



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024



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Columbus, Ohio 43215
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Board of Commissioners
Fairfield Metropolitan Housing Authority
315 North Columbus Street, Ste. 200
Lancaster, Ohio 43130

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

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

December 10, 2025

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Fairfield Metropolitan Housing Authority
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For the Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus Street, Ste. 200
Lancaster, Ohio 43130

To the Board of Commissioners

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Fairfield Metropolitan Housing Authority, Fairfield County, Ohio (Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fairfield Metropolitan Housing Authority, Fairfield County, Ohio as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Portsmouth, Ohio
July 24, 2025

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**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
UNAUDITED**

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

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

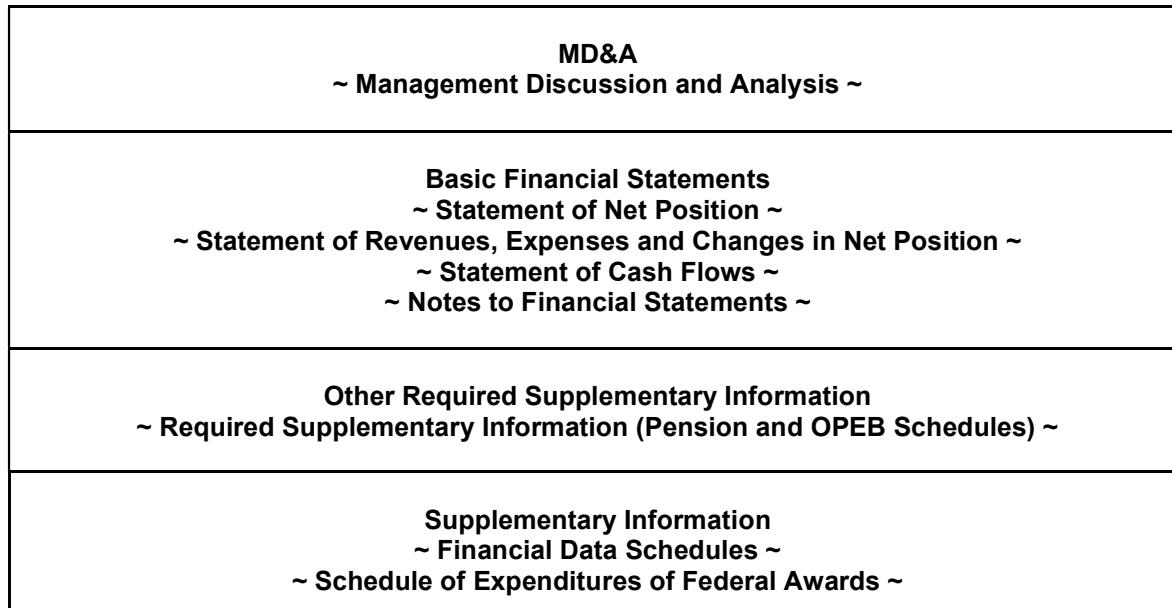
FINANCIAL HIGHLIGHTS

The Authority's programs for the single enterprise fund are: Housing Choice Voucher Program (HCVP), Family Unification Program (FUP), Veteran Affairs Supportive Housing Program (VASH), Continuum of Care, Family Self-Sufficiency Program, Blended Component Unit, and Other Business Activities (OBA).

- The Authority's net position increased by \$161,599 (or 3.178%) during 2024. Net position was \$5,247,147 and \$5,085,548 for 2024 and 2023, respectively.
- The revenue increased by \$744,392 (or 10.142%) during 2024, and was \$8,084,335 and \$7,339,943 for 2024 and 2023, respectively.
- The total expenses increased by \$789,724 (11.071%). Total expenses were \$7,922,736 and \$7,133,012 for 2024 and 2023, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of these financial statements:



**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
UNAUDITED**

BASIC FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

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

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

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

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

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

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

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

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Family Unification Program (FUP) – This Program provides Section 8 rental assistance to families eligible for the Housing Choice Voucher program and whose lack of adequate housing has been determined from the local public welfare agency as the primary reason that the family's child(ren) may be placed in out-of-home care.

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
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Veteran Affairs Supportive Housing Program (VASH) – This Program provides Section 8 rental assistance to homeless Veterans eligible for the Housing Choice Voucher program along with supportive services provided by the Department of Veteran Affairs (VA) to the participants. VA provides these services at VA medical centers (VAMCs) and community-based outreach clinics.

Family Self-Sufficiency – This program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program with public and private sources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, make progress toward economic independence and self-sufficiency.

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

Blended Component Unit – Dragonfly Dreams Housing Corporation (DDHC), an Ohio non-profit corporation, is a component unit of the authority and is organized for the purpose of providing affordable housing to tenants through project-based funding administered by the Authority's Housing Choice Voucher Program. The Authority acts as a managing agent for the DDHC and performs all financial and operating functions for the DDHC and receives a management fee for services rendered.

Other Business Activity (OBA) – Represents activities of the authority that include providing affordable housing for low-income people outside of the scope of the conventional and housing choice voucher programs and includes properties transferred to the Authority in 2007 from Lancaster Community Housing Corporation (Non-profit organization). This account also represents activity of the non-profit organization, legally named Fairfield Housing, Inc. which was defined by resolution during 2009 as an instrumentality of the Authority, and that of the managing and leasing agent. Activity will be listed as an OBA for FDS purposes. The Authority entered into a Cooperation Agreement in 2019 pursuant to Ohio Revised Code Section 3735.33 and in exchange received a one percent "Special Limited Membership Interest" of the limited liability company leasing a housing project located within the Authority's area of operation for which an administration fee is received beginning in 2020. In December 2022, the Authority entered into a management agreement with a community agency that services special needs populations to perform property management and maintenance services.

