

**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY**

Single Audit

For the Fiscal Year Ended September 30, 2024





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

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Knox 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

November 06, 2025

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**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX, OHIO**

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## **INDEPENDENT AUDITOR'S REPORT**

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

To the Board of Trustees

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

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

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

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

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

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

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

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

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



## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements.

I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Knox Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2025, on my consideration of the Knox Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Knox Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.  
Cleveland, Ohio

June 18, 2025

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

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

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

**FINANCIAL HIGHLIGHTS**

- During fiscal year 2024, the Authority’s net position increased by \$161,163. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$1,027,414 for and \$1,188,577 for fiscal year 2023 and fiscal year 2024, respectively.
- Revenues increased by \$490,213 during fiscal year 2024 and were \$4,444,223 and \$4,934,436 for fiscal year 2023 and fiscal year 2024, respectively.
- Expenses increased by \$638,631 during fiscal year 2024. Total expenses were \$4,134,642 and \$4,773,273 for fiscal year 2023 and fiscal year 2024, respectively.

**USING THIS ANNUAL REPORT**

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

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

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

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

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pages 12-15) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net position, which is similar to a Balance Sheet. The Statement of Net position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

Net Investment in Capital Assets: This component of Net position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted: Consists of Net Position that does not meet the definition of "Net position Invested in Capital Assets, Net of Related Debt", or "Restricted Net position".

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

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

Finally, Statement of Cash Flows (see page 15) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

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

**Fund Financial Statements**

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. The funds maintained by the Authority are required by the Department of Housing and Urban Development.

Business Type Activities:

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants’ rent at 30% of adjusted household income. CARES Act Funding is also included in this program. The CARES Act provided additional funding to housing authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

**Supportive Housing for Persons with Disabilities/Mainstream Vouchers** – these programs designated funding to assist clients with disabilities with a Housing Choice Voucher type Program.

**Family Self-Sufficiency Program** – This program is designed to provide funding for the Authority to administer the Family Self-Sufficiency Program for individuals who qualify for participation through the Housing Choice Voucher Program.

**Business Activities** – Represents resources developed from services provided to other metropolitan housing authorities and service contracts with local organizations, as well as rental of office space within the Authority’s administration building.

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

**Statement of Net Position**

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

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
Current and Other Assets	\$ 1,102,413	\$ 876,417
Capital Assets	<u>459,934</u>	<u>449,344</u>
Total Assets	1,562,347	1,325,761
Deferred Outflows of Resources	<u>151,983</u>	<u>228,362</u>
Total Assets and Deferred Outflows of Resources	\$ <u><u>1,714,330</u></u>	\$ <u><u>1,554,123</u></u>
Current Liabilities	\$ 76,277	\$ 61,485
Non-Current Liabilities	<u>430,778</u>	<u>458,897</u>
Total Liabilities	507,055	520,382
Deferred Inflows of Resources	<u>18,698</u>	<u>6,327</u>
Total Liabilities and Deferred Inflows of Resources	<u>525,753</u>	<u>526,709</u>
Net Position:		
Net Investment in Capital Assets	443,728	447,594
Restricted Net Position	21,278	6,486
Unrestricted Net Position	<u>723,571</u>	<u>573,334</u>
Total Net Position	<u>1,188,577</u>	<u>1,027,414</u>
Total Liabilities, Deferred Inflows and Net Position	\$ <u><u>1,714,330</u></u>	\$ <u><u>1,554,123</u></u>

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

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

Current and other non-current assets (primarily cash and cash equivalents) increased by \$225,996 due primarily to Net Income.

Capital assets increased \$10,590 which represents net effect of the current fiscal year's additions, disposals, and depreciation. For more detail see "Capital Assets and Debt Administration".

Total liabilities decreased by \$13,327 primarily due to a change in net pension liability and outstanding debt. The net pension and OPEB liabilities fluctuate based on information provided by the retirement system's year end reporting and the Authority's allocated proportion.

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

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

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position September 30, 2023		\$ 573,334
Results of Operations:	\$161,163	
Adjustments:		
Depreciation (1)	<u>36,943</u>	
Adjusted Results from Operations		198,106
Capital Purchases, net (2)		(37,384)
Retirement of Debt (2)		<u>(10,485)</u>
Unrestricted Net Position September 30, 2024		\$ <u>723,571</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Capital and debt related to capital changes impact the component of Net Position named Net Investment of Capital Assets, and therefore must be deducted in this calculation.

**CHANGE OF RESTRICTED NET POSITION**

Restricted Net Position September 30, 2023		\$6,486
Results of Operations:		
HAP Revenues in Excess of HAP Expenses	<u>\$14,792</u>	
Restricted Net Position September 30, 2024		\$ <u>21,278</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>Revenues</u></b>		
Operating Grants	\$ 4,762,234	4,183,320
Investment Income	8,734	4,442
Fraud Recovery	-	980
Other Revenues	163,468	255,481
<b>Total Revenues</b>	<b><u>4,934,436</u></b>	<b><u>4,444,223</u></b>
<b><u>Expenses</u></b>		
Administrative	554,809	413,288
Maintenance	11,718	6,503
General and Insurance	10,748	26,468
Pension and OPEB	(300)	(2,649)
Housing Assistance Payments	4,159,054	3,658,899
Interest Expense	300	-
Depreciation	36,944	32,133
<b>Total Expenses</b>	<b><u>4,773,273</u></b>	<b><u>4,134,642</u></b>
Change in Net Position	161,163	309,581
Net Position at Beginning of Year	1,027,414	717,833
Net Position at End of Year	<b><u>\$ 1,188,577</u></b>	<b><u>\$ 1,027,414</u></b>

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

Operating Grants increased by \$578,914 due to higher utilization in the Housing Choice Voucher Program during fiscal year 2024. An increase in the number of units under lease increased the amount of Housing Assistance Payments reimbursements from HUD.

