

MARION METROPOLITAN HOUSING AUTHORITY

Marion County

Single Audit

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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Columbus, Ohio 43215
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Board of Trustees
Marion Metropolitan Housing Authority
117 N. Greenwood Street, Suite 12
Marion, Ohio 43302

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2025

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**MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO**

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Independent Auditor's Report

Marion Metropolitan Housing Authority
Marion County
117 N. Greenwood Street, Suite 12
Marion, Ohio 43302

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 6, 2024, on my consideration of the Marion Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marion Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marion Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

December 6, 2024

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Marion 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, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- During 2024 the Authority’s Net Position increased by \$170,255 (or 51.70%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$499,556 and \$329,301 for years 2024 and 2023, respectively.
- The revenue increased by \$606,385 (or 15.47%) during 2024 and was \$4,525,667 and \$3,919,282 for the years 2024 and 2023, respectively.
- The total expenses for the Authority increased by \$376,148 (or 9.45%). Total expenses were \$4,355,412 and \$3,979,264 for the years 2024 and 2023, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

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

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

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

Basic Financial Statements

The basic financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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 Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Fund Financial Statements

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector.

Many of the programs maintained by the Authority are required by the U. S. Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Housing Choice Voucher (HCV) Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

Other Programs- In addition to the housing choice voucher program, the Authority also operates the following programs:

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

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MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Statement of Net Position

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

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

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|--------------------------|
| Current and Other Assets | \$ 1,089,469 | \$ 854,814 |
| Capital Assets | <u>19,991</u> | <u>33,939</u> |
| Total Assets | 1,109,460 | 888,753 |
| Deferred Outflows of Resources | <u>64,443</u> | <u>104,102</u> |
| Total Assets and Deferred Outflows of Resources | \$ <u><u>1,173,903</u></u> | \$ <u><u>992,855</u></u> |
| | | |
| Current Liabilities | \$ 391,182 | \$ 356,590 |
| Long-Term Liabilities | <u>258,084</u> | <u>281,729</u> |
| Total Liabilities | 649,266 | 638,319 |
| Deferred Inflows of Resources | <u>25,081</u> | <u>25,235</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>674,347</u> | <u>663,554</u> |
| | | |
| Net Position: | | |
| Net Investment in Capital Assets | 13,952 | 25,203 |
| Restricted Net Position | 28,592 | 7,352 |
| Unrestricted Net Position | <u>457,012</u> | <u>296,746</u> |
| Total Net Position | <u>499,556</u> | <u>329,301</u> |
| Total Liabilities, Deferred Inflows and Net Position | \$ <u><u>1,173,903</u></u> | \$ <u><u>992,855</u></u> |

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

Major Factors Affecting the Statement of Net Position

Current assets increased by \$234,655 or 27.45% in 2024 as a result of higher cash balances due to positive cash flow. Total liabilities increased during the year by \$10,947 or 1.63% which was the result of increase in unearned income.

Capital Assets decreased by a net amount of \$13,948 or 41.10%. This was the result of the current year depreciation.

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

Table 2 - Changes of Net Position

| | Unrestricted | Net Investment in Capital Assets | Restricted |
|-----------------------------------|---------------------|---|-------------------|
| Beginning Balance | \$296,746 | \$25,203 | \$7,352 |
| Results of Operation | 149,015 | 0 | 21,240 |
| Adjustments: | | | |
| Current year Depreciation Expense | 13,948 | (13,948) | 0 |
| Retirement of Debt | (2,697) | 2,697 | 0 |
| Ending Balance | <u>\$457,012</u> | <u>\$13,952</u> | <u>\$28,592</u> |

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

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

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

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

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|--------------------------|--------------------------|
| <u>Revenues</u> | | |
| Operating Grants | \$ 4,433,547 | 3,856,805 |
| Investment Income | 12,070 | 3,100 |
| Other Revenues | 80,050 | 59,377 |
| Total Revenues | <u>4,525,667</u> | <u>3,919,282</u> |
| <u>Expenses</u> | | |
| Administrative | 438,500 | 476,887 |
| Maintenance | - | 5,883 |
| General and Insurance | 22,487 | 14,706 |
| Housing Assistance Payments | 3,880,279 | 3,467,152 |
| Interest Expense | 198 | 78 |
| Depreciation | 13,948 | 14,558 |
| Total Expenses | <u>4,355,412</u> | <u>3,979,264</u> |
| Net Increases (Decreases) | 170,255 | (59,982) |
| Beginning net position | 329,301 | 389,283 |
| Total net position - ending | <u>\$ 499,556</u> | <u>\$ 329,301</u> |

Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Position

Total Revenue increased by \$606,385 or 15.47%, for 2024 primarily due to increases in HUD funding from higher program utilization, the Authority expanded the number of affordable housing units leased.

Total expenses increased by \$376,148 or 9.45%. An expansion in leasing units and landlord rent increases caused Housing Assistance Payments to rise this year.