Fairfield County Development Disability Board - The Authority entered into a contract to serve as Fairfield County Development Disability Board's housing provider in March of 2025. As part of this transaction, the Authority entered into an Agreement to Hold Real Property and executed a Residence Trust Agreement and Memorandum of Trust for the three properties transferred to the Authority. The properties were originally purchased in whole or in part with community assistance funds and have an outstanding mortgage as of the transaction date.

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
UNAUDITED**

STATEMENT OF NET POSITION

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

**TABLE 1
STATEMENT OF NET POSITION**

	2024	2023
Current and Other Assets	\$ 3,464,161	\$ 3,229,053
Capital Assets	2,686,664	2,731,910
Deferred Outflows	282,491	483,482
TOTAL ASSETS AND DEFERRED OUTFLOWS	6,433,316	6,444,445
 Current Liabilities	 252,109	 216,597
Noncurrent Liabilities	862,221	1,099,779
Deferred Inflows	71,839	42,521
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,186,169	1,358,897
 Net Position:	 	
Net Investment in Capital Assets	2,686,664	2,731,910
Restricted	48,132	70,627
Unrestricted	2,512,351	2,283,011
TOTAL NET POSITION	\$ 5,247,147	\$ 5,085,548

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

The restricted HAP reserve fund for Section 8 decreased by \$59,375 and the Escrow Forfeiture Account increased by \$7,160 which influence a total decrease to restricted position of \$22,495. The unrestricted increased by \$229,340 which was influenced by the increases of \$17,179 to HCV reserves, a net increase of \$91,414 to the DDHC operating reserve, \$108,754 to the reserve funds in the Other Business Activity. Current and Other Assets increased by \$235,108 mostly due to the changes in reserves after an increase in the OPEB asset of \$29,720. Deferred outflows decreased by \$200,991. Current liabilities increased by \$35,512. Non-current liabilities decreased by \$242,302 for the net pension liability and increased for other by \$4,744 for a total net decrease of \$237,558 while deferred inflows increased by \$29,318. Net investment in capital assets changes can be analyzed from Table 4 of the MD&A.

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
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**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The following schedule compares the revenues and expenses for the current and previous year.

	2024	2023
Revenues		
Tenant Revenue - Rents and Other	\$ 362,669	\$ 343,693
Operating Subsidies and Grants	7,554,838	6,836,770
Investment Income/Other Revenue	166,828	159,480
TOTAL REVENUES	8,084,335	7,339,943
Expenses		
Administrative	837,139	770,792
Tenant Services	119,743	87,104
Utilities	27,260	29,736
Ordinary Maintenance & Operations	264,944	284,524
Insurance	121,583	104,887
Payment in Lieu Of Taxes	27,279	25,969
Housing Assistance Payment	6,309,320	5,591,522
Depreciation	193,948	203,200
Pension and OPEB Expenses	(41,713)	(17,753)
Other General and Extraordinary Maintenance	56,956	41,810
Bad Debt/Fraud Losses	6,277	11,221
TOTAL EXPENSES	7,922,736	7,133,012
CHANGE IN NET POSITION	\$ 161,599	\$ 206,931

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

Total Revenues increased by \$744,392. In 2024, the authority received \$718,068 more in HAP and operating subsidies. There were increases in rents of \$18,976 and to investment income of \$8,421 and to other revenue of \$5,623 with decreases to fraud recovery of \$6,696.

Total expenses increased by \$789,724 mostly due to an increase in HAP of \$717,798 and a decrease to the agency's net Pension and OPEB liabilities resulting in a decrease from last year of \$23,960. All other expenses had a net increase of \$95,886.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
UNAUDITED

CAPITAL ASSETS

As of year-end, the Authority had \$2,686,664 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$45,246.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2024	2023
Land and Land Rights	\$ 994,621	\$ 994,621
Buildings	11,316,214	11,170,401
Equipment - Administrative	459,046	456,157
Equipment - Dwellings	87,578	87,578
Leasehold Improvements	321,100	321,100
Accumulated Depreciation	<u>(10,491,895)</u>	<u>(10,297,947)</u>
 TOTAL	 <u>\$ 2,686,664</u>	 <u>\$ 2,731,910</u>

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE – NET	\$ 2,731,910
Additions – Section 8	1,877
Additions – OBA	4,977
Additions – Component Unit	141,848
Depreciation Expense	<u>(193,948)</u>
 ENDING BALANCE	 <u>\$ 2,686,664</u>

Depreciation Expense - Section 8	\$ 2,119
Depreciation Expense - OBA	51,652
Depreciation Expenses – Component Unit	140,177
 TOTAL DEPRECIATION	 <u>\$ 193,948</u>

DEBT ADMINISTRATION

During the year the Authority had no debt (bonds, notes, etc.) outstanding.

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024
UNAUDITED**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

Fairfield Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Heather Cagg, Executive Director of the Fairfield Metropolitan Housing Authority at (740) 653-6618.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

Assets

Current Assets:	
Cash and Cash Equivalents	\$ 2,936,291
Restricted Cash and Cash Equivalents	166,209
Investments	72,022
Accounts Receivable, Net of allowance	101,771
Inventories, Net of Allowance	11,723
Prepaid Expenses and Other Assets	146,425
Total Current Assets	<u>3,434,441</u>

Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	994,621
Depreciable Capital Assets, Net of Accumulated Depreciation	1,692,043
Total Capital Assets	<u>2,686,664</u>
Net OPEB Asset	29,720
Total Non-Current Assets	<u>2,716,384</u>
Total Assets	<u>6,150,825</u>

Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	251,374
Deferred Outflows of Resources - OPEB	31,117
Total Deferred Outflows of Resources	<u>282,491</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,433,316</u>