Administrative Salaries and Benefits increased, due to filling of vacant positions. Housing Assistance Payments increased, once again due to higher utilization resulting in a greater number of units leased.

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

**Capital Assets**

As of September 30, 2024, the Authority had \$459,934 invested in Capital Assets as reflected in the following schedule, which represents a net increase (additions exceeded by depreciation) of \$10,591.

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
Land	\$ 65,249	\$ 65,249
Building and Improvement	324,920	324,920
Furniture & Equipment	109,192	83,732
Leasehold Improvements	216,467	204,542
Accumulated Depreciation/Amortization	<u>(255,894)</u>	<u>(229,100)</u>
Total	\$ <u><u>459,934</u></u>	\$ <u><u>449,343</u></u>

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

**Table 5 - Changes in Capital Assets**

Beginning Balance - September 30, 2023	\$ 449,344
Current year Additions	47,533
Current year Depreciation Expense	<u>(36,943)</u>
Ending Balance - September 30, 2024	\$ <u><u>459,934</u></u>

Changes to capital assets for fiscal year 2024 related to a new roof and HVAC system. There were also disposals of several fully depreciated assets.



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

**Debt Outstanding**

Debt outstanding of \$16,206 represents a lease liability related to the lease of a copier. Debt principal due within 12 months is \$3,162.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

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

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 2)	\$	988,407
Accounts Receivable – HUD		<u>16,130</u>
Total Current Assets		1,004,537

**Non-Current Assets**

Restricted Cash (Note 2)		54,006
Capital Assets: (Note 4)		
Nondepreciable Capital Assets		65,249
Depreciable Capital Assets		650,579
Accumulated Depreciation		<u>(255,894)</u>
Total Capital Assets		459,934
Net Pension Assets		14,422
Net OPEB Assets		<u>29,448</u>
Total Non-Current Assets		43,870

**Deferred Outflow of Resources**

Pension		139,609
OPEB		<u>12,374</u>
Total Deferred Outflow Resources		<u>151,983</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$	<u><u>1,714,330</u></u>

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

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

LIABILITIES DEFERRED INFLOW OF RESOURCES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$	17,155
Accrued Wages and Payroll Taxes		32,168
Accrued Compensated Absences		2,135
Unearned Revenue		8,613
Current Portion of Lease Liability		3,162
Total Current Liabilities		<u>63,233</u>

**Non-Current Liabilities**

Family Self-Sufficiency Deposit Payable		32,728
Lease Liability - Less Current Portion		13,044
Accrued Compensated Absences		19,219
Net Pension Liability		378,831
Total Non-Current Liabilities		<u>443,822</u>
Total Liabilities	\$	<u>507,055</u>

Deferred Inflow of Resources		
Pension		10,445
OPEB		8,253
Total Deferred Inflow of Resources	\$	<u>18,698</u>

**Net Position**

Net Investment in Capital Assets		443,728
Restricted		21,278
Unrestricted		723,571
Total Net Position		<u>1,188,577</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$	<u>1,714,330</u>

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

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

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 4,762,234
Other Revenue	<u>163,468</u>
Total Operating Revenue	4,925,702

**Operating Expenses:**

Housing Assistance Payments	4,159,054
Administrative	541,468
Maintenance	11,718
Depreciation and Amortization Expense	36,944
General and Insurance	<u>23,789</u>
Total Operating Expenses	<u>4,772,973</u>

Operating Income (Loss)	152,729
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Non-Operating Revenues (Expenses)

Interest Income	8,734
Interest Expense	<u>(300)</u>
Total Non-Operating Revenues (Expenses)	<u>8,434</u>

Change in Net Position	161,163
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Net Position - Beginning of Year	<u>1,027,414</u>
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Net Position - End of Year	<u>\$ 1,188,577</u>
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The accompanying notes are an integral part of the financial statements.