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the Authority had \$19,991 invested in capital assets as reflected in the following schedule, which represents a net change due to current year additions, and depreciation.

Table 4 - Condensed Statement of Changes in Capital Assets

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| Furniture & Equipment | \$ 59,777 | \$ 59,777 |
| Vehicles | 23,994 | 23,994 |
| Intangible Right-To-Use: leased Equipment | 11,732 | 11,732 |
| Accumulated Depreciation / Amortization | <u>(75,512)</u> | <u>(61,564)</u> |
| Total | \$ <u>19,991</u> | \$ <u>33,939</u> |
| Other adjustments | | |

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes to the financial statements:

Table 5 - Changes in Capital Assets

| | |
|--|------------------|
| Beginning Balance | \$ 33,939 |
| Current year Depreciation/Amortization Expense | <u>(13,948)</u> |
| Ending Balance | \$ <u>19,991</u> |

Table 6 - Condensed Statement of Changes in Debt Outstanding

| | |
|-----------------------------------|-----------------|
| Beginning Balance - Lease Payable | \$ 8,735 |
| Principal Payments | <u>(2,436)</u> |
| Ending Balance - Lease Payable | \$ <u>6,299</u> |
| Due with one year | \$ 2,322 |

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bondrian M. Virden; Finance Manager for the Marion Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at 117 North Greenwood Street, Suite 12, Marion OH 43302.

MARION METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets

| | |
|---|------------------|
| Cash and Cash Equivalents - Unrestricted (Note 2) | \$ 680,668 |
| Restricted Cash (Note 3) | 391,815 |
| Accounts Receivable - Net | 4,598 |
| Prepaid Expenses | 5,258 |
| Total Current Assets | <u>1,082,339</u> |

Non-Current Assets

| | |
|---------------------------------------|----------------|
| Depreciable Capital Assets - (Note 4) | 13,692 |
| Right of Use Assets - Lease | 11,732 |
| Accumulated Amortization - Lease | <u>(5,433)</u> |
| Total Non-Current Assets | 19,991 |
| Net OPEB Asset | 7,130 |

Deferred Outflow of Resources

| | |
|-------------------------------------|---------------|
| Net Pension Liability - (Note 5) | 58,325 |
| Net OPEB Asset - (Note 6) | <u>6,118</u> |
| Total Deferred Outflow of Resources | <u>64,443</u> |

TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES

\$ 1,173,903

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

MARION METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024

LIABILITIES DEFERRED INFLOW OF RESOURCES AND NET POSITION

Current Liabilities

| | | |
|------------------------------|----|----------------|
| Accounts Payable | \$ | 22,042 |
| Unearned Revenue | | 363,223 |
| Lease Liability | | 2,322 |
| Accrued Compensated Absences | | 3,595 |
| Total Current Liabilities | | <u>391,182</u> |

Non-Current Liabilities

| | | |
|--------------------------------|----|----------------|
| Accrued Compensated Absences | | 32,359 |
| Lease Liability | | 3,977 |
| Net Pension Liability (Note 5) | | 221,748 |
| Total Non-Current Liabilities | | <u>258,084</u> |
| Total Liabilities | \$ | <u>649,266</u> |

Deferred Inflow of Resources

| | | |
|------------------------------------|----|---------------|
| Net Pension Liability - (Note 5) | \$ | 21,001 |
| Net OPEB Liability - (Note 6) | | 4,080 |
| Total Deferred Inflow of Resources | \$ | <u>25,081</u> |

Net Position

| | | |
|----------------------------------|----|----------------|
| Net Investment in Capital Assets | \$ | 13,952 |
| Restricted | | 28,592 |
| Unrestricted | | 457,012 |
| Total Net Position | \$ | <u>499,556</u> |

| | | |
|---|-----------|-------------------------|
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION | \$ | <u>1,173,903</u> |
|---|-----------|-------------------------|

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

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

Operating Revenue:

| | |
|------------------------------------|---------------|
| HUD Operating Subsidies and Grants | \$ 4,433,547 |
| Other Revenue | <u>80,050</u> |
| Total Operating Revenue | 4,513,597 |

Operating Expenses:

| | |
|---------------------------------------|------------------|
| Housing Assistance Payments | 3,880,279 |
| Administrative | 438,500 |
| Depreciation and Amortization Expense | 13,948 |
| General Expenses | <u>22,487</u> |
| Total Operating Expenses | <u>4,355,214</u> |

| | |
|-------------------------|---------|
| Operating Income (Loss) | 158,383 |
|-------------------------|---------|