Liabilities

Current Liabilities:	
Account Payables	\$ 53,749
Intergovernmental Payable	27,279
Accrued Liabilities	35,331
Current Portion of Compensated Absences	38,326
Tenant Security Deposits	57,600
Current FSS Liability	38,002
Unearned Revenue	1,822
Total Current Liabilities	<u>252,109</u>

Noncurrent Liabilities:	
FSS Liability	52,195
Compensated Absences	7,335
Net Pension Liability	802,691
Total Noncurrent Liabilities	<u>862,221</u>

Total Liabilities	<u>1,114,330</u>
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Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	54,791
Deferred Inflows of Resources - OPEB	17,048
Total Deferred Inflows and Resources	<u>71,839</u>

Net Position:	
Net Investment in Capital Assets	2,686,664
Restricted	48,132
Unrestricted	2,512,351
Total Net Position	<u>5,247,147</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 6,433,316</u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenues:

Tenant Rental Revenue	\$ 362,669
HUD PHA Operating Grants	7,554,838
Other Revenue	104,555
Total Operating Revenues	<u>8,022,062</u>

Operating Expenses:

Administrative	837,139
Tenant Services	119,743
Utilities	27,260
Ordinary Maintenance and Operations	264,944
Insurance	121,583
Payment in Lieu of Taxes	27,279
Housing Assistance Payments	6,309,320
Bad Debt/Fraud Loss	6,277
Depreciation	193,948
Pension OPEB Expense	(41,713)
Other General	56,956
Total Operating Expenses	<u>7,922,736</u>
 Operating Income (Loss)	 99,326

Non-Operating Revenues:

Investment Income	62,273
Total Non-Operating Revenues	<u>62,273</u>

Change in Net Position	161,599
 Net Position, Beginning of the Year	 <u>5,085,548</u>
 Net Position, End of Year	 <u>\$ 5,247,147</u>

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

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY**
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from Operating Grants	\$ 7,483,835
Tenants Revenue Received	362,008
Other Revenue Received	104,555
Housing Assistance Payments	(6,309,320)
Payments for Other Operating Expenses	(1,398,510)
Payments to Other Governments	(21,470)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>221,098</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of Capital Assets	(148,702)
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES	<u>(148,702)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Investments	(2,101)
Investment Income	62,273
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>60,172</u>

Net Increase (Decrease) in Cash and Cash Equivalents 132,568

Cash and Cash Equivalents at Beginning of Year 2,969,932
Cash and Cash Equivalent at End of Year \$ 3,102,500

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED)

BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 99,326
Adjustments:	
Depreciation	193,948
(Increases) Decreases in:	
Accounts Receivable, Net of allowance	(65,488)
Inventories, Net of allowance	(500)
Prepaid Expenses and Other Assets	(4,731)
Pension Assets	(29,720)
Deferred Outflows of Resources	200,991
Increases (Decrease) in:	
Accounts Payable	36,464
Accrued Liabilities	(34,676)
Accrued Compensated Absences	(920)
Intergovernmental Payable	(88)
Tenant Security Deposits	3,325
FSS Liability	36,430
Pension and OPEB Liabilities	(242,302)
Deferred Inflows of Resources	29,318
Unearned Revenue	(279)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 221,098</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, as amended by GASB Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

Component Unit

The accompanying financial statements present the Dragonfly Dreams Housing Corporation, a component unit of the Authority, over which the Authority exercises significant control, as a blended entity.

The Dragonfly Dreams Housing Corporation (the Corporation) is a not-for-profit corporation and has the recognition of exempt status under the IRS section 501c(3). The Corporation was created by the Authority to hold ownership of the previous Public Housing portfolio converted through the Rental Assistance Demonstration (RAD) to Section 8, with project-based funding administered by the Authority's Housing Choice Voucher Program. The Board Members of the Corporation consist of the same board members of the Authority.

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FAIRFIELD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basic of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. 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 in net position, financial position and cash flow. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenditures and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

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

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes family's rents through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30% and the Authority subsidizes the balance.

Family Unification Program (FUP) – This Program provides Section 8 rental assistance to families eligible for the Housing Choice Voucher program and whose lack of adequate housing has been determined from the local public welfare agency as the primary reason the family's child(ren) may be placed in out-of-home care.

Veteran Affairs Supportive Housing (VASH) - This Program provides Section 8 rental assistance to homeless Veterans eligible for the Housing Choice Voucher program along with supportive services provided by the Department of Veteran Affairs (VA) to the participants. VA provides these services at VA medical centers (VAMCs) and community-based outreach clinics.

Family Self-Sufficiency (FSS) – A grant funded by HUD that is intended to enable Housing Choice Voucher participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance and make progress toward economic independence and self-sufficiency.

FSS Escrow Forfeiture Account Program – Through the Family Self-Sufficiency program families are given opportunities for education, job training counseling and other support to help the family achieve self-sufficiency. As a participant's skills improve, earnings are likely to increase the participant's rent amount. Under the program the increased rent amounts are placed into an escrow account for the

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

family upon graduation. Escrows of participants failing to graduate or otherwise withdrawing from the program are forfeited to be used for the benefit of any FSS participant in good standing under the FSS Escrow Forfeiture Account program.

Blended Component Unit (BCU) - Dragonfly Dreams Housing Corporation (DDHC), an Ohio non-profit corporation, is a component unit of the authority and is organized for the purpose of providing affordable housing to tenants through project-based funding administered by the Authority's Housing Choice Voucher Program. The Authority acts as a managing agent for the DDHC and performs all financial and operating functions for the DDHC and receives a management fee for services rendered.