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

Cash Flows From Operating Activities:

Cash received from Operating Grants	\$ 4,169,003
Cash received from Other Revenue	258,615
Cash payments for Operating Expenses	(531,775)
Cash payments for Housing Assistance	(3,658,899)
Net Cash Provided (Used) by Operating Activities	236,944

Cash Flows From Capital and Related Activities:

Proceeds from Lease Liability	16,206
Principal paid on Lease	(1,750)
Interest paid on Mortgage Note	(300)
Capital Asset Additions	(47,535)
Net Cash Provided (Used) by Capital and Related Financing Activities	(33,379)

Cash Flows From Investing Activities:

Interest Income	8,734
Net Cash Provided (Used) by Investing Activities	8,734
Increase (Decrease) in Cash and Cash Equivalents	212,299
Cash and Cash Equivalents - Beginning of Year	830,114
Cash and Cash Equivalents - End of Year	\$ 1,042,413

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:

Operating Income (Loss)	\$ 152,729
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation and Amortization	36,944
(Increase) decrease in:	
Accounts Receivable	8,658
Net OPEB Asset	(29,448)
Net Pension Asset	7,093
Deferred Outflow of Resources	76,379
Increase (decrease) in:	
Accounts Payable	14,980
Compensated Absences	2,533
Accrued Expenses	5,542
Accrued Pension	(34,907)
Net OPEB Liability	(9,861)
Deferred Inflow of Resources	12,371
Other Liabilities	(6,069)
Net cash used in operating activities	\$ 236,944

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

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

### Reporting Entity

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority.

**Knox Housing Services, Inc.** - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. Knox Housing Services, Inc. is legally separate from the Authority and has its own Board of Directors.

The Knox Housing Services, Inc. was created in March of 2004 and received its 501(c)(3) status letter on March 3, 2004.

The responsibility of the Authority was to make application to the State of Ohio to establish the organization and to obtain section 501(c)(3) non-profit exemption status. For fiscal year-end 2023, the Knox Housing Services, Inc. has been excluded from reporting as it is not considered to be a component unit of the Authority.

Fund Accounting

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

*Proprietary Fund Types:*

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

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

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus/Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Measurement Focus/Basis of Accounting (continued)

Basic Financial Statements:

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Cash Flows

Notes to the Financial Statements

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

Imposed nonexchange revenues: result from assessments imposed on nongovernmental 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 government-mandated or voluntary nonexchange transactions.

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

Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Accounting and Reporting for Nonexchange Transactions (continued)

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

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

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

Deferred inflow/outflow of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

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

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Cash Equivalents

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is \$1,000. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Equipment, Vehicles, and Furniture	3 - 7
Buildings & Improvements	15 – 27.5
Leasehold Improvements	15

Total depreciation expense for the 2024 fiscal year was \$34,174.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as these benefits are earned and used within the fiscal year; unused balances are carried over however no benefits are paid out upon termination of employment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation and sick leave policies are established by the Board of Trustees based on local and state laws. Employees are entitled to 12 days of annual vacation leave after completing twelve months of consecutive employment, 17 days after six years of service, 22 days after 13 years of service, and 27 days after 23 years of service. Sick pay is accumulated at the rate of 4.33 hours for each completed 75 hours of pay to a maximum of 900 hours. Employees are allowed to accumulate a maximum of three weeks for vacation leave at the end of each calendar year. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at September 30, 2024.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal-year end are recorded as prepaid items via the consumption method. The Authority did not report prepaid items at September 30, 2024.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Estimates

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Unspent HAP Funding of \$14,792, Family Self-Sufficiency Deposits of \$32,728 and FSS Forfeitures of \$6,486. See Note 4 for additional information concerning Family Self-Sufficiency restricted assets.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide the goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

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

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

**2. CASH AND CASH EQUIVALENTS**

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledge to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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**2. CASH AND CASH EQUIVALENTS** (continued)

On September 30, 2024, the carrying amount of all Authority's deposits was \$1,042,413. \$250,000 of the authority's deposits were covered by the FDIC and \$792,413 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. All statutory requirements for the deposit of money have been followed.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2024, the Authority's balance of \$792,413 was covered by pledged securities held by the financial institution as collateral.

Based on the Authority having only demand deposits on September 30, 2024, the Authority is not subject to interest rate, credit, or concentration risks.

**3. FSS ESCROW PAYABLE**

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

**4. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2023, the Authority purchased commercial insurance for public officials and employment practices liability for general insurance, property, crime, electronic equipment, and automobile insurance.

Public officials' liability and employment practices liability insurance each carries a \$5,000 deductible. Commercial property, general liability, and vehicle insurance each carries a \$500 deductible. Settled claims have not exceeded this coverage in any of the last three fiscal years. There has been no significant reduction in coverage from last fiscal year.

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**5. CAPITAL ASSETS**

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

	<b>Balance 6/30/2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 6/30/2024</b>
<b>Capital Assets Not Depreciated:</b>				
Land	\$65,249	\$0	\$0	\$65,249
<b>Total Capital Assets Not Depreciated</b>	<u>65,249</u>	<u>0</u>	<u>0</u>	<u>65,249</u>
<b>Capital Assets Depreciated:</b>				
Building	324,920	0	0	324,920
Furniture, Equipment and Leasehold Improvement	278,124	30,309	0	308,433
Intangible Right-of-Use: Lease Asset	10,150	17,226	(10,150)	17,226
<b>Total Capital Assets Being Depreciated</b>	<u>613,194</u>	<u>47,535</u>	<u>(10,150)</u>	<u>650,579</u>
<b>Accumulated Depreciation/Amortization:</b>				
Accumulated Depreciation	(220,700)	(34,174)	0	(254,874)
Accumulated Amortization	(8,400)	(2,770)	10,150	(1,020)
<b>Total Accumulated Depreciation/Amortization</b>	<u>(229,100)</u>	<u>(36,944)</u>	<u>10,150</u>	<u>(255,894)</u>
<b>Total Capital Assets Depreciated, Net</b>	<u>384,094</u>	<u>10,591</u>	<u>0</u>	<u>394,685</u>
<b>Total Capital Assets, Net</b>	<u><u>\$449,343</u></u>	<u><u>\$10,591</u></u>	<u><u>\$0</u></u>	<u><u>\$459,934</u></u>

