

**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY**

Single Audit

For the Calendar Year Ended December 31, 2024



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Columbus, Ohio 43215
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Board of Trustees
Shelby Metropolitan Housing Authority
706 North Wagner Avenue
706 North Wagner Avenue

We have reviewed the *Independent Auditor's Report* of the Shelby Metropolitan Housing Authority, Shelby County, prepared by Kevin L. Penn, Inc, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

October 23, 2025

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**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

Shelby Metropolitan Housing Authority
Shelby County
706 North Wagner Avenue
Sidney, Ohio 45365

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 Shelby Metropolitan Housing Authority, Shelby County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Shelby 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 Shelby Metropolitan Housing Authority, Shelby County, Ohio as of December 31, 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

June 18, 2025

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

This Management’s Discussion and Analysis (MD&A) for the Shelby Metropolitan Housing Authority (the Authority) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Shelby Metropolitan Housing Authority’s financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2024, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The basic financial statements included elsewhere in this report are:

- the Statement of Net Position
- the Statement of Revenues, Expenses and Change in Net Position
- the Statement of Cash Flows

The *Statement of Net Position* is very similar to, and what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2024, that is, the cash the Authority has, the amounts that are owed to the Authority from others, the value of the equipment the Authority owns and deferred outflow of resources. In the other half of the report, it shows the liabilities the Authority has, that is, what the Authority owes others at December 31, 2024, deferred inflow of resources, and what net position (or what is commonly referred to as equity) the Authority has at December 31, 2024. The two parts of the report are in balance, thus why many compare this report to a Balance Sheet.

In the Statement, the net position part is broken out into three broad categories:

- Net Investment in Capital Assets
 - Restricted
 - Unrestricted

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt or other liabilities incurred to acquire those assets.

The balance in Restricted Net Position reflects the value of net position that is restricted for use by law or regulation, or when the use of net position is restricted by constraints placed on net position by creditors.

The balance in Unrestricted Net Position is what is left over of net position after what is classified in the two previously mentioned components of net position. It reflects the value of net position available to the Authority to use to further its purposes.

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

The *Statement of Revenues, Expenses, & Change in Net Position* is very similar to and may commonly be referred to as an Income Statement. It is in essence a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. Then it shows how the net position (or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if the Authority had more revenues than expenses or vice-versa, and then how the net gain or net loss affected the net position (or equity) balance. The bottom line of the report, the Total Net Position at End of Year, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities and deferred inflow of resources the Authority has, equals the total assets and deferred outflows of resources the Authority has.

The *Statement of Cash Flows* is a report that shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by the Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Shelby Metropolitan Housing Authority Business Type Funds

The financial statements included elsewhere in this report are presented using the entity-wide perspective meaning the activity reported reflects the summed results of all the programs, or business-type funds of the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

The Authority's programs include the following:

- the Low Rent Public Housing program,
- the Section 8 Housing Choice Voucher Program, and
- the State and Local program.

Under the Low Rent Public Housing program, the Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with the U.S. Department of Housing and Urban Development (HUD), HUD provides an operating subsidy to the Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to the Authority's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, the Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under its Local program, the Authority administers a tenant based rental assistance program in essentially the same manner it does its Section 8 Housing Choice Voucher program except the funding for the program is being provided by local sources rather than by HUD. The local program had no activity in the period.

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Condensed Financial Statements

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in business-type activities.

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

	2024	2023
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 1,386,191	\$ 1,175,889
Capital Assets	2,807,511	2,648,708
Other Noncurrent Assets	20,135	0
Total Assets	<u>4,213,837</u>	<u>3,824,597</u>
Deferred Outflows of Resources	<u>256,269</u>	<u>289,097</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,470,106</u></u>	<u><u>\$ 4,113,694</u></u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 207,029	\$ 171,482
Non-Current Liabilities	689,222	654,822
Total Liabilities	<u>896,251</u>	<u>826,304</u>
Deferred Inflows of Resources	<u>14,453</u>	<u>10,727</u>
<u>Net Position</u>		
Net Investment in Capital Assets	2,789,760	2,625,497
Restricted	60,690	11,654
Unrestricted	708,952	639,512
Total Net Position	<u>3,559,402</u>	<u>3,276,663</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 4,470,106</u></u>	<u><u>\$ 4,113,694</u></u>