Non-Operating Revenues (Expenses)

| | |
|---|--------------|
| Investment Income - Unrestricted | 12,070 |
| Interest Expense | <u>(198)</u> |
| Total Non-Operating Revenues (Expenses) | 11,872 |

| | |
|------------------------|---------|
| Change in Net Position | 170,255 |
|------------------------|---------|

| | |
|----------------------------------|----------------|
| Net Position - Beginning of Year | <u>329,301</u> |
|----------------------------------|----------------|

| | |
|----------------------------|--------------------------|
| Net Position - End of Year | <u><u>\$ 499,556</u></u> |
|----------------------------|--------------------------|

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

MARION METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities:

| | |
|--|------------------|
| Cash Received from Department of HUD | \$ 4,816,930 |
| Cash Received from Other Income | 68,668 |
| Cash Payments for Housing assistance payments | (3,880,279) |
| Cash Payments for Other Operating Expenses | <u>(773,118)</u> |
| Net Cash Provided (Used) by Operating Activities | 232,201 |

Cash Flows From Capital and Related Financing Activities:

| | |
|--|--------------|
| Interest Paid | <u>(198)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (198) |

Cash Flows From Investing Activities:

| | |
|--|---------------------|
| Investment Income | <u>12,070</u> |
| Net Cash Provided (Used) by Investing Activities | 12,070 |
| Increase (Decrease) in Cash and Cash Equivalents | 244,073 |
| Cash and Cash Equivalents - Beginning of Year | <u>828,410</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 1,072,483</u> |

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

| | |
|--|-------------------|
| Operating Income (Loss) | \$ 158,383 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities: | |
| Depreciation and Amortization | 13,948 |
| (Increase) decrease in: | |
| Accounts Receivable | 16,407 |
| Prepaid Expenses | 141 |
| Net OPEB Asset | (7,130) |
| Deferred Outflow of Resources | 39,659 |
| Increase (decrease) in: | |
| Accounts Payable | 22,021 |
| Accrued Wages/Payroll Taxes | (1,011) |
| Compensated Absences | 6,755 |
| Unearned Revenue | 13,022 |
| Lease Liability | (2,437) |
| Net Pension Liability | (27,403) |
| Deferred Inflow of Resources | <u>(154)</u> |
| Net cash used in operating activities | <u>\$ 232,201</u> |

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

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, 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 flows. An enterprise fund may be used for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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, propriety and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Description of Programs

The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various major programs which are included in the enterprise fund:

Housing Choice Voucher Program (HCV) – 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. 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.

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

Use of Estimates

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

Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent amounts received from HUD to be used strictly for providing housing assistance to families and individuals in need and funds needed for current liabilities. As of June 30, 2024 total restricted cash was \$391,815.

Accounts Receivable-Net

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 uncollectable receivables was \$0 as of June 30, 2024.

Due From/To Other Programs

There was no Inter-program receivables and payables as of June 30, 2024, on the Financial Statements.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the 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 earnings or consumption).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary 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).

The Authority's 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.

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

- 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, the authority that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over the estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority is \$3,000. The following are the useful lives used for depreciation purposes:

| | |
|------------------------------|---------|
| Furniture | 7 years |
| Equipment | 7 years |
| Vehicles | 5 years |
| Computer Software & hardware | 3 years |

Total depreciation and amortization expense for the 2024 fiscal year was \$13,948.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB 87

Marion Metropolitan Housing Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87 Leases, and related guidance from (GASB) Implementation Guide No. 2019-3 Leases.

GASB Statement 87 and GASB Implementation Guide 2019-3 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. 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 employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 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 current liability.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

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.

Pensions/Other Postemployment 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.

**MARION METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflow/Outflow of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period 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 are explained in Note 5 and 6.

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

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority reported restricted net position for HAP reserves of \$28,592 as of June 30, 2024.

2. DEPOSITS AND INVESTMENTS

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

A. 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 for depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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

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

2. DEPOSITS AND INVESTMENTS

At fiscal year end, the carrying amount of the Authority's deposits was \$1,072,483 and the bank balance was \$1,070,883.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. The financial institution collateral pool that insures public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of the fiscal year-end deposits totaling \$250,000 was covered by Federal Depository and \$820,883 was covered by pledged securities collateral held by a third-party trustee.

B. Investments

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, 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. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, use of leverage, and short selling are also 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 specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* and records all its investments at fair value.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

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

2. DEPOSITS AND INVESTMENTS

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Authority places on limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD – approved mutual funds to no more than 20 percent of the Authority’s available investment funds. The Authority’s deposits in financial institutions represent 100 percent of its deposits.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of the year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.12(M) (2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.”