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**6. 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. The obligation to sacrifice resources for pensions is a present obligation because it was created because 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.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the way 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 proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability/(asset)* on the accrual basis of accounting. Any liability/(asset) for the contractually required pension contribution outstanding at the end of the fiscal year is included in *accrued wages and payroll taxes* on the accrual basis of accounting.

*Plan Description* – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan with a few employees being members of the combined plan; therefore, the following disclosure focuses on the traditional and combined pension plans.

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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 35 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. 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. Refer to the age-and-service tables located in the OPERS 2014 ACFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit 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 annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated based on age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

A factor of 1.25% is applied to years of service more than 30. The benefit formula for transition Group C applies a factor of 1.0% to the members' FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

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 member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed 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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority's contractually required pension contribution to OPERS was \$38,623 for the fiscal year 2024. Of this amount \$8,059 is reported within accrued wages and payroll taxes.

Pension Liabilities/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.



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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

The net pension liability/(asset) was measured as of December 31, 2023, and the total pension liability/(asset) 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:

	<u>Traditional Plan</u>	<u>Combined Plan</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$378,831	(\$29,448)
Proportion of the Net Pension Liability/(Asset) Current Measurement Date	0.001447%	0.009580%
Change in Proportionate Share from Prior Measurement Date	0.000046%	0.000452%
Pension Expense	\$42,687	\$2,163

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

	<u>Traditional Plan</u>	<u>Combined Plan</u>
<b>Deferred Outflows of Resources</b>		
Assumption Changes		\$1,093
Net Difference between projected and actual earnings on pension plan investments	76,464	4,789
Difference between expected and actual experience	6,192	1,194
Change in proportionate share	16,821	
Authority contributions subsequent to the measurement date	33,056	
Total Deferred Outflows of Resources	<u>\$132,533</u>	<u>\$7,076</u>

	<u>Traditional Plan</u>	<u>Combined Plan</u>
<b>Deferred Inflows of Resources</b>		
Change in proportionate share	\$ 7,532	
Differences between expected and actual experience		2,913
Total	<u>\$ 7,532</u>	<u>\$ 2,913</u>

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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

	<b>Traditional Plan</b>	<b>Combined Plan</b>
Fiscal Year Ending September 30:		
2025	(\$19,107)	(\$731)
2026	(25,642)	(1,318)
2027	(48,795)	(2,760)
2028	10,888	793
2029		(80)
Thereafter	0	(67)
Total	<u>(\$82,656)</u>	<u>(\$4,163)</u>

\$33,056 reported as deferred outflows of resources related to pension resulting from Authority contributions after the measurement date will be recognized as a reduction of the net pension liability/(asset) in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as indicated in the chart above.

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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 was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

<b>Actuarial Information</b>	<b>Traditional Pension</b>	<b>Combined Plan</b>	<b>Member-Directed</b>
<b>Measurement &amp; Valuation</b>	December 31, 2023	December 31, 2023	December 31, 2023
<b>Experience Study</b>	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2020
<b>Actuarial Cost Method</b>	Individual entry age	Individual entry age	Individual entry age
<b>Actuarial Assumptions</b>			
<b>Investment Rate of Return</b>	6.9%	6.9%	6.9%
<b>Wage Inflation</b>	2.75%	2.75%	2.75%
<b>Projected Salary increases</b>	2.75%-10.75% (includes wage	2.75%-8.25% (includes wage	2.75%-8.25% (includes wage
<b>Cost of living Adjustments</b>	Pre-1/7/2013 Retirees: 3.00% Simple, Post 1/7/2013 Retirees: 3% Simple through 2024, then 2.05% Simple	Pre-1/7/2013 Retirees: 3.00% Simple, Post 1/7/2013 Retirees: 3% Simple through 2024, then 2.05% Simple	Pre-1/7/2013 Retirees: 3.00% Simple, Post 1/7/2013 Retirees: 3% Simple through 2024, then 2.05% Simple

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.

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, 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 the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts invested, for the Defined Benefit portfolio was a gain of 12.1 percent for 2022.

**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.

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**6. DEFINED BENEFIT PENSION PLANS - CONTINUED**

***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:

Authority's Net Position	1% Decrease	Current Discount Rate (6.9%)	1% Increase
Traditional	\$ 596,381	\$ 378,831	\$ 201,584
Combined	\$ (17,818)	\$ (28,448)	\$ (38,607)

***Plan Fiduciary Net Position*** Detailed information about the Plan's fiduciary net position is available in the separately issued OPERS's financial report.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage, adjusted for inflation. The best estimates of arithmetic 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	Allocation	Real Rate of
Fixed Income	24.00	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
<b>TOTAL</b>	<b>100.00%</b>	

**Average Remaining Service Life**

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2023, the average of the expected remaining service lives of all employees calculated by OPERS external actuaries for the Traditional Pension Plan was 2.4356 years, for the Combined Plan was 7.9668 years, and for the Member Directed Plan was 11.1019 years. Employers should use these amounts when calculating elements of pension expense subject to amortization requirements as defined in GASB 68 and reported in the Schedule of Collective Pension Amounts.