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

Current assets are increased over the prior fiscal year-end by \$210,302 (or 18%). Contributing to the increase is the increase in current liabilities which are \$35,547 higher than at 12/31/2023. This increase in current liabilities is just due to a routine timing difference between when invoices for goods and services are received and paid. More of the increase in current assets however is due to favorable results from operations in the period. The other notable change on the statement is the increase in capital assets of \$158,803, the result of capital additions in the period of \$312,660 exceeding depreciation on capital assets, from spending of Capital Fund Program revenue in the period.

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

The following is a condensed Statement of Revenues, Expenses and Change in Net Position. The Authority is engaged only in business-type activities.

Table 2 - Condensed Statement of Revenues, Expenses, and Change in Net Position

	2024	2023
<u>Revenues</u>		
Tenant Revenues	\$ 613,082	\$ 624,321
Government Operating Grants	2,304,964	2,142,556
Capital Grants Revenue	312,660	163,640
Investment Income	6,033	3,836
Other Revenues	4,854	41,203
Total Revenues	3,241,593	2,975,556
<u>Expenses</u>		
Administrative	528,826	519,683
Utilities	242,231	236,235
Maintenance	752,872	588,795
General	158,902	152,644
Housing Assistance Payments	1,122,166	1,042,871
Depreciation	153,857	198,060
Total Expenses	2,958,854	2,738,288
Net Increase (Decrease)	282,739	237,268
Beginning Net Position	3,276,663	3,039,395
Ending Net Position	\$ 3,559,402	\$ 3,276,663

For more detailed information, see the Statement of Revenues, Expenses, and Changes in Net Position presented elsewhere in this report.

Revenues overall increased \$266,037 (or 9%), and expenses overall increased \$220,566 (8%), meaning the change in net position of \$282,739 was \$45,471 more this year than for fiscal year-end 12/31/23. The increases in revenues and expenses were largely related. The increase in revenues was in operating grants and capital grants revenue, and the programs where the increases were in were the Capital Fund Program which increased \$213,719 and the Housing Choice Voucher Program which increased \$132,266. The increase in expenses was primarily noted in maintenance expense which increased \$164,077 and Housing Assistance Payments (HAP) expense which increased \$79,925.

HUD provides funding annually for the Capital Fund Program on a formula basis based on the number, age and construction style of the agency's Public Housing units. Housing Authorities typically have up to four years to spend the funding provided in any year, to allow time for planning and carrying out planned work items. The program is a cost reimbursement program, the revenue is earned as the funding is spent. So this increase in Capital Fund Program revenue is a routine fluctuation in spending the result of when planned work items are completed. Some of the revenue of the program is spent on capital improvements, and \$312,660 of the current year revenue resulted in the capital additions of this amount referred to in the section following Table 1 of this MD&A. \$151,224 of the current period program revenue was spent on improvements that were not capitalized and that spending is reflected in the increase in maintenance expense.

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

HUD provides two separate funding streams for the Housing Choice Voucher program, funding for administration of the program and funding for the Authority to use to make rental assistance payments (Housing Assistance Payments or HAP Payments) on behalf of program participants. The increase in revenue in the Housing Choice Voucher program this year was in the funding for the Authority to make HAP payments. The Authority makes HAP payments under the program calculated using a formula provided by HUD based on family income and composition to make rents affordable to families assisted by the program. And HUD provides the funding for this purpose based on current spending for this purpose as reported by the Authority. So it is logical that Housing Assistance Payments expense increased this year as well. And HAP expense increased 8% despite that program utilization was virtually unchanged from last fiscal year-end. This is the result of a continuing trend of rising rental rates in the area served by the Authority. When rents in the area increase, more rental assistance is needed to make the rents affordable to families helped by the program.

The following table is comparing the balance in capital assets at the year-end versus at the end of the prior-year.