Other Business Activity (OBA) – Represents activities of the Authority that include providing affordable housing for low-income people outside of the scope of the Conventional and Housing Choice Voucher Programs and includes properties transferred to the Authority in 2007 from Lancaster Community Housing Corporation renamed Fairfield Housing Incorporation (Non-Profit organization) in 2009 whose activity is also included. Effective November 1, 2015, the Authority entered into a management agreement with the Dragonfly Dreams Housing Corporation as exclusive managing and leasing agent for the RAD (PBV) units whose activity is included. In 2019 the Authority entered into a cooperation agreement pursuant to Ohio Revised Code Section 3735.33 in exchange for a one percent “Special Limited Membership Interest” of a limited liability company who will lease a housing project within the Authority’s area of operations for which an administrative fee is received which began in 2020. In December 2022, the Authority entered into a management agreement with a community agency that services special needs populations to perform property management and maintenance services.

Fairfield County Development Disability Board - The Authority entered into a contract to serve as Fairfield County Development Disability Board’s housing provider in March of 2025. As part of this transaction, the Authority entered into an Agreement to Hold Real Property and executed a Residence Trust Agreement and Memorandum of Trust for the three properties transferred to the Authority. The properties were originally purchased in whole or in part with community assistance funds and have an outstanding mortgage as of the transaction date.

Accounting and Reporting for Non-exchange Transactions

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

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

Authority grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Expenses

Payments made to vendors for services that will benefit 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.

Investments

Investments are restricted by the provisions of the HUD Regulations (see Note 2). Investments are valued at market value. Interest income earned in fiscal year 2024 for all programs totaled \$62,273. Certificates of deposits with maturities greater than three months are considered investments.

Capital Assets

Fixed assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the asset. 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's capitalization policy is \$2,000. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – nonresidential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

Net Position

Net position represents the difference between assets, deferred inflows, liabilities and deferred outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions. The Authority applies restricted resources first when expenditures are incurred for purposes for which restricted or unrestricted amounts are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

Cash and Cash Equivalents

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

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 payment. 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 absences accrual amount.

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

In the Proprietary Fund, the compensated absences are expensed when earned with the amount reported as a liability.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD and once approved is adopted by the Board of the Housing Authority.

Estimates

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

Receivables – 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 for receivables was \$6 at December 31, 2024.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$1,303 at December 31, 2024.

Due to/Due from Programs

These are eliminated for the basic financial statement.

Pensions/Other Post Employment Benefits (OPEB)

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

Deferred 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 (expenses/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Note 4 and 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 Note 4 and 5.

Changes in Accounting Principles

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.

2. DEPOSITS AND INVESTMENTS

Deposits

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

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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 deposits maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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2. DEPOSIT AND INVESTMENTS - CONTINUED

Deposit – Continued

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 deposits maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

As of December 31, 2024, the carrying amount of the Authority's deposits totaled \$3,174,522 and its bank balance was \$3,251,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, \$2,403,657 was exposed to custodial risk as discussed above while \$848,205 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. All deposits are either insured or collateralized with eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System(OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited I the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposits, repurchase agreements, money market deposits accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A included investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

The Authority's non-negotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

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3. CAPITAL ASSETS

	Balance 12/31/23	Additions	Deletions	Balance 12/31/24
Nondepreciable Capital Assets:				
Land	\$ 994,621	\$ -	\$ -	\$ 994,621
Nondepreciable Capital Assets:	<u>994,621</u>	<u>-</u>	<u>-</u>	<u>994,621</u>
Depreciable Capital Assets:				
Building and Improvements	11,491,501	145,813	-	11,637,314
Furniture and Equipment	543,735	2,889	-	546,624
Less: Accumulated Depreciation	<u>(10,297,947)</u>	<u>(193,948)</u>	<u>-</u>	<u>(10,491,895)</u>
Total Depreciable Capital Assets, Net	<u>1,737,289</u>	<u>(45,246)</u>	<u>-</u>	<u>1,692,043</u>
Total Capital Assets	<u>\$ 2,731,910</u>	<u>\$ (45,246)</u>	<u>\$ -</u>	<u>\$ 2,686,664</u>
Depreciation Expense by Class:				
Building and Improvements	\$ 186,986			
Furniture and Fixtures	6,962			
Total Depreciation Expense	<u>\$ 193,948</u>			

4. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *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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4. DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost sharing, multiple-employer defined benefit plan. The Member-Directed plan is a defined contribution plan, and the Combined Plan is a cost-sharing, multiple-employer defined benefit plan with defied 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 (e.g. Authority employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

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

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

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

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

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4. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

When a traditional 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 benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be at 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be 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 member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consist of the member's contributions, vested employer contributions and investment gains or losses resulting from the member's 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 account. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annualize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

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4. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

For 2024, the Authority's contractually required contributions used to fund pension benefits was \$72,211 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 proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportionate of the Net Pension Liability			
-Prior Measurement Date	0.003459%	0.000000%	
-Current Measurement Date	0.003066%	0.000000%	
Change in Proportionate Share	<u>-0.000393%</u>	<u>0.000000%</u>	
Proportionate Share of the Net Pension Liability	\$ 802,691	\$ 0	\$ 802,691
Pension Expense	\$ 34,644	\$ 324	\$ 34,968

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net Difference between Projected and actual Earnings on Pension Plan Investments	\$ 162,019	\$ 0	\$ 162,019
Difference between Expected and Actual Experience	13,120	0	13,120
Change in proportion and differences between Authority contributions and proportionate share of contributions	0	4,024	4,024
Authority's Contribution Subsequent to the Measurement Date	<u>72,211</u>	<u>0</u>	<u>72,211</u>
Total Deferred Outflows of Resources	<u>\$ 247,350</u>	<u>\$ 4,024</u>	<u>\$ 251,374</u>