3. RESTRICTED CASH

The Authority had \$391,815 in restricted cash as of June 30, 2024. Restricted cash is the unspent HAP funding provided for the Housing Choice Voucher and Mainstream programs,

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

4. CAPITAL ASSETS

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

| | Balance 6/30/2023 | Additions | Disposals and Other | Balance 6/30/2024 |
|---|----------------------|-------------|------------------------|----------------------|
| Capital Assets depreciated | | | | |
| Furniture and Equipment | \$ 59,777 | \$ - | \$ - | \$ 59,777 |
| Vehicles | 23,994 | | | 23,994 |
| Intangible Right-to-Use: Leased Equipment | 11,732 | | | 11,732 |
| Total Capital Assets Depreciated/Amortized | 95,503 | - | - | 95,503 |
| Accumulated Depreciation/Amortization | | | | |
| Furniture and Equipment | (41,770) | (6,591) | | (48,362) |
| Vehicles | (16,798) | (4,799) | | (21,596) |
| Intangible Right-to-Use: Leased Equipment | (2,996) | (2,558) | | (5,554) |
| Total Accumulated Depreciation/Amortized | (61,564) | (13,948) | | (75,512) |
| Total Capital Assets Depreciated - Net | 33,939 | (13,948) | | 19,991 |
| Total Capital Assets - Net | \$ 33,939 | \$ (13,948) | \$ - | \$ 19,991 |

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability/(asset) 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.

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

5. DEFINED BENEFIT PENSION PLAN

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 proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; 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 OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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MARION COUNTY
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(CONTINUED)**

5. DEFINED BENEFIT PENSION PLAN

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|---|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 62 with 5 years of service credit or Age 57 with 25 years of service credit |
| 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 | 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 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 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.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2023 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections.

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

5. DEFINED BENEFIT PENSION PLAN

Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lumpsum 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.

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

| | State and Local |
|--|----------------------------|
| The Statutory Maximum Contribution Rates: | |
| - Employer | 14.00% |
| - Employee | 10.00% |

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2023.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was \$19,527 for fiscal year ending June 30, 2024.

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

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

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

5. DEFINED BENEFIT PENSION PLAN

| | Traditional Plan |
|--|-----------------------------|
| Proportionate Share of Net Pension Liability | \$221,748 |
| Proportion of the Net Pension Liability | |
| - Prior Measurement Date | 0.000827% |
| - Current Measurement Date | <u>0.000847%</u> |
| Change in Proportion from Prior | <u>0.000020%</u> |
| Pension Expense (Income) | \$24,987 |

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

| | Traditional Plan |
|--|-----------------------------|
| Deferred Outflows of Resources | |
| Net Difference between projected and actual earnings on pension plan investments | 44,759 |
| Difference between expected and actual experience | 3,624 |
| Authority contributions subsequent to the measurement date | <u>9,942</u> |
| Total Deferred Outflows of Resources | <u>\$58,325</u> |

| | Traditional Plan |
|--|-----------------------------|
| Deferred Inflows of Resources | |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | <u>\$ 21,001</u> |

\$9,942 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

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MARION COUNTY
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(CONTINUED)**

5. DEFINED BENEFIT PENSION PLAN

| <u>Fiscal Year Ending June 30:</u> | |
|------------------------------------|--------------------|
| 2025 | \$ (11,185) |
| 2026 | (15,009) |
| 2027 | (28,562) |
| 2028 | 6,373 |
| Thereafter | - |
| | <u>\$ (48,383)</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, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| Actuarial Information | Traditional Plan |
|---|--|
| Measurement and Valuation Date | December 31, 2023 |
| Experience Study | 5-year period ended 12/31/2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumption: | |
| Investment Rate of Return | 6.9% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75 % |
| Cost-of-Living Adjustment | Pre 01/07/13 Retirees: 3.00% Simple Post 01/07/13 Retirees: 2.30% Simple through 2022, then 2.05% Simple |

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(CONTINUED)**

5. DEFINED BENEFIT PENSION PLAN

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

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

| Asset Class | Target Allocation as of December 31, 2023 | Weighted Average Long- Term Expected Real Rate of Return |
|------------------------|--|---|
| Fixed Income | 24.00% | 2.85% |
| Domestic Equities | 21.00% | 4.27% |
| Real Estate | 13.00% | 4.46% |
| Private Equity | 15.00% | 7.52% |
| International Equities | 20.00% | 5.16% |
| Risk Parity | 2.00% | 4.38% |
| Other Investments | 5.00% | 3.46% |
| TOTAL | 100.00% | |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

5. DEFINED BENEFIT PENSION PLAN

Average Remaining Service Life

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

The following table presents the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

| As of December 31, 2022 | 1% Decrease (5.9%) | Current Discount Rate (6.9%) | 1% Increase (7.9%) |
|---|-------------------------------|---|-------------------------------|
| Employers' Net Pension Liability/(Asset) | \$349,091 | \$221,748 | \$115,836 |

6. POSTEMPLOYMENT BENEFITS

Net OPEB Liability / Asset

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

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MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

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 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 (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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability / asset. Resulting adjustments to the net OPEB liability / asset would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information. The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2023. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2023 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for the year ending June 30, 2024.