Table 3 - Changes in Capital Assets at Year End

	2024	2023
Land	\$ 1,685,579	\$ 1,685,579
Buildings and Improvements	11,702,860	11,390,200
Furniture, Machinery, and Equipment	227,788	246,960
Accumulated Depreciation	(10,808,716)	(10,674,031)
Total Capital Assets, Net	<u><u>\$ 2,807,511</u></u>	<u><u>\$ 2,648,708</u></u>

Capital assets in the period increased \$158,803 (or 6 percent). Capital additions in the period were \$312,660.

Debt

The Authority has no debt at December 31, 2024, but has right-to-use lease liability.

The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability - December 31, 2023	\$ 23,211
Additions in Period	0
Retirements in period	(5,460)
Equipment Lease Liability - December 31, 2024	<u><u>\$ 17,751</u></u>

Shelby Metropolitan Housing Authority
SHELBY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Economic Factors

The Authority faces the continuing uncertainty of the level of funding from HUD used to administer our programs. Since costs tend to rise every year, the possibility of funding continuing to be provided at reduced levels creates an ongoing challenge for management to effectively administer the Authority's programs. Cuts in government assistance for administration of programs would make it more challenging to provide the same level of quality service to our clients within the limits of resources available to do so.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Judith Wells, Executive Director of the Shelby Metropolitan Housing Authority, 706 North Wagner Avenue, Sidney, Ohio 45365.

Shelby Metropolitan Housing Authority
Statement of Net Position
December 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,064,294
Restricted Cash and Cash Equivalents	82,245
Receivables, Net	54,682
Inventories, Net	63,801
Prepaid Expenses and Other Assets	121,169
Total Current Assets	1,386,191

Noncurrent Assets

Capital Assets:

Non-depreciable Capital Assets	1,685,579
Depreciable Capital Assets, Net	1,121,932
Total Capital Assets	2,807,511
Net OPEB Asset	20,135
Total Noncurrent Assets	2,827,646

Deferred Outflow of Resources

Pension	238,996
OPEB	17,273

Total Deferred Outflows of Resources

256,269

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 4,470,106

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Liabilities

Current Liabilities

Accounts Payable	\$ 97,375
Intergovernmental Payable	31,226
Tenants Security Deposits	41,690
Accrued Wages and Payroll Taxes	29,604
Unearned Revenue	1,451
Lease Payable	5,683
Total Current Liabilities	207,029

Non-Current Liabilities

Accrued Compensated Absences - Non-Current	50,919
Lease Payable - Net of Current	12,068
Net Pension Liability	626,235
Total Noncurrent Liabilities	689,222

Total Liabilities

896,251

Deferred Inflow of Resources

OPEB	14,453
Total Deferred Inflows of Resources	14,453

Net Position

Net Investment in Capital Assets	2,789,760
Restricted Net Position	60,690
Unrestricted Net Position	708,952
Total Net Position	3,559,402

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 4,470,106

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

Shelby Metropolitan Housing Authority
Statement of Revenues and Expenses and Changes in Net Position
For the Year Ended December 31, 2024

Operating Revenues

Tenant Revenue	\$ 613,082
Government Operating Grants	2,304,964
Other Revenues	4,854
Total Operating Revenue	<u>2,922,900</u>

Operating Expenses

Administrative	528,826
Utilities	242,231
Maintenance	752,872
General	158,073
Housing Assistance Payment	1,122,166
Depreciation	153,857
Total Operating Expenses	<u>2,958,025</u>
Operating Income	<u>(35,125)</u>

Non-Operating Revenues

Capital Grant Revenue	312,660
Interest and Investment Revenue	6,033
Lease Interest Expense	(829)
Total Non-Operating Revenues	<u>317,864</u>
Change in Net Position	<u>282,739</u>

Total Net Position at Beginning of Year	<u>3,276,663</u>
Total Net Position at End of Year	<u>\$ 3,559,402</u>

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

Shelby Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities

Operating Grants Received	\$ 2,254,309
Tenant Revenue Received	614,664
Other Revenue Received	6,409
General and Administrative Expenses Paid	(1,631,145)
Housing Assistance Payments	(1,122,166)
Net Cash Provided by Operating Activities	122,071