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**7. OTHER POST EMPLOYMENT BENEFITS**

**Net OPEB Liability/(Asset)**

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

The net OPEB liability/(asset) represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability/(asset) to annually required payments. The Authority cannot control benefit terms or the way OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability/(asset) 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/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability/(asset) for the contractually- required OPEB contribution outstanding at the end of the year is included in *accrued wages and payroll taxes* on the accrual basis of accounting.

**Plan Description – OPERS**

**Health Care Plan Description** - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated.

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

The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans.

Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members.

Prior to January 1, 2015, 10 or more years of service was required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2023, measurement date health care valuation.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

**Funding Policy** - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2024, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate to not exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer's contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero.

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

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

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

Proportionate Share of the Net OPEB Liability	(\$ 14,422)
Proportion of the Net OPEB Asset	0.001598%
Change in Proportion from Prior Measurement Date	(0.000034%)
OPEB Expense	(\$ 1,551)

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

	<b>Health Care Plan</b>
<b>Deferred Outflows of Resources</b>	
Net Difference between projected and actual earnings on OPEB plan investments	\$ 8,661
Changes of Assumptions	3,713
Total Deferred Outflows of Resources	<u>\$ 12,374</u>
<b>Deferred Inflows of Resources</b>	
Changes of Assumptions	\$ 6,199
Differences between expected and actual experience	2,054
Total Deferred Inflows of Resources	<u>\$ 8,253</u>

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

	<b>Health Care Plan</b>
Fiscal Year Ending September 30:	
2025	\$ 366
2026	(670)
2027	(6,742)
2028	2,925
Total	<u>\$ (4,121)</u>

**Actuarial Assumptions – OPERS**

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement:

Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75% - 10.75%
Single Discount Rate	5.70%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.77%
Health Care Cost Trend Rate	5.5% initial, 3.50% ultimate in
Actuarial Cost Method	Individual entry age

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

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the



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

PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**Average Remaining Service Life**

GASB 75 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in OPEB expense over the average remaining service life of all employees provided with coverage through the health care plans (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2023, the average of the expected remaining service lives of all employees calculated by OPERS external actuaries was 2.6059 years. Employers should use this amount when calculating elements of OPEB expense subject to amortization requirements as defined in GASB 75 and reported in the Schedule of Collective OPEB Amounts.

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

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

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

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

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

Discount Rate: A single discount rate of 5.70 percent was used to measure the OPEB liability/asset on the measurement date of December 31, 2023. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

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

	<u>1% Decrease (4.70%)</u>	<u>Discount Rate (5.70%)</u>	<u>1% (6.70%)</u>
Authority's Net OPEB Asset	\$ 7,9264	\$ (14,422)	\$ (32,935)

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

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

The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 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.

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Authority's Net OPEB Asset	\$(15,021)	\$(14,422)	\$(13,743)

**8. COMPENSATED ABSENCES**

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave is to be used in the year of service earned; three weeks of vacation hours earned and unused may be carried over to the next fiscal year. Vacation leave may be accumulated and is paid out based on Board policy upon termination or retirement. As of September 30, 2024, the accrual for compensated absences totaled \$21,354 and has been included in the accompanying Statement of Net Position. The Authority considers the entire liability balance to be due in one year.

**9. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities at September 30, 2024:

	<u>Balance</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences Payable	\$18,821	\$2,533	\$0	\$21,354	\$2,135
Family Self-Sufficiency Payable	35,298		(2,570)	32,728	
Lease Payable	1,750	16,206	(1,750)	16,206	3,162
Net Pension Liability	423,599		(44,768)	378,831	
Total Long-Term Liabilities	<u>\$479,468</u>	<u>\$18,739</u>	<u>(\$49,088)</u>	<u>\$449,119</u>	<u>\$5,297</u>

See Notes 6 and 7 for information on the Authority's net pension and OPEB liabilities.

During fiscal 2024, the Authority entered into a sixty-month lease for a copier which requires monthly payments of \$325.08 beginning June 2024. The Authority recognized an intangible lease asset which is reported as equipment is being amortized over the life of the lease. The imputed interest rate on the lease is 5%. With implementation of GASB 87 a lease liability was added with a corresponding asset being included with capital asset additions.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,162	\$ 738	\$ 3,900
2026	3,324	576	3,900
2027	3,494	406	3,900
2028	3,673	227	3,900
2029	2,553	47	2,600
Totals	<u>\$ 16,206</u>	<u>\$ 1,994</u>	<u>\$ 18,200</u>

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**10. CONTINGENT LIABILITIES**

**A. Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2024.

**B. Litigation**

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

**11. CHANGE IN ACCOUNTING PRINCIPLE**

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

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

**12. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Basis of Presentation**

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

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Indirect Cost Rate**

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

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(CONTINUED)

**13. SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through June 18, 2025, the date on which the financial statements were available to be issued.