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

The total OPEB liability were determined by an actuarial valuation as of December 31, 2023, 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/asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

| | Health Care Plan |
|---|-----------------------------|
| Proportionate Share of Net OPEB Liability (Asset) | (\$7,130) |
| Proportion of the Net OPEB Liability (Asset) | |
| - Prior Measurement Date | 0.000770% |
| - Current Measurement Date | <u>0.000790%</u> |
| Change in Proportion from Prior Year | <u><u>0.000020%</u></u> |
| OPEB Expense (Revenue) | (\$766) |

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

| | Health Care Plan |
|--|-----------------------------|
| Deferred Outflows of Resources | |
| Net Difference between projected and actual earnings on pension plan investments | \$ 4,282 |
| Changes of Assumptions | <u>1,836</u> |
| Total Deferred Outflows of Resources | <u><u>\$6,118</u></u> |
| Deferred Inflows of Resources | |
| Changes of Assumptions | 3,065 |
| Difference between expected and actual experience | <u>1,015</u> |
| Total Deferred Inflows of Resources | <u><u>\$4,080</u></u> |

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

6. POSTEMPLOYMENT BENEFITS

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 (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The actuarial valuation used the following key actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| Actuarial Information | |
|--|--|
| Actuarial Valuation Date | December 31, 2022 |
| Rolled-Forward Measurement Date | December 31, 2023 |
| Experience Study | 5- Year Period Ended December 31, 2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumptions | |
| Single Discount Rate | 5.70% |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 3.77% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75% |
| Health Care Cost Trend Rate | 5.5% initial, 3.5% ultimate in 2038 |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

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

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

| Asset Class | Target Allocation as of December 31, 2023 | Weighted Average Long-Term Expected Real Rate of Return |
|------------------------|--|--|
| Fixed Income | 37.00% | 2.82% |
| Domestic Equities | 25.00% | 4.27% |
| REITs | 5.00% | 4.68% |
| International Equities | 25.00% | 5.16% |
| Risk Parity | 3.00% | 4.38% |
| Other Investments | 5.00% | 2.43% |
| TOTAL | 100.00% | |

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14% for 2023.

The following table presents the net OPEB liability or asset calculated using the single discount rate of 5.7%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

| | 1% Decrease (4.7%) | Single Discount Rate (5.7%) | 1% Increase (6.7%) |
|--|-------------------------------|--|-------------------------------|
| Authority's proportionate share of the net OPEB liability (asset) | \$3,918 | (\$7,130) | (\$16,281) |

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

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MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

6. POSTEMPLOYMENT BENEFITS

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|--|--------------------|---|------------------------|
| Authority's proportionate share of the net OPEB liability (asset) | (\$7,426) | (\$7,130) | (\$6,794) |

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 care 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% in the most recent valuation.

7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities on June 30, 2024:

| | Balance 6/30/2023 | Additions | Deletions | Balance 6/30/2024 | Due Within One Year |
|------------------------------------|------------------------------|------------------|-------------------|------------------------------|--------------------------------|
| Compensated Absences | \$29,199 | \$6,755 | | \$35,954 | \$3,595 |
| Net Pension and OPEB Liability | 249,151 | | (27,403) | 221,748 | 0 |
| Leases Payable | 8,736 | | (2,437) | 6,299 | 2,322 |
| Total Long-Term Liabilities | \$287,086 | \$6,755 | (\$29,840) | \$264,001 | \$5,917 |

The following is a summary of the Leases Payable:

| PURPOSE | LEASE COMMENCE- MENT DATE | TERM (YEARS) | LEASE END DATE | PAYMENT METHOD |
|------------------|--|-------------------------|---------------------------|---------------------------|
| Postage Meter | May 1, 2018 | | 5 April 30, 2023 | Monthly |
| Copier Equipment | May 7, 2022 | | 5 April 7, 2027 | Monthly |

| FISCAL YEAR | PRINCIPAL | INTEREST | TOTAL |
|--------------------|------------------|-----------------|----------------|
| 2025 | 2,322 | 314 | 2,636 |
| 2026 | 2,213 | 423 | 2,636 |
| 2027 | 1,764 | 433 | 2,197 |
| Total | \$6,299 | \$1,170 | \$7,469 |

See Note 5 for information on the Authority's net pension liability.

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

8. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

9. CHANGE IN ACCOUNTING PRINCIPLE

GASB 96 was published by the Governmental Accounting Standards Board (GASB) in May 2020 for fiscal years beginning after June 15, 2022. This standard pertains to Subscription Based Information Technology Arrangements (SBITA's), requiring governmental entities to report a liability for the present value of contractually required payments for software licenses and related IT subscriptions. Mansfield Metropolitan Housing Authority is not impacted by this standard as the Authority is past its initial term with the software contract.