Cash Flows from Investing Activities

Interest Income	6,033
Net Cash Provided by Investing Activities	6,033

Cash Flows from Capital and Related Financing Activities

Capital Grants Received	312,660
Capital Purchases	(312,660)
Lease Liability Retired	(5,460)
Lease Interest Paid	(829)
Net Cash (Used) by Capital and Related Financing Activities	(6,289)
Net Increase in Cash	121,815

Cash and Cash Equivalents at Beginning of Year	1,024,724
Cash and Cash Equivalents at End of Year	\$ 1,146,539

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Net Operating Income	\$ (35,125)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	153,857
(Increase) Decrease in:	
Receivable, Net	(48,070)
Prepaid Assets	(35,270)
Inventory	(5,147)
OPEB Asset	(20,135)
Deferred Outflows of Resources	32,828
Increase (Decrease) in:	
Accounts Payable and Intergovernmental Payable	53,850
Accrued Compensated Absences	13,379
Accrued Wages and Payroll Taxes	(19,078)
Tenant Security Deposits	(899)
Unearned Revenue	1,451
Net Pension Liability/OPEB Liability	26,704
Deferred Inflow of Resources	3,726
Net Cash Provided by Operating Activities	\$ 122,071

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

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Reporting Entity

The Shelby Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section (3735.27) to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Government Accounting Standards Board (GASB) Statement No. 61 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority is not a component unit of a larger entity.

Basis of Presentation

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

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

The Authority’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change of net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus/Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. 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 Change in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Inventory

Inventory consists of materials and supplies and are stated at cost (first-in, first-out method), which approximates market. The Management believes no allowance is needed for obsolete inventory.

Receivable - Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance of uncollectible receivable was \$2,800 for tenant receivables, and \$300 for fraud receivables at December 31, 2024.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets ranging from five to forty years. 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 Authority capitalizes capital assets over \$5,000. Lesser amounts are expensed.

SHELBY METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

Compensated absences are expensed with the amount reported as a liability.

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Cost based measures are applied to nonnegotiable certificates of deposit and money market investments. Interest income earned in fiscal year ending December 31, 2024 totaled \$6,033.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

SHELBY METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred Outflows/Inflows of Resources

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

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

Change in Accounting Principle

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or the Ohio Pooled Collateral System (OPCS).

At fiscal year-end, December 31, 2024, the carrying amount of the Authority's deposits totaled \$1,146,539 (including \$100 petty cash) and its bank balance was \$1,189,843. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2024, deposits of \$356,886 were protected by FDIC and \$832,957 was exposed to custodial credit risk as discussed below.

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(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits exceeding FDIC amounts are collateralized by the OPCS. Participation in the 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 market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasury of State.

NOTE 3: **RESTRICTED CASH AND INVESTMENTS**

The restricted cash balance as of December 31, 2024 was \$82,245 and it represented the following:

Tenant Security Deposits	\$ 41,690
Unspent HUD advances for Housing Assistance Payments - HCV Program	40,555
Total Restricted Cash on Hand	<u><u>\$ 82,245</u></u>

NOTE 4: **CAPITAL ASSETS**

The following is a summary of changes:

	Balance 12/31/2023	Additions	Reclasses	Deletions	Balance 12/31/2024
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 1,685,579	\$ 0	\$ 0	\$ 0	\$ 1,685,579
Construction in Progress	150,540	0	(150,540)	0	0
Total Capital Assets Not Being Depreciated	<u>1,836,119</u>	<u>0</u>	<u>(150,540)</u>	<u>0</u>	<u>1,685,579</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	11,239,660	312,660	150,540	0	11,702,860
Furniture, Machinery, and Equipment	218,502	0	0	(19,172)	199,330
Intangible Right-to-use Lease - Equipment	28,458	0	0	0	28,458
Subtotal Capital Assets Being Depreciated	<u>11,486,620</u>	<u>312,660</u>	<u>150,540</u>	<u>(19,172)</u>	<u>11,930,648</u>
<u>Accumulated Depreciation</u>					
Buildings and Improvements	(10,457,182)	(147,565)	(1,408)	0	(10,606,155)
Furniture, Machinery, and Equipment	(211,758)	0	1,408	19,172	(191,178)
Intangible Right-to-use Lease - Equipment	(5,091)	(6,292)	0	0	(11,383)
Total Accumulated Depreciation	<u>(10,674,031)</u>	<u>(153,857)</u>	<u>0</u>	<u>19,172</u>	<u>(10,808,716)</u>
Depreciable Capital Assets, Net	<u>812,589</u>	<u>158,803</u>	<u>150,540</u>	<u>0</u>	<u>1,121,932</u>
Total Capital Assets, Net	<u><u>\$ 2,648,708</u></u>	<u><u>\$ 158,803</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,807,511</u></u>

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NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *current liabilities*.