**14. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended September 30, 2024, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)  
LAST TEN FISCAL YEARS**

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion										
of the Net Pension Liability	0.001447%	0.001401%	0.001542%	0.001671%	0.001335%	0.001399%	0.001682%	0.001158%	0.000958%	0.001212%
Authority's Proportionate Share										
of the Net Pension Liability	\$ 378,831	\$ 413,738	\$ 134,160	\$ 247,439	\$ 263,872	\$ 383,158	\$ 263,873	\$ 262,962	\$ 165,938	\$ 146,181
Authority's Covered										
Employee Payroll	\$ 238,171	\$ 217,922	\$ 190,857	\$ 206,914	\$ 201,300	\$ 188,941	\$ 222,303	\$ 149,738	\$ 119,294	\$ 148,536
Authority's Proportionate Share										
of the Net Pension Liability										
as a percentage of its										
covered employee payroll	159.06%	189.86%	70.29%	119.59%	131.08%	202.79%	118.70%	175.61%	139.10%	98.41%
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 Liability	0.009580%	0.009128%	0.008749%	0.008316%	0.007716%	0.009698%	0.014499%	0.034206%	0.043120%	0.043214%
Authority's Proportionate										
Share of the net										
Pension Liability (Asset)	\$ (29,448)	\$ (21,514)	\$ (34,472)	\$ (24,005)	\$ (16,090)	\$ (10,845)	\$ (19,738)	\$ (19,038)	\$ (20,120)	\$ (16,638)
Authority's Covered										
Employee Payroll	\$ 37,707	\$ 39,329	\$ 30,807	\$ 28,629	\$ 31,036	\$ 34,207	\$ 46,720	\$ 62,941	\$ 156,125	\$ 155,392
Authority's Proportionate Share										
of the Net Pension Liability										
as a percentage of its										
covered employee payroll	-78.09%	-54.70%	-111.90%	-83.85%	-51.84%	-31.70%	-42.25%	-30.25%	-12.89%	-10.71%
Plan Fiduciary Net Position										
as a percentage of the total										
Pension Liability	144.55%	137.14%	169.88%	157.67%	126.64%	126.64%	137.28%	116.55%	116.90%	114.83%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

See accompanying notes to the required supplementary information.

**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)  
LAST SEVEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.001598%	0.001564%	0.001691%	0.001798%	0.001471%	0.001589%	0.001990%	0.002050%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ (14,422)	\$ 9,861	\$ (52,695)	\$ (32,033)	\$ 203,183	\$ 207,167	\$ 216,099	\$ 207,057
Authority's Covered Employee Payroll	\$ 275,878	\$ 257,251	\$ 190,857	\$ 206,914	\$ 201,300	\$ 223,359	\$ 281,682	\$ 282,887
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	-5.23%	3.83%	-27.61%	-15.48%	100.94%	92.75%	76.72%	73.19%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	197.76%	95.79%	47.80%	43.33%	47.80%	43.33%	54.14%	68.52%

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

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

See accompanying notes to the required supplementary information.

**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION  
LAST TEN 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 employer contribution										
Traditional Plan	\$ 33,344	\$ 30,509	\$ 31,327	\$ 55,712	\$24,623	\$ 2,339	\$ 27,997	\$27,937	\$ 14,983	\$15,247
Combined Plan	<u>\$ 5,279</u>	<u>\$ 5,506</u>	<u>\$ 4,313</u>	<u>\$ 4,008</u>	<u>\$ 4,345</u>	<u>\$ 4,789</u>	<u>\$ 6,424</u>	<u>\$ 8,025</u>	<u>\$ 18,735</u>	<u>\$18,647</u>
Total Required Contributions	\$ 38,623	\$ 36,015	\$ 35,640	\$ 59,720	\$28,968	\$ 7,128	\$ 34,421	\$35,962	\$ 33,718	\$33,894
Contributions in relation to the										
contractually required contribution	\$ (38,623)	\$(36,015)	\$(35,640)	\$(59,720)	\$(28,968)	\$(7,128)	\$(34,421)	\$(35,962)	\$(33,718)	\$(33,894)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Authority covered-employee payroll										
Traditional Plan	\$ 238,171	\$217,922	\$223,764	\$162,229	\$175,879	\$167,093	\$203,615	\$219,114	\$124,858	\$127,058
Combined Plan	<u>\$ 37,707</u>	<u>\$ 39,329</u>	<u>\$ 30,807</u>	<u>\$ 28,629</u>	<u>\$ 31,036</u>	<u>\$ 34,207</u>	<u>\$ 46,720</u>	<u>\$ 62,941</u>	<u>\$156,125</u>	<u>\$155,392</u>
Total Covered Payroll	\$ 275,878	\$257,251	\$254,571	\$190,858	\$206,915	\$201,300	\$250,335	\$282,055	\$280,983	\$282,450
Contribution as a percentage of										
covered-employee payroll										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%

(1) - Information prior to 2015 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the traditional and combined plans.