GASB 99 Omnibus 2022 is a document that provides guidance on various accounting and financial reporting issues for governmental entities. It covers topics such as leases, pensions, investments, and fiduciary activities. Mansfield Metropolitan Housing Authority is in compliance with related financial reporting issues for governmental entities.

10. SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 6, 2024, the date on which the financial statements were available to be issued.

Marion Metropolitan Housing Authority
Statement of Net Position
June 30, 2024

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

| Line item | Account Description | Housing Choice Voucher | Mainstream Vouchers | Total |
|--------------|--|------------------------------|------------------------|---------------------|
| 111 | Cash - Unrestricted | \$ 607,770 | \$ 72,898 | \$ 680,668 |
| 113 | Cash - Restricted | 325,633 | 66,182 | 391,815 |
| 100 | Total Cash | 933,403 | 139,080 | 1,072,483 |
| 121 | Acct. Rec. - PHA Projects | 4,077 | | 4,077 |
| 125 | Acct. Rec. - Other | 521 | | 521 |
| 128 | Fraud Recovery | 12,541 | | 12,541 |
| 128.1 | Allow Doubtful Accounts | (12,541) | | (12,541) |
| 120 | Net Total Receivables | 4,598 | | 4,598 |
| 142 | Prepaid Expenses | 5,258 | | 5,258 |
| 150 | Total Current Assets | 943,259 | 139,080 | 1,082,339 |
| 164 | F/E/M Admin. | 83,771 | | 83,771 |
| 165 | Leasehold Improvements | 11,732 | | 11,732 |
| 166 | Accum Depreciation | (75,512) | | (75,512) |
| 160 | Net Fixed Assets | 19,991 | - | 19,991 |
| 174 | Other Assets | 7,130 | | 7,130 |
| 200 | Deferred Outflow of Resources | 64,443 | | 64,443 |
| 290 | TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | 1,034,823 | 139,080 | 1,173,903 |
| 312 | Accounts Payable | 22,021 | | 22,021 |
| 321 | Accrued Wage/Taxes Payable | 21 | | 21 |
| 322 | Accrued Comp Abs - current | 3,595 | | 3,595 |
| 342 | Unearned Revenue | 314,870 | 48,353 | 363,223 |
| 343 | Current Portion of Long-Term Debt | 2,322 | | 2,322 |
| 310 | Total Current Liabilities | 342,829 | 48,353 | 391,182 |
| 351 | Long-Term Debt, Net of Current | 3,977 | | 3,977 |
| 354 | Accrued Comp Abs. - Noncurrent | 32,359 | | 32,359 |
| 357 | Accrued Pension and OpEB Liabilities | 221,748 | | 221,748 |
| | Total Liabilities | 600,913 | 48,353 | 649,266 |
| 400 | Deferred Inflow of Resources | 25,081 | | 25,081 |
| 508.1 | Invested in Capital Assets Net | 13,952 | | 13,952 |
| 511.1 | Restricted Net Position | 10,763 | 17,829 | 28,592 |
| 512.1 | Unrestricted Net Position | 384,114 | 72,898 | 457,012 |
| 513 | Total Equity/Net Position | 408,829 | 90,727 | 499,556 |
| 600 | TOTAL LIABILITIES AND DEFERRED INFLOW OF RESORUCES AND EQUITY | \$ 1,034,823 | \$ 139,080 | \$ 1,173,903 |

See Auditor's Report.

Marion Metropolitan Housing Authority
Statement of Revenue and Expenses
June 30, 2024

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

| Line item | Account Description | Housing Choice Voucher | Mainstream Vouchers | Business Activities | Total |
|--------------|------------------------------------|------------------------------|------------------------|------------------------|--------------|
| 706-01 | Housing Assistance Payment Revenue | \$ 3,838,119 | \$ 595,428 | \$ - | \$ 4,433,547 |
| 711 | Investment Income - PHA | 12,070 | | | 12,070 |
| 714 | Fraud Recovery - PHA | 1,539 | | | 1,539 |
| 715 | Other Revenue | 55,230 | | 23,281 | 78,511 |
| 700 | TOTAL REVENUE | 3,906,958 | 595,428 | 23,281 | 4,525,667 |
| 911 | Admin. Salaries | 107,448 | 21,974 | 14,201 | 143,623 |
| 912 | Audit | 3,993 | 721 | | 4,714 |
| 914 | Advertisement & Marketing | 129 | 23 | | 152 |
| 915 | Employee Benefits | 68,852 | 14,077 | 9,080 | 92,009 |
| 916 | Office Expenses | 16,208 | 2,928 | | 19,136 |
| 917 | Legal Expense | 889 | 161 | | 1,050 |
| 918 | Travel | 3,500 | 632 | | 4,132 |
| 919 | Other | 147,109 | 26,575 | | 173,684 |
| | Total Operating - Admin. | 348,128 | 67,091 | 23,281 | 438,500 |
| 961.2 | Insurance - Liab Insurance | 6,945 | 1,254 | | 8,199 |
| | Total Insurance | 6,945 | 1,254 | - | 8,199 |
| 962 | Other General Expenses | | | | |
| 962.1 | Comp Abs | 5,640 | 1,019 | | 6,659 |
| 966 | Bad Debt - Other | 7,629 | | | 7,629 |
| | Total Other General Expenses | 13,269 | 1,019 | - | 14,288 |
| 967.2 | Interest on Notes Payable | 168 | 30 | | 198 |
| | TOTAL OPERATING EXPENSES | 368,510 | 69,394 | 23,281 | 461,185 |
| 970 | Excess Oper. Rev. over Exp. | 3,538,448 | 526,034 | - | 4,064,482 |
| 973 | HAP | 3,344,141 | 486,783 | | 3,830,924 |
| 973.5 | HAP Portability-In | 49,355 | | | 49,355 |
| 974 | Depreciation Exp | 13,948 | | | 13,948 |
| 900 | TOTAL EXPENSES | 3,775,954 | 556,177 | 23,281 | 4,355,412 |
| 1000 | NET INCOME (LOSS) | \$ 131,004 | \$ 39,251 | \$ - | \$ 170,255 |