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(CONTINUED)

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

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

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan and the Combined Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional Pension Plan and the Combined Plan were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan and the Combined Plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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(CONTINUED)

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

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

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed Plan participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

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

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

For fiscal year ending December 31, 2024, the Authority's contractually required contributions used to fund pension benefits was \$53,481 for the traditional plan.

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.001990%
Current Measurement Date	0.002392%
Change in Proportionate Share	0.000402%
Proportionate Share of the Net Pension Liability	\$ 626,235
Pension Expense	\$ 101,731

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(CONTINUED)

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

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

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 126,400
Differences between expected and actual experience	10,235
Changes in proportion and differences between Authority contributions and proportionate share of contributions	48,880
Authority contributions subsequent to the measurement date	53,481
Total Deferred Outflows of Resources	\$ 238,996

\$53,481 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2025	\$ 66,228
2026	56,624
2027	80,662
2028	(17,999)
Total	\$ 185,515

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions - OPERS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

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

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u>100.00 %</u>	

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

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 985,863	\$ 626,235	\$ 327,130

NOTE 6: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability

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

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

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

GASB 75 assumes any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

Net OPEB Liability (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

SHELBY METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

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

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

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

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

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

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

None of the Authority's contractually required contribution was allocated to health care for the year ending December 31, 2024.

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

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

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FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

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

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.001853%
Current Measurement Date	<u>0.002231%</u>
Change in Proportionate Share	<u><u>0.000378%</u></u>
 Proportionate Share of the Net OPEB Liability (Asset)	 \$ (20,135)
OPEB Expense	\$ (5,126)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 12,090
Changes of assumptions	<u>5,183</u>
Total Deferred Outflows of Resources	<u><u>\$ 17,273</u></u>
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 2,867
Changes of assumptions	8,655
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>2,931</u>
Total Deferred Inflows of Resources	<u><u>\$ 14,453</u></u>

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

	<u>OPERS</u>
Year Ending December 31:	
2025	\$ (2,435)
2026	(74)
2027	9,413
2028	<u>(4,084)</u>
Total	<u><u>\$ 2,820</u></u>

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 11,066	\$ (20,135)	\$ (45,981)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	\$ (20,971)	\$ (20,135)	\$ (19,187)

NOTE 7: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of the Authority and are based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulate without limit. At the time of retirement, employees with at least ten years of service with the Authority shall be paid the value of twenty-five (25) percent of unused sick leave subject to a maximum payment equal to forty-five (45) days of sick leave. After one year of service, all permanent employees will earn vacation hours accumulated based on length of service. Employees with one or more years of service with the Authority shall be paid for all earned but unused vacation leave credited to the employee as of the date of separation.

SHELBY METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 8: **LONG-TERM LIABILITIES**

The Authority entered into a 60-month lease for a copier calling for monthly payments of \$524.10 beginning January 1, 2023. The equipment is being amortized over the life of the lease. The annual interest rate on the lease is estimated to be 4 percent.

	Principal	Interest	Total
2025	\$ 5,683	\$ 606	\$ 6,289
2026	5,914	375	6,289
2027	6,154	135	6,289
Total	<u>\$ 17,751</u>	<u>\$ 1,116</u>	<u>\$ 18,867</u>

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

	Balance 01/01/24	Additions	Deletions	Balance 12/31/2024	Current Portion
Net Pension Liability	\$ 587,847	\$ 38,388	\$ 0	\$ 626,235	\$ 0
OPEB Liability	11,684	0	(11,684)	0	0
Lease Liability	23,211	0	(5,460)	17,751	5,683
Compensated Absences Liability *	37,540	13,379	0	50,919	0
Total	<u>\$ 660,282</u>	<u>\$ 51,767</u>	<u>\$ (17,144)</u>	<u>\$ 694,905</u>	<u>\$ 5,683</u>

* - net change for period reported

NOTE 9: **CONTINGENCIES**

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2024.