Deferred Inflows of Resources

Change in proportion and differences between Authority contributions and proportionate share of contributions	\$ 52,576	\$ 2,215	\$ 54,791
Total Deferred Inflows of Resources	<u>\$ 52,576</u>	<u>\$ 2,215</u>	<u>\$ 54,791</u>

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4. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

\$72,211 reported as deferred outflows of resources related to pension resulting from 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:

Year Ending December 31:	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
2025	\$ 1,846	\$ 324	\$ 2,170
2026	40,396	324	40,720
2027	103,390	324	103,714
2028	(23,069)	740	(22,329)
2029	0	97	97
Total	<u>\$ 122,563</u>	<u>\$ 1,809</u>	<u>\$ 124,372</u>

Actuarial Assumptions - OPERS

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

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

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

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4. DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions – OPERS - Continued

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, 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 loss 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-estimated 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 allocations of December 31, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	<u>5.00</u>	<u>3.46</u>
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent, post-experience study results. The projection of cash flow 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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4. DEFINED BENEFIT PENSION PLAN - 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-percentage-point lower or one-percentage-point higher than the current rate:

<u>Authority's proportionate share of the net pension liability</u>	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 1,263,652	\$ 802,691	\$ 419,306
Combined Plan	\$ -	\$ -	\$ -

5. DEFINED BENEFITS OPEB PLANS

Net OPEB Asset

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

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

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

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

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5. DEFINED BENEFITS OPEB PLANS - CONTINUED

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan is a cost-sharing, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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5. DEFINED BENEFITS OPEB PLANS - CONTINUED

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

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may be obtained a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 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 Tradition Pension Plan. The employer contribution as a percentage of covered payroll deposited for the Combined Plan and Member-Directed Plan health care programs in 2023-2024 was 2.0 percent and 4.0 percent, respectively.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to healthcare was \$3,188 for fiscal year ending December 31, 2024.

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5. DEFINED BENEFITS OPEB PLANS – CONTINUED

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 liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

<u>OPERS</u>	
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.003680%
Current Measurement Date	<u>0.003293%</u>
Change in Proportionate Share	<u>-0.0003870%</u>
Proportionate Share of the Net OPEB Liability(Asset)	\$ (29,720)
OPEB Expense	\$ (1,282)

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	\$ 17,852
Changes of assumptions	7,652
Change in proportion and differences between Authority contributions and proportionate share of contributions	2,425
Authority contributions subsequent to the measurement date	3,188
Total Deferred Outflows of Resources	<u>\$ 31,117</u>
Deferred Inflows of Resources	
Difference between expected and actual experience	\$ 4,229
Changes of assumptions	12,776
Change in proportion and differences between Authority contributions and proportionate share of contributions	43
Total Deferred Inflows of Resources	<u>\$ 17,048</u>

\$3,188 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>OPERS</u>	
Year Ending December 31:	
2025	\$ 763
2026	2,249
2027	13,895
2028	<u>(6,026)</u>
Total	<u>\$ 10,881</u>

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5. DEFINED BENEFITS OPEB PLANS – CONTINUED

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset 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 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 Trends 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 table (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Table (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 the 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 is 14.0 percent for 2023.

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5. DEFINED BENEFITS OPEB PLANS – 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)	
		37.00 %	2.82 %
Fixed Income	37.00	2.82	2.82 %
Domestic Equities	25.00		4.27
Real Estate Investment Trust	5.00		4.68
International Equities	25.00		5.16
Risk Parity	3.00		4.38
Other investments	5.00		2.43
Total	100.00 %		

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

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5. DEFINED BENEFITS OPEB PLANS – 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 percentage lower or 1.0 percentage 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)	\$16,333	(\$29,720)	(\$67,869)

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	Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	(\$30,954)	(\$29,720)	(\$28,320)

6. RISK MANAGEMENT

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

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7. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2024, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

8. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost in excess of reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2024.

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2024, the Authority was not aware of any such matters that would have a material effect on the financial statements.

9. NON-CURRENT LIABILITIES

The change in Authority's long-term obligations during 2024 were as follows:

	<u>Balance</u>	<u>12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>12/31/24</u>	<u>Due Within</u>	<u>One Year</u>
FSS Liability	\$ 48,819	\$ 47,595	\$ (44,219)	\$ 52,195	\$ -	\$ -	\$ -	\$ -
Accrued Comp. Absences	5,967	1,368	-	7,335	-	-	-	-
Net Pension Liability	1,021,790	83,134	(302,233)	802,691	-	-	-	-
Net OPEB Liability	23,203	5,832	(29,035)	-	-	-	-	-
Total	\$1,099,779	\$137,929	\$ (375,487)	\$ 862,221	\$ -	\$ -	\$ -	\$ -

See Notes 4 and 5 for information on the Authority's net pension and OPEB expense.