See Auditor's Report.

Marion Metropolitan Housing Authority
Required Supplementary Information
Schedule of Morgan Metropolitan Housing Authority
Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

| Traditional Plan | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Liability | 0.000847% | 0.000827% | 0.000678% | 0.000624% | 0.000601% | 0.000661% | 0.000652% | 0.000585% | 0.000613% | 0.000669% |
| Authority's Proportionate Share of the Net Pension Liability | \$ 221,748 | \$ 244,296 | \$58,989 | \$92,401 | \$118,792 | \$181,034 | \$102,286 | \$132,844 | \$106,179 | \$80,688 |
| Authority's Covered-Employee Payroll | \$ 139,478 | \$ 128,205 | \$111,173 | \$89,807 | \$81,471 | \$86,807 | \$83,650 | \$76,700 | \$70,413 | \$73,065 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 158.98% | 190.55% | 53.06% | 102.89% | 145.81% | 208.55% | 122.28% | 173.20% | 150.79% | 110.43% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 79.01% | 75.74% | 92.62% | 86.88% | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% |

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

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

Marion Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority
Proportionate Share of the Net OPEB Liability (Assets)
For the last 10 Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| Authority's Proportion of the Net OPEB Liability/Asset | 0.000790% | 0.000770% | 0.000631% | 0.000582% | 0.000560% | 0.000615% | 0.000610% | 0.000585% | 0.000613% |
| Authority's Proportionate Share of the Net OPEB Liability (Asset) | \$ (7,130) | \$ 4,844 | (\$19,764) | (\$10,369) | \$77,351 | \$80,181 | \$66,242 | \$132,844 | \$106,179 |
| Authority's Covered-Employee Payroll | \$ 139,478 | \$ 128,205 | \$111,173 | \$89,807 | \$81,471 | \$86,807 | \$83,650 | \$76,700 | \$70,413 |
| Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll | (5.11%) | 3.78% | (17.78%) | (11.55%) | 94.94% | 92.37% | 79.19% | 173.20% | 150.79% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 107.76% | 94.79% | 128.23% | 115.57% | 47.80% | 46.33% | 54.14% | 68.52% | 81.08% |

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year

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

Marion Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - Pension
Ohio Public Employees Retirement System
For the Last Ten Fiscal Years

| <u>Traditional Plan</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Pension | | | | | | | | | | |
| Contribution | \$ 19,527 | \$ 17,949 | \$15,564 | \$12,573 | \$11,406 | \$12,253 | \$11,711 | \$10,738 | \$8,450 | \$8,768 |
| Contributions in Relation to the Contractually Required Contribution | \$ 19,527 | \$ 17,949 | \$15,564 | \$12,573 | \$11,406 | \$12,253 | \$11,711 | \$10,738 | \$8,450 | \$8,768 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Authority's Covered-Employee Payroll | \$ 139,478 | \$ 128,205 | \$111,173 | \$89,807 | \$81,471 | \$86,807 | \$83,650 | \$76,700 | \$70,413 | \$73,066 |
| Contributions as a Percentage of Covered-Employee Payroll Pension | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 12.00% | 12.00% |

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

Marion Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - OPEB
Ohio Public Employees Retirement System
For the Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contributions | | | | | | | | | | |
| OPEB | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 452 | \$ 1,269 | \$ 1,408 | \$ 1,461 |
| Contributions in Relation to the Contractually Required Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 452 | 1,269 | 1,408 | 1,461 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Authority's Covered-Employee Payroll | \$ 139,478 | \$ 128,205 | \$111,173 | \$89,807 | \$81,471 | \$86,807 | \$83,650 | \$76,700 | \$70,413 | \$73,066 |
| Contributions as a Percentage of Covered Employee Payroll | | | | | | | | | | |
| OPEB | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.54% | 1.65% | 2.00% | 2.00% |

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

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

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2015-2023.