NOTE 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 40 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limited.

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

NOTE 10: **RISK MANAGEMENT** (continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health benefits are offered to Authority employees through a commercial insurance company. Additionally,

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

NOTE 11: **RESTRICTED NET POSITION**

The following is a summary of restricted net position at the year ended December 31, 2024:

Unspent Funding from HUD to make HAP Payments	\$ 40,555
Restricted for the GASB 75 Net OPEB Asset	20,135
Total Restricted Net Position	<u>\$ 60,690</u>

NOTE 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 Shelby Metropolitan Housing Authority (the Authority) under programs of the federal government for the Calendar year ended December 31, 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.

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

NOTE 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.

NOTE 14: **FDS SCHEDULE SUBMITTED TO HUD**

For the Calendar year ended December 31, 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.

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

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion										
of the Net Pension Liability	0.002392%	0.001990%	0.001929%	0.002087%	0.002369%	0.002690%	0.002762%	0.002741%	0.002748%	0.002851%
Authority's Proportionate Share										
of the Net Pension Liability	\$ 626,235	\$ 587,847	\$ 167,831	\$ 309,039	\$ 468,247	\$ 736,736	\$ 433,304	\$ 622,434	\$ 475,989	\$ 343,862
Authority's Covered										
Employee Payroll	\$ 393,771	\$ 304,429	\$ 279,943	\$ 293,586	\$ 333,379	\$ 363,343	\$ 364,993	\$ 354,350	\$ 341,958	\$ 349,533
Authority's Proportionate Share										
of the Net Pension Liability										
as a percentage of its										
covered employee payroll	159.04%	193.10%	59.95%	105.26%	140.45%	202.77%	118.72%	175.66%	139.20%	98.38%
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%

(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.

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

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.002231%	0.001853%	0.001795%	0.001943%	0.002072%	0.002505%	0.002580%	0.002560%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ (20,135)	\$ 11,684	\$ (56,222)	\$ (34,616)	\$ 286,197	\$ 326,593	\$ 280,169	\$ 258,569
Authority's Covered Employee Payroll	\$ 393,771	\$ 304,429	\$ 279,943	\$ 293,586	\$ 333,379	\$ 363,343	\$ 364,993	\$ 354,350
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	-5.11%	3.84%	-20.08%	-11.79%	85.85%	89.89%	76.76%	72.97%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY 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	\$ 53,481	\$ 55,128	\$42,620	\$ 39,192	\$ 41,102	\$46,673	\$ 50,858	\$47,449	\$42,522	\$41,035
Contributions in relation to the										
contractually required contribution	\$ (53,481)	\$(55,128)	\$(42,620)	\$(39,192)	\$ (41,102)	\$(46,673)	\$(50,858)	\$(47,449)	\$(42,522)	\$(41,035)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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	\$ 382,007	\$393,771	\$304,429	\$279,943	\$ 293,586	\$333,379	\$363,343	\$364,993	\$354,350	\$341,958
Contribution as a percentage of										
covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

See accompanying notes to the required supplementary information.

**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,650	\$ 7,087	\$ 6,839
Contributions in relation to the										
contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(3,650)	\$(7,087)	\$(6,839)
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	\$ 393,771	\$393,771	\$304,429	\$279,943	\$293,586	\$333,379	\$363,343	\$364,993	\$354,350	\$341,958
Contribution as a percentage of										
covered-employee payroll										
OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%

See accompanying notes to the required supplementary information.