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10. BLENDED COMPONENT UNIT

As of December 31, 2024, the condensed Statement of Net Position for the blended component unit (DDHC) is as follows:

Assets

Current Assets	\$ 1,107,709
Non-depreciable Capital Assets	870,931
Depreciable Assets, Net of Depreciation	<u>964,888</u>
Total Assets	<u>\$ 2,943,528</u>

Liabilities

Current Liabilities	\$ 1,444
Accounts Payables	<u>1,444</u>
Total Liabilities	<u>\$ 1,444</u>

Net Position

Net Investment in Capital Assets	\$ 1,835,819
Unrestricted	1,106,265
Total Net Position	<u>\$ 2,942,084</u>
Total Liabilities and Net Position	<u>\$ 2,943,528</u>

As of December 31, 2024, the condensed Statement of Activities for the blended component unit (DDHC) is as follows:

Operating Revenues

Total Tenant Revenues	\$ 294,503
Other Government Grants	494,176
Other Revenue	1,276
Total Operating Revenue	<u>789,955</u>

Operating Expenses

Depreciation	140,177
Other Operating Expenses	585,067
Total Operating Expenses	<u>725,244</u>
Operating Income	<u>64,711</u>

Nonoperating Revenue

Investment Income-Unrestricted	28,374
Total Nonoperating Revenues	<u>28,374</u>
Changes in Net Position	<u>93,085</u>

Beginning Net Position

2,848,999

Ending Net Position

\$ 2,942,084

As of December 31, 2024, the condensed Statement of Cash Flows for the blended component unit (DDHC) is as follows:

Net Cash Provided by Operating Activities	\$ 279,955
Net Cash Used in Investing Activities	28,374
Net Cash Used in Capital Activities	<u>(141,933)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>166,396</u>

Beginning Cash and Cash Equivalents

940,933

Ending Cash and Cash Equivalents

\$ 1,107,329

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

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability (percentage)	0.003066%	0.003459%	0.003654%	0.003928%	0.004092%	0.003802%	0.004257%	0.004429%	0.004741%	0.004941%
Authority's Proportionate Share of the Net Pension Liability	\$ 802,691	\$ 1,021,790	\$ 317,913	\$ 581,651	\$ 808,811	\$ 1,041,291	\$ 667,842	\$ 1,005,751	\$ 821,201	\$ 595,941
Authority's Covered Payroll	\$ 504,614	\$ 536,169	\$ 530,257	\$ 553,221	\$ 575,693	\$ 522,099	\$ 552,685	\$ 592,100	\$ 597,623	\$ 612,261
Authority's Proportionate share of the Net Pension Liability as a Percentage Of its Covered Payroll	159.07%	190.57%	59.95%	105.14%	140.49%	199.44%	118.69%	169.86%	138.69%	99.72%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability (Asset) (percentage)	0.000000%	0.000000%	0.000000%	0.000000%	0.000967%	0.007460%	0.000000%	0.000000%	0.000000%	0.000000%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,016)	\$ (8,342)	\$ 0	\$ 0	\$ 0
Authority's Covered Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,300	\$ 31,900	\$ 0	\$ 0	\$ 0
Authority's Proportionate share of the Net Pension Liability (Asset) As a Percentage Of its Covered Payroll	n/a	n/a	n/a	n/a	46.88%	26.15%	n/a	n/a	n/a	n/a
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability/Asset	n/a	n/a	n/a	n/a	145.28%	126.64%	n/a	n/a	n/a	n/a

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

See accompanying notes to the required supplementary information.

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Contractually Required Contributions	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Traditional Plan	\$ 72,211	\$ 70,646	\$ 75,064	\$ 74,236	\$ 77,451	\$ 80,597	\$ 73,094	\$ 73,149	\$ 71,052	\$ 71,715
Combined Plan	0	0	0	0	0	602	4,467	0	0	0
Total Required Contributions	72,211	70,646	75,064	74,236	77,451	81,199	77,561	73,149	71,052	71,715
Required Contributions	<u><u>(72,211)</u></u>	<u><u>(70,646)</u></u>	<u><u>(75,064)</u></u>	<u><u>(74,236)</u></u>	<u><u>(77,451)</u></u>	<u><u>(81,199)</u></u>	<u><u>(77,561)</u></u>	<u><u>(73,149)</u></u>	<u><u>(71,052)</u></u>	<u><u>(71,715)</u></u>
Contribution Deficiency/(Excess)	<u><u>\$ 0</u></u>									
Authority's Covered Payroll										
Traditional	\$ 515,791	\$ 504,614	\$ 536,169	\$ 530,257	\$ 553,221	\$ 575,693	\$ 554,005	\$ 562,685	\$ 592,100	\$ 597,623
Combined Plan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,300	\$ 31,906	\$ 0	\$ 0
Contributions as a Percentage of Covered Payroll										
Traditional	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	12.00%	12.00%
Combined Plan	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	12.00%	12.00%

See accompanying notes to the required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net OPEB Liability/Asset	0.003293%	0.003680%	0.003860%	0.004123%	0.004295%	0.004226%	0.004440%	0.004620%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (29,720)	\$ 23,203	\$ (120,901)	\$ (73,455)	\$ 593,251	\$ 550,971	\$ 482,151	\$ 466,636
Authority's Covered Payroll	\$ 581,258	\$ 612,529	\$ 601,949	\$ 623,521	\$ 648,893	\$ 613,694	\$ 628,930	\$ 638,429
Authority's Proportionate share of the Net OPEB Liability/(Asset) As a Percentage of its Covered Payroll	-5.11%	3.79%	-20.09%	-11.78%	91.43%	89.79%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as it comes available.

Amounts presented as of the Authority's year end. The plan measurement date is the prior year end.

See accompanying notes to the required supplementary information.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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>
Contractually Required Contributions	\$ 3,188	\$ 3,066	\$ 2,940	\$ 2,868	\$ 2,812	\$ 2,756	\$ 2,702	\$ 8,280	\$ 14,060
Contributions in Relation to the Contractually Required Contributions	(3,188)	(3,066)	(2,940)	(2,868)	(2,812)	(2,756)	(2,702)	(8,280)	(14,060)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Authority's Covered-Employee Payroll	\$ 595,501	\$ 581,258	\$ 612,534	\$ 601,949	\$ 623,521	\$ 648,893	\$ 613,694	\$ 628,930	\$ 638,429
Contributions as a Percentage of Covered-Employee Payroll	0.53%	0.53%	0.45%	0.48%	0.45%	0.42%	0.44%	1.32%	2.20%

See accompanying notes to the required supplementary information.