Changes in assumptions:

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2015-2016 and 2023.

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 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation changed from 3.75% to 3.25% (b) future salary increases changed from 4.25% - 10.05% to 3.25% - 10.75%.

For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: the expected investment return was reduced from 7.50% to 7.20%.

For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018, then 2.15% simple to 1.40% simple through 2020, then 2.15% simple.

For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020, then 2.15% simple 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) wage inflation changed from 3.25% to 2.75% (b) future salary increases changed from 3.25% - 10.75% to 2.75% - 10.75% (c) the cost-of-living adjustments for post-1/7/2013 retirees was increase from 0.5% simple through 2021, then 2.15% simple to 3.0% simple through 2022 then 2.05% simple (d) Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub- 2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions.

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

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 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 these tables.

Net OPEB liability/asset

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020 and 2022-2023.

The 2021, the following change was reflected: on January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, like the program for Medicare retirees.

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/asset 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 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 (c) the single discount rate changed from 3.85% to 3.96%. (d) the municipal bond rate changed from 3.31% to 3.71% (e) the healthcare cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For 2020, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16% (b) the municipal bond rate changed from 3.71% to 2.75% (c) the healthcare cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

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 healthcare cost trend rate changed from 10.5% initial, 3.5% ultimate in 2030 to 8.5% initial, 3.5% ultimate in 2035.

For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate remained at 6.00% (b) the municipal bond rate changed from 2.00% to 1.84% (c) the projected salary increase changed from 3.25% - 10.75% to 2.75% - 10.75% (d) wage inflation changed from 3.25% to 2.75% (e) the healthcare cost trend rate changed from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034.

For 2023, the following changes of 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 4.00% (c) the healthcare cost trend rate changed from 5.5% initial, 3.5% ultimate in 2034 to 5.5% initial, 3.5% ultimate in 2036.

MARION METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Cluster Title | Assistance Listing Number | Pass Through Number | Total Federal Expenditures |
|---|---------------------------------|---------------------------|----------------------------------|
| U.S. Department of Housing and Urban Development | | | |
| Direct Program | | | |
| Housing Voucher Cluster: | | | |
| Section 8 Housing Choice Voucher | 14.871 | N/A | \$ 3,775,954 |
| Mainstream Vouchers | 14.879 | N/A | 556,177 |
| Total Housing Voucher Cluster | | | 4,332,131 |
| Total Expenditures of Federal Awards | | | \$ 4,332,131 |

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

**MARION METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2024.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

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

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended June 30, 2024.



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

Marion Metropolitan Housing Authority
Marion County
117 N. Greenwood Street, Suite 12
Marion, Ohio 43302

To the Board of Trustees:

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Marion Metropolitan Housing Authority, Marion County, Ohio as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued my report thereon dated December 6, 2024.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. I identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that I consider to be a significant deficiency.

Compliance and Other Matters

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

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in my audit and described in the accompanying schedule of findings. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I noted certain matters that I reported to management of Marion Metropolitan Housing Authority in a separate letter dated December 6, 2024.

Purpose of this Report

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

Kevin L. Penn, Inc.

Cleveland, Ohio
December 6, 2024



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Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance required by the Uniform Guidance

Marion Metropolitan Housing Authority
Marion County
117 N. Greenwood Street, Suite 12
Marion, Ohio 43302

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

In my opinion, Marion 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 June 30, 2024.

Basis for Opinion on the Major Federal Program

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

I am required to be independent of the Marion Metropolitan Housing Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the major federal program.

My audit does not provide a legal determination of the Marion Metropolitan Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Marion Metropolitan Housing 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 Marion Metropolitan Housing Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Marion Metropolitan Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of the Marion Metropolitan Housing 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 Marion Metropolitan Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Kevin L. Penn, Inc.
Cleveland, Ohio

December 6, 2024

Marion Metropolitan Housing Authority

Schedule of Findings

June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:

Material weakness(es) identified? No

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

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

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

Identification of major programs:

14.871 Housing Choice Vouchers
14.879 Mainstream Vouchers

Dollar threshold used to distinguish
between Type A and Type B programs: Type A: > \$750,000
Type B: all others

Auditee qualified as low-risk auditee? Yes

Marion Metropolitan Housing Authority

Schedule of Findings

June 30, 2024

Section II - Financial Statement Findings

2024-001

Journal Entries

Condition:

As of June 30, 2024 the Authority did not maintain effective controls over the validity of general ledger journal entries. Specifically, the Authority has a general ledger system in which journal entries can be processed without appropriate approval. Additionally, reconciliations of the general ledger that would detect invalid journal entries were not operating effectively for certain general ledger accounts. This control deficiency resