$13,424			\$338,794	\$762,113	-\$225,587	\$536,526
94300 Ordinary Maintenance and Operations Contracts	\$957,639		\$187,197			\$55,190			\$10,244	\$1,210,270	-\$929,486	\$280,784
94500 Employee Benefit Contributions - Ordinary Maintenance			\$123,319						\$284,517	\$407,836		\$407,836
94000 Total Maintenance	\$1,218,740	\$0	\$763,213	\$0	\$0	\$68,614	\$0	\$0	\$1,207,234	\$3,257,801	-\$1,155,073	\$2,102,728
95100 Protective Services - Labor	\$71,102									\$71,102		\$71,102
95500 Employee Benefit Contributions - Protective Services	\$42,613									\$42,613		\$42,613
95000 Total Protective Services	\$113,715	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,715	\$0	\$113,715
96110 Property Insurance	\$113,166		\$74,441			\$10,114			\$16,428	\$214,149		\$214,149
96120 Liability Insurance	\$30,882					\$5,323	\$9,816		\$6,614	\$52,635		\$52,635
96130 Workmen's Compensation	\$1,675		\$1,424				\$461		\$4,667	\$8,247		\$8,247
96140 All Other Insurance	\$2,967		\$137,207						\$14,438	\$154,612		\$154,612
96100 Total Insurance Premiums	\$148,690	\$0	\$213,072	\$0	\$0	\$15,437	\$10,297	\$0	\$42,147	\$429,643	\$0	\$429,643
96200 Other General Expenses	\$49,926		\$290,950			\$18,950	\$1,799		\$21,042	\$382,667		\$382,667
96210 Compensated Absences									\$7,576	\$7,576		\$7,576
96300 Payments in Lieu of Taxes			\$292			\$135				\$427		\$427
96400 Bad debt - Tenant Rents	\$18,972		\$18,790							\$37,762		\$37,762
96000 Total Other General Expenses	\$68,898	\$0	\$310,032	\$0	\$0	\$19,085	\$1,799	\$0	\$28,618	\$428,432	\$0	\$428,432
96710 Interest of Mortgage (or Bonds) Payable			\$399,521			\$8,203				\$407,724		\$407,724
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs			\$24,483							\$24,483		\$24,483
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$424,004	\$0	\$0	\$8,203	\$0	\$0	\$0	\$432,207	\$0	\$432,207
96900 Total Operating Expenses	\$2,682,370	\$10,021	\$2,939,902	\$224,362	\$48,388	\$149,217	\$437,251	\$55,756	\$2,087,082	\$8,634,349	-\$1,748,441	\$6,885,908
97000 Excess of Operating Revenue over Operating Expenses	\$576,438	\$17,821	-\$94,703	\$0	\$28,146	\$108,030	\$4,162,286	\$0	-\$14,096	\$4,783,922	\$0	\$4,783,922
97100 Extraordinary Maintenance	\$437,411								\$14,220	\$451,631		\$451,631
97300 Housing Assistance Payments							\$3,987,202			\$3,987,202		\$3,987,202
97350 HAP Portability-In							\$8,847			\$8,847		\$8,847

Zanesville Metropolitan Housing Authority (OH009)
Zanesville, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End 12/31/2024

97400 Depreciation Expense	\$398,669		\$771,864			\$158,564	\$182		\$32,374	\$1,361,653		\$1,361,653
90000 Total Expenses	\$3,518,449	\$10,021	\$3,711,766	\$224,362	\$48,388	\$307,781	\$4,433,482	\$55,756	\$2,133,676	\$14,443,681	-\$1,748,441	\$12,695,240
10010 Operating Transfer In	\$238,759									\$238,759	-\$238,759	\$0
10020 Operating transfer Out	-\$238,759									-\$238,759	\$238,759	\$0
10091 Inter Project Excess Cash Transfer In	\$150,000									\$150,000		\$150,000
10092 Inter Project Excess Cash Transfer Out	-\$150,000									-\$150,000		-\$150,000
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$259,641	\$17,821	-\$866,567	\$0	\$28,146	-\$50,534	\$166,055	\$0	-\$60,690	-\$1,025,410	\$0	-\$1,025,410
11020 Required Annual Debt Principal Payments	\$0	\$0	\$185,933	\$0	\$0	\$23,612	\$0	\$0	\$0	\$209,545		\$209,545
11030 Beginning Equity	\$7,211,160	\$18,880	\$7,704,615	\$0	\$3,692	\$5,081,040	\$536,829	\$0	\$1,511,767	\$22,067,983		\$22,067,983
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$2,186,171							-\$2,186,171		-\$2,186,171
11170 Administrative Fee Equity							\$702,884			\$702,884		\$702,884
11180 Housing Assistance Payments Equity							\$0			\$0		\$0
11190 Unit Months Available	4200		3888				11352			19440		19440
11210 Number of Unit Months Leased	4162		3681				8518			16361		16361
11270 Excess Cash	\$2,706,563									\$2,706,563		\$2,706,563

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/ <i>Pass-Through Grantor/ Program Title</i>	Assistance Listing Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs</i>		
Public Housing Operating Fund	14.850	\$ 1,023,850
Resident Opportunity and Supportive Services - Service Coordinators	14.870	55,756
Housing Voucher Cluster:	14.871	4,551,265
Section 8 Housing Choice Vouchers		4,551,265
Total Housing Voucher Cluster		
	14.872	831,586
Public Housing Capital Fund		
PIH Family Self-Sufficiency	14.896	224,362
Total U.S. Department of Housing and Urban Development		6,686,819
<u>U.S. Department of Labor</u>		
<i>Passed Through Muskingum County Department of Jobs and Family Services</i>		
<i>WIOA Cluster:</i>		
WIOA Youth Activities	17.259	48,388
Total WIOA Cluster		48,388
Total U.S. Department of Labor		48,388
<u>U.S. Department of Health and Human Services</u>		
<i>Passed Through Muskingum County Department of Jobs and Family Services</i>		
Temporary Assistance for Needy Families	93.558	28,146
Total U.S. Department of Health and Human Services		28,146
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 6,763,353

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Zanesville Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Zanesville Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum County, Ohio (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 15, 2025. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are stylized and cursive.

BHM CPA Group, Inc.
Circleville, Ohio
June 15, 2025



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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Zanesville Metropolitan Housing Authority's, Muskingum County, (Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Zanesville Metropolitan Housing Authority's major federal programs for the year ended December 31, 2024. Zanesville Metropolitan Housing Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Zanesville Metropolitan Housing Authority

Muskingum County

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.

Circleville, Ohio

June 15, 2025

Zanesville Metropolitan Housing Authority
Muskingum County
Schedule of Findings
2 CFR § 200.515
December 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Housing Choice Voucher Cluster, ALN 14.871; Public Housing Operating Fund, ALN 14.850.
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



ZANESVILLE METROPOLITAN HOUSING AUTHORITY

MUSKINGUM 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 9/23/2025

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