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

NOTE 1 – 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 the post-1/7/13 retirees were reduced from 3% simple through 2018 to 1.4% 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.

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

NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) – CONTINUED

Net OPEB Liability/Asset

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

Changes in Assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%. (b) In January 2020, the Board adopted changes to the 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 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 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.

Fairfield Metropolitan Housing Authority (OH070)

Lancaster, OH

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14,896 PIH Family Self-Sufficiency Program	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted			1,107,414		517,586	1,311,291	2,936,291		2,936,291
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted		18,412				52,195	70,607		70,607
114 Cash - Tenant Security Deposits					57,600		57,600		57,600
115 Cash - Restricted for Payment of Current Liabilities						38,002	38,002		38,002
100 Total Cash	0	18,412	1,107,414	0	575,186	1,401,488	3,102,500	0	3,102,500
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects						71,003	71,003		71,003
124 Accounts Receivable - Other Government					530		530		530
125 Accounts Receivable - Miscellaneous					6,905	480	7,385		7,385
126 Accounts Receivable - Tenants			301		550		851		851
126.1 Allowance for Doubtful Accounts -Tenants			-6		0	0	-6		-6
126.2 Allowance for Doubtful Accounts - Other					0	0	0		0
128 Fraud Recovery						142,015	142,015		142,015
128.1 Allowance for Doubtful Accounts - Fraud						-120,085	-120,085		-120,085
129 Accrued Interest Receivable					78		78		78
120 Total Receivables, Net of Allowances for Doubtful Accounts	0	0	295	0	8,063	93,413	101,771	0	101,771
131 Investments - Unrestricted					72,022		72,022		72,022
142 Prepaid Expenses and Other Assets					112,931	33,494	146,425		146,425
143 Inventories					13,026		13,026		13,026
143.1 Allowance for Obsolete Inventories					-1,303		-1,303		-1,303
150 Total Current Assets	0	18,412	1,107,709	0	779,925	1,528,395	3,434,441	0	3,434,441
161 Land			870,931		123,690		994,621		994,621
162 Buildings			9,804,816		1,511,398		11,316,214		11,316,214
163 Furniture, Equipment & Machinery - Dwellings					87,578		87,578		87,578
164 Furniture, Equipment & Machinery - Administration					228,870	230,176	459,046		459,046
165 Leasehold Improvements			234,207		86,893		321,100		321,100
166 Accumulated Depreciation			-9,074,135		-1,193,477	-224,283	-10,491,895		-10,491,895
167 Construction in Progress									
168 Infrastructure									

Fairfield Metropolitan Housing Authority (OH070)

Lancaster, OH

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

160 Total Capital Assets, Net of Accumulated Depreciation	0	0	1,835,819	0	844,952	5,893	2,686,664	0	2,686,664
174 Other Assets					8,704	21,016	29,720		29,720
176 Investments in Joint Ventures									
180 Total Non-Current Assets	0	0	1,835,819	0	853,656	26,909	2,716,384	0	2,716,384
200 Deferred Outflow of Resources					82,724	199,767	282,491		282,491
290 Total Assets and Deferred Outflow of Resources	0	18,412	2,943,528	0	1,716,305	1,755,071	6,433,316	0	6,433,316
311 Bank Overdraft									
312 Accounts Payable <= 90 Days			1,444		7,164	45,141	53,749		53,749
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable					9,757	25,456	35,213		35,213
322 Accrued Compensated Absences - Current Portion					7,664	30,662	38,326		38,326
333 Accounts Payable - Other Government					27,279		27,279		27,279
341 Tenant Security Deposits					57,600		57,600		57,600
342 Unearned Revenue					1,822		1,822		1,822
345 Other Current Liabilities						38,002	38,002		38,002
346 Accrued Liabilities - Other						118	118		118
310 Total Current Liabilities	0	0	1,444	0	111,286	139,379	252,109	0	252,109
353 Non-current Liabilities - Other						52,195	52,195		52,195
354 Accrued Compensated Absences - Non Current					2,421	4,914	7,335		7,335
357 Accrued Pension and OPEB Liabilities					235,060	567,631	802,691		802,691
350 Total Non-Current Liabilities	0	0	0	0	237,481	624,740	862,221	0	862,221
300 Total Liabilities	0	0	1,444	0	348,767	764,119	1,114,330	0	1,114,330
400 Deferred Inflow of Resources					21,037	50,802	71,839		71,839
508.4 Net Investment in Capital Assets			1,835,819		844,952	5,893	2,686,664		2,686,664
511.4 Restricted Net Position		18,412			8,704	21,016	48,132		48,132
512.4 Unrestricted Net Position	0	0	1,106,265	0	492,845	913,241	2,512,351		2,512,351
513 Total Equity - Net Assets / Position	0	18,412	2,942,084	0	1,346,501	940,150	5,247,147	0	5,247,147
600 Total Liabilities, Deferred Inflows of Resources and Equity Net	0	18,412	2,943,528	0	1,716,305	1,755,071	6,433,316	0	6,433,316

**Fairfield Metropolitan Housing Authority
Lancaster, OH**
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14,896 PIH Family Self- Sufficiency Program	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			274,751		67,616		342,367		342,367
70400 Tenant Revenue - Other			19,752		550		20,302		20,302
70500 Total Tenant Revenue	0	0	294,503	0	68,166	0	362,669	0	362,669
70600 HUD PHA Operating Grants				42,325		7,512,513	7,554,838		7,554,838
70610 Capital Grants									
70800 Other Government Grants			494,176				494,176	-494,176	0
71100 Investment Income - Unrestricted		179	28,374		7,092	26,628	62,273		62,273
71400 Fraud Recovery			726			23,872	24,598		24,598
71500 Other Revenue		7,399	550		636,866	13,932	658,747	-578,790	79,957
70000 Total Revenue	0	7,578	818,329	42,325	712,124	7,576,945	9,157,301	-1,072,966	8,084,335
91100 Administrative Salaries					83,387	382,003	465,390		465,390
91200 Auditing Fees					2,352	5,648	8,000		8,000
91400 Advertising and Marketing					81	185	266		266
91500 Employee Benefit contributions - Administrative					17,675	93,884	111,559		111,559
91600 Office Expenses					56,341	143,299	199,640		199,640
91700 Legal Expense					1,404	3,010	4,414		4,414
91800 Travel					1,238	2,645	3,883		3,883
91810 Allocated Overhead									
91900 Other						2,274	2,274		2,274
91000 Total Operating - Administrative	0	0	0	0	162,478	632,948	795,426	0	795,426
92100 Tenant Services - Salaries				23,570			23,570		23,570
92300 Employee Benefit Contributions - Tenant Services				15,355			15,355		15,355
92400 Tenant Services - Other		418		3,400		77,000	80,818		80,818
92500 Total Tenant Services	0	418	0	42,325	0	77,000	119,743	0	119,743
93100 Water					3,317	1,236	4,553		4,553
93200 Electricity					8,660	6,709	15,369		15,369
93300 Gas					2,696	1,487	4,183		4,183
93600 Sewer					2,798	357	3,155		3,155

Fairfield Metropolitan Housing Authority
Lancaster, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2024

93000 Total Utilities	0	0	0	0	17,471	9,789	27,260	0	27,260
94100 Ordinary Maintenance and Operations - Labor					81,325		81,325		81,325
94200 Ordinary Maintenance and Operations - Materials and Other					97,074		97,074		97,074
94300 Ordinary Maintenance and Operations Contracts					68,546		68,546		68,546
94500 Employee Benefit Contributions - Ordinary Maintenance					17,999		17,999		17,999
94000 Total Maintenance	0	0	0	0	264,944	0	264,944	0	264,944
96110 Property Insurance					78,634		78,634		78,634
96120 Liability Insurance					30,198	9,467	39,665		39,665
96130 Workmen's Compensation					1,126	2,158	3,284		3,284
96140 All Other Insurance									
96100 Total insurance Premiums	0	0	0	0	109,958	11,625	121,583	0	121,583
96200 Other General Expenses			578,790		401		579,191	-578,790	401
96210 Compensated Absences					12,415	44,140	56,555		56,555
96300 Payments in Lieu of Taxes					27,279		27,279		27,279
96400 Bad debt - Tenant Rents			1,667				1,667		1,667
96600 Bad debt - Other			4,610				4,610		4,610
96000 Total Other General Expenses	0	0	585,067	0	40,095	44,140	669,302	-578,790	90,512
96900 Total Operating Expenses	0	418	585,067	42,325	594,946	775,502	1,998,258	-578,790	1,419,468
97000 Excess of Operating Revenue over Operating Expenses	0	7,160	233,262	0	117,178	6,801,443	7,159,043	-494,176	6,664,867
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments						6,791,814	6,791,814	-494,176	6,297,638
97350 HAP Portability-In						11,682	11,682		11,682
97400 Depreciation Expense			140,177		51,652	2,119	193,948		193,948
90000 Total Expenses	0	418	725,244	42,325	646,598	7,581,117	8,995,702	-1,072,966	7,922,736
10010 Operating Transfer In									
10020 Operating transfer Out									
10100 Total Other financing Sources (Uses)	0	0	0	0	0	0	0	0	0

Fairfield Metropolitan Housing Authority
Lancaster, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2024

10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	0	7,160	93,085	0	65,526	-4,172	161,599	0	161,599
11020 Required Annual Debt Principal Payments	0	0	0	0	0	0	0	0	0
11030 Beginning Equity	0	11,252	2,848,999	0	1,280,975	944,322	5,085,548		5,085,548
11170 Administrative Fee Equity						940,150	940,150		940,150
11180 Housing Assistance Payments Equity						0	0		0
11190 Unit Months Available	0		1152		96	11922	13170	-1152	12018
11210 Number of Unit Months Leased	0		1113		94	10220	11427	-1113	10314

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

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct from the agency:</i>		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 7,512,513
Total Housing Voucher Cluster		<u>7,512,513</u>
PIH Family Self-Sufficiency Program	14.896	<u>42,325</u>
Total U.S. Department of Housing and Urban Development		<u>7,554,838</u>
Total Federal Awards Expenditures		\$ 7,554,838

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

**FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY**
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fairfield Metropolitan Housing Authority, Fairfield County, Ohio (the Authority) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule has been 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, change in net position, or cash flows of the Authority.

NOTE 2 – 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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



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

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus Street, Ste. 200
Lancaster, Ohio 43130

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Fairfield Metropolitan Housing Authority, Fairfield County, Ohio (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Fairfield Metropolitan Housing Authority

Fairfield County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group, Inc.

Portsmouth, Ohio

July 24, 2025



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

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus Street, Ste. 200
Lancaster, Ohio 43130

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Fairfield Metropolitan Housing Authority

Fairfield County

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

Page 3

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

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

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

BHM CPA Group

BHM CPA Group, Inc.

Portsmouth, Ohio

July 24, 2025

Fairfield Metropolitan Housing Authority

Schedule of Findings

2 CFR § 200.515

December 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Housing Voucher Cluster: Section 8 Housing Choice Vouchers - ALN 14.871,
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



FAIRFIELD METROPOLITAN HOUSING AUTHORITY

FAIRFIELD 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 12/23/2025

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

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