See accompanying notes to the required supplementary information.



**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB  
LAST TEN 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 employer contribution										
OPEB	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760	\$ 3,594	\$ 5,620	\$ 5,649
Contributions in relation to the										
contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (760)	\$ (3,594)	\$ (5,620)	\$(5,649)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered-employee payroll	\$ 257,251	\$257,251	\$254,571	\$190,858	\$206,914	\$201,300	\$250,335	\$282,055	\$280,983	\$282,450
Contribution as a percentage of										
covered-employee payroll										
OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	1.27%	2.00%	2.00%

See accompanying notes to the required supplementary information.

**KNOX METROPOLITAN HOUSING AUTHORITY  
KNOX COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

***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 2023, 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 2024, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

***Net OPEB Liability/Asset***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2023.

*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 2023, the following changes of assumptions affected the total OPEB liability/asset 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 2023, the following changes of assumptions affected the total OPEB liability/asset 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.

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

Line item	Account Description	Housing Choice Voucher	Business Activities	EFA FSS Escrow Forfeiture	Mainstream Vouchers
111	Cash - Unrestricted	\$ 831,025	\$ 157,382	\$ -	\$ -
113	Cash - Restricted	47,520		6,486	
100	Total Cash	878,545	157,382	6,486	-
122	Accounts Receivable - HUD Other Projects				16,130
120	Net Total Receivables	-	-	-	16,130
144	Interprogram Due From		16,130		
150	<b>Total Current Assets</b>	878,545	173,512	6,486	16,130
161	Land		65,249		
162	Buildings		324,920		
164	F/E/M Admin.	126,418			
165	Lease Improvements		199,241		
166	Accum. Depreciation and Amortization	(63,748)	(192,146)		
160	Net Fixed Assets	62,670	397,264	-	-
174	Other Assets	40,580	3,290		
200	Deferred Outflow of Resources	140,584	11,399		
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 1,122,379</b>	<b>\$ 585,465</b>	<b>\$ 6,486</b>	<b>\$ 16,130</b>
312	A/P <= 90 days	\$ 17,007	\$ 148	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	32,168			
322	Accrued Comp Abs - current		2,135		
342	Unearned Revenue	8,613			
343	Current Portion of Long-Term Debt	3,162			
347	Interprogram Due To				16,130
310	Total Current Liabilities	60,950	2,283	-	16,130
351	Long-term Debt, Net of Current- Capital Project	13,044			
353	Non-current Liabilities - Other	32,728			
354	Accrued Comp Abs - non- current	19,219			
357	Accrued Pension and OpEB Liabilities	350,419	28,412		
	Total Liabilities	476,360	30,695	-	16,130
400	Deferred Inflow of Resources	17,296	1,402		
508.1	Net Investment in Capital Assets	46,464	397,264		
511.1	Restricted Net Position	14,792		6,486	
512.1	Unrestricted Net Position	567,467	156,104		
513	Total Equity/Net Position	628,723	553,368	6,486	-
600	<b>Total Liab., Deferred Inflows of Resources and Equity</b>	<b>\$ 1,122,379</b>	<b>\$ 585,465</b>	<b>\$ 6,486</b>	<b>\$ 16,130</b>

See Auditor's Report.

Financial Data Schedule Submitted to U.S. Department of HUD (continued)

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	\$ -	\$ 988,407
113	Cash - Restricted		54,006
100	Total Cash	-	1,042,413
122	Accounts Receivable - HUD Other Projects		16,130
120	Net Total Receivables	-	16,130
144	Other Assets	(16,130)	-
<b>150</b>	<b>Total Current Assets</b>	(16,130)	1,058,543
161	Land		65,249
162	Buildings		324,920
164	F/E/M Admin.		126,418
165	Lease Improvements		199,241
166	Accum. Depreciation and Amortization		(255,894)
160	Net Fixed Assets	-	459,934
174	Other Assets		43,870
200	Deferred Outflow of Resources		151,983
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ (16,130)</b>	<b>\$ 1,714,330</b>
		\$ -	
312	A/P <= 90 days		\$ 17,155
321	Accrued Wage/Payroll Taxes Payable		32,168
322	Accrued Comp Abs - current		2,135
342	Unearned Revenue		8,613
343	Current Portion of Long-Term Debt		3,162
347	Interprogram Due To	(16,130)	-
310	Total Current Liabilities	(16,130)	63,233
351	Long-term Debt, Net of Current- Capital Project		13,044
353	Non-current Liabilities - Other		32,728
354	Accrued Comp Abs - non- current		19,219
357	Accrued Pension and OpEB Liabilities		378,831
	Total Liabilities	(16,130)	507,055
400	Deferred Inflow of Resources		18,698
508.1	Net Investment in Capital Assets		443,728
511.1	Restricted Net Position		21,278
512.1	Unrestricted Net Position		723,571
513	Total Equity/Net Position	-	1,188,577
<b>600</b>	<b>Total Liab., Deferred Inflows of Resources and Equity</b>	<b>\$ (16,130)</b>	<b>\$ 1,714,330</b>

See Auditor's Report.