**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 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 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

**SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2024.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY
STATEMENT OF MODERNIZATION COSTS - COMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Actual Modernization Costs of the Projects are as follows:

	<u>OH12P061501-20</u>
Funds Approved	\$ 396,499
Funds Expended	<u>396,499</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 396,499
Funds Expended	<u>396,499</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
	<u>OH12P061501-21</u>
Funds Approved	\$ 415,156
Funds Expended	<u>415,156</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 415,156
Funds Expended	<u>415,156</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All modernization work in connection with the Project has been completed.
3. All modernization cost have been paid and all related liabilities have been discharged through payment.
4. There are no discharged mechanics, laborers, contractors, or material liens against such modernization work on file in any public office where the same should be filed inorder to be valid against such modernization work.

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

Line item	Account Description	Public Housing	State/Local	Housing Choice Vouchers	Total
	Current Assets				
111	Cash - Unrestricted	\$ 857,523	\$ 11,597	\$ 195,174	\$ 1,064,294
113	Cash - Restricted			40,555	40,555
114	Cash - Tenant Security Deposits	41,690			41,690
100	Total Cash	899,213	11,597	235,729	1,146,539
	Accounts Receivable				
122	Accounts Receivable - HUD Other Projects	50,655			50,655
126	Accounts Receivable – Tenants	213			213
126.2	Allowance for Doubtful Accounts – Other	(2,800)			(2,800)
127	Notes, Loans and Mortgages Receivable – Current	5,114			5,114
128	Fraud Recovery	-	-	1,800	1,800
128.1	Allowance for Doubtful Accounts – Fraud	-	-	(300)	(300)
120	Total Receivables, Net of Allowance for Doubtful Accounts	53,182	-	1,500	54,682
142	Prepaid Expenses	121,169			121,169
143	Inventories	63,801			63,801
150	Total Current Assets	1,137,365	11,597	237,229	1,386,191
	Capital Assets				
161	Land	1,685,579			1,685,579
162	Buildings	11,702,860			11,702,860
163	F/E/M Admin. – Dwellings	62,471			62,471
164	F/E/M Admin.	122,542		14,317	136,859
165	Leasehold Improvements	23,336		5,122	28,458
166	Accum Depreciation	(10,792,350)		(16,366)	(10,808,716)
160	Total Capital Assets, Net of Accumulated Depreciation	2,804,438	-	3,073	2,807,511
174	Other Assets	16,712	-	3,423	20,135
180	Total Non-Current Assets	2,821,150	-	6,496	2,827,646
200	Deferred Outflow of Resources	212,704		43,565	256,269
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 4,171,219</u>	<u>\$ 11,597</u>	<u>\$ 287,290</u>	<u>\$ 4,470,106</u>

See Auditor's Report.

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

Line item	Account Description	Public Housing	State/Local	Housing Choice Vouchers	Total
	Current Liabilities				
312	A/P <= 90 days	\$ 97,375			\$ 97,375
321	Accrued Wage/Taxes Payable	25,098		4,506	29,604
333	Accounts Payable - Other Government	31,226			31,226
341	Tenant Security Deposits	41,690			41,690
342	Unearned Revenue	1,451			1,451
343	Current Portion of Long-term Debt	4,660		1,023	5,683
310	Total Current Liabilities	201,500	-	5,529	207,029
	Non-Current Liabilities				
351	Long-term Debt, Net of Current Portion	9,896		2,172	12,068
354	Accrued Comp Abs. – Noncurrent	32,793		18,126	50,919
357	Accrued Pension	519,775		106,460	626,235
	Total Non-Current Liabilities	562,464	-	126,758	689,222
	Total Liabilities	763,964	-	132,287	896,251
400	Deferred Inflow of Resources	11,996		2,457	14,453
508.1	Invested in Capital Assets Net	2,789,882		(122)	2,789,760
511.1	Restricted Net Position	16,712		43,978	60,690
512.1	Unrestricted Net Position	588,665	11,597	108,690	708,952
513	Total Net Position	3,395,259	11,597	152,546	3,559,402
600	TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY	\$ 4,171,219	\$ 11,597	\$287,290	\$ 4,470,106

See Auditor's Report.

Shelby MHA
Statement of Revenues and Expenses
For the Year Ended December 31, 2024

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

Line item	Account Description	Public Housing	Housing Choice Vouchers	Total
703	Net Tenant Rental Revenue	\$ 550,127	\$ -	\$ 550,127
704	Tenant Revenue - Other	62,955		62,955
705	Total Tenant Revenue	613,082	-	613,082
706	HUD PHA Operating Grants	972,973	1,331,991	2,304,964
706.1	Capital Grants	312,660		312,660
711	Investment Income - Unrestricted	5,809	224	6,033
714	Fraud Recovery		4,854	4,854
700	TOTAL REVENUE	1,904,524	1,337,069	3,241,593
911	Admin Salaries	182,820	93,541	276,361
912	Audit	8,530	1,873	10,403
915	Employee Benefits	111,516	41,864	153,380
916	Office Expenses	43,361	12,321	55,682
917	Legal Expense	4,932		4,932
918	Travel	4,785		4,785
919	Other	11,265	12,018	23,283
	Total Operating - Admin.	367,209	161,617	528,826
931	Water	74,894		74,894
932	Electricity	75,324		75,324
933	Gas	35,154		35,154
936	Sewer	56,859		56,859
930	Total Utilities	242,231	-	242,231
941	Ordinary Maint. & Operations - Labor	90,360		90,360
942	Ordinary Maint. & Operations - Materials & Other	88,523		88,523
943	Ordinary Maint. & Operations - Contracts	257,455		257,455
945	Employee Benefits Contributions - Ordinary Maint.	55,117		55,117
940	Total Maintenance	491,455	-	491,455
961.1	Property Insurance	49,806		49,806
961.2	Insurance - Liab. Insurance		13,021	13,021
961	Total Insurance	49,806	13,021	62,827

See Auditor's Report.

Shelby MHA
Statement of Revenues and Expenses
For the Year Ended December 31, 2024

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

Line item	Account Description	Public Housing	Housing Choice Vouchers	Total
962	Other General Expenses	4,720	1,602	6,322
962.1	Compensated Absences	9,907	3,472	13,379
963	Payments in Lieu of Taxes	31,226		31,226
964	Bad Debt - Tenant Rents	44,319		44,319
960	Total Other General Expenses	90,172	5,074	95,246
967.2	Interest on Notes Payable	680	149	829
967	Total Interest Expense and Amortization Cost	680	149	829
	TOTAL OPERATING EXPENSES	1,241,553	179,861	1,421,414
970	Excess Operating Revenue over Expenses	662,971	1,157,208	1,820,179
971	Extraordinary Maintenance	261,417		261,417
973	Housing Assistance Payments		1,122,166	1,122,166
974	Depreciation Expense	152,724	1,133	153,857
900	TOTAL EXPENSES	1,655,694	1,303,160	2,958,854
1001	Operating Transfer In	74,241		74,241
1002	Operating Transfer Out	(74,241)		(74,241)
1010	Total Other Financing Sources (Uses)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under)			
	Total Expenses	\$ 248,830	\$ 33,909	\$ 282,739

See Auditor's Report.

Shelby Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Living Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program:		
Public and Indian Housing	14.850	\$ 609,272
Public Housing Capital Fund	14.872	676,361
Housing Choice Vouchers	14.871	<u>1,331,991</u>
Total U.S. Department of Housing and Urban Development		<u>2,617,624</u>
Total Expenditures of Federal Awards		<u>\$ 2,617,624</u>

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***

Shelby Metropolitan Housing Authority
Shelby County
706 North Wagner Avenue
Sidney, Ohio 45365

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 Shelby Metropolitan Housing Authority, Shelby County, (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 18, 2025.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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 Shelby 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



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

Shelby Metropolitan Housing Authority
Shelby County
706 North Wagner Avenue
Sidney, Ohio 45365

To the Board of Trustees

Report on Compliance for each Major Federal Program

I have audited Shelby Metropolitan Housing Authority, Shelby 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 Shelby Metropolitan Housing Authority's major federal program for the year ended December 31, 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, Shelby 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 December 31, 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

Shelby Metropolitan Housing Authority

Schedule of Findings

December 31, 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:

14.850	Public and Indian Housing
14.872	Public Housing Capital Fund

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.

Shelby Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

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

OHIO AUDITOR OF STATE KEITH FABER



SHELBY METROPOLITAN HOUSING AUTHORITY

SHELBY 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 11/6/2025

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