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

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

Line item	Account Description	Housing Choice Voucher	Business Activities	Family Self- Sufficiency	Mainstream Vouchers
70600	HUD PHA Operating Grants	\$ 4,188,110	\$ -	\$ 31,955	\$ 542,169
711	Investment Income - Unrestricted	6,733	2,001		
715	Other Revenue	80,778	99,704		
700	TOTAL REVENUE	4,275,621	101,705	31,955	542,169
911	Admin. Salaries	217,902	24,148	31,955	48,384
912	Audit	8,858	1,518		2,278
915	Employee Benefits	80,185	6,360		15,884
916	Office Expenses	83,282	4,968		17,158
917	Legal	1,458			
	Total Operating - Admin.	391,685	36,994	31,955	83,704
931	Water		1,332		
932	Electricity		7,747		
933	Gas		5,066		
930	Total Utilities	-	14,145	-	-
942	Ordinary Maint. and Operations - Materials and Other	2,000	9,718		
	Total Maint.	2,000	9,718	-	-
961.2	Property Insurance	2,060	951		
961.2	Liability Insurance	3,322	1,274		759
961.3	Workmen's Compensation	2,082			
	Total Insurance Premiums	7,464	2,225	-	759
962.1	Compensated Absences	13,341			
967	Interest of Mortgage Payable	300			
	Total Other General Expenses	300	-	-	-
	TOTAL OPERATING EXPENSES	414,790	63,082	31,955	84,463
970	Excess Oper. Rev. over Exp.	3,860,831	38,623	-	457,706
973	HAP	3,668,247			462,957
973.5	HAP - Portability-In	27,850			
974	Depreciation Exp	8,662	28,281		
900	TOTAL EXPENSES	4,119,549	91,363	31,955	547,420
1000	NET INCOME (LOSS)	\$ 156,072	\$ 10,342	\$ -	\$ (5,251)

See Auditor's Report.

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

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

Line item	Account Description	Elimination	Total
70600	HUD PHA Operating Grants	\$ -	\$ 4,762,234
711	Investment Income - Unrestricted		8,734
715	Other Revenue	(17,014)	163,468
700	TOTAL REVENUE	(17,014)	4,934,436
911	Admin. Salaries		322,389
912	Audit		12,654
915	Employee Benefits		102,429
916	Office Expenses	(2,869)	102,539
917	Legal		1,458
	Total Operating - Admin.	(2,869)	541,469
931	Water	(1,332)	-
932	Electricity	(7,747)	-
933	Gas	(5,066)	-
930	Total Utilities	(14,145)	-
942	Ordinary Maint. and Operations - Materials and Other		11,718
	Total Maint.	-	11,718
961.2	Property Insurance		3,011
961.2	Liability Insurance		5,355
961.3	Workmen's Compensation		2,082
	Total Insurance Premiums	-	10,448
			13,341
967	Interest of Mortgage Payable		300
	Total Other General Expenses	-	300
	TOTAL OPERATING EXPENSES	(17,014)	577,276
970	Excess Oper. Rev. over Exp.	-	4,357,160
973	HAP		4,131,204
973.5	HAP - Portability-In		27,850
974	Depreciation Exp		36,943
900	TOTAL EXPENSES	(17,014)	4,773,273
1000	NET INCOME (LOSS)	\$ -	\$ 161,163

See Auditor's Report.

KNOX METROPOLITAN HOUSING AUTHORITY  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Cluster Title	Assistance Listing Number	Pass Through Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program			
<b>Housing Voucher Cluster:</b>			
Section 8 Housing Choice Voucher	14.871	N/A	\$ 4,119,549
Mainstream Vouchers	14.879	N/A	547,420
Total Housing Voucher Cluster			4,666,969
Family Self-Sufficiency Program	14.896	N/A	31,955
Total Expenditures of Federal Awards			\$ 4,698,924

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



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

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

To the Board of Trustees

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Knox Metropolitan Housing Authority, Knox County, (the Authority) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 18, 2025.

***Internal Control Over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

I noted certain matters that I reported to management of the Authority's in a separate letter dated June 18, 2025.

### ***Purpose of this Report***

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

Kevin L. Penn, Inc.  
Cleveland, Ohio

June 18, 2025



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

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

To the Board of Trustees

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

I have audited Knox Metropolitan Housing Authority, Knox County's, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Knox Metropolitan Housing Authority's major federal program for the year ended September 30, 2024. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on my audit of the applicable compliance requirements referred to above. My compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require me to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my compliance opinion on each of the Authority's major programs. However, my audit does not provide a legal determination of the Authority's compliance.

### ***Opinion on each Major Federal Program***

In my opinion, Knox Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended September 30, 2024.

### ***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing my compliance audit, I considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine my auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the Authority's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of my internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.  
Cleveland, Ohio

June 18, 2025

**Knox Metropolitan Housing Authority**

Schedule of Findings

September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:

Material weakness(es) identified? No

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

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

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

Identification of major programs:

14.871 and 14.879 Housing Voucher Cluster

Dollar threshold used to distinguish

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

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

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

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# OHIO AUDITOR OF STATE KEITH FABER



**KNOX METROPOLITAN HOUSING AUTHORITY**

**KNOX 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 11/18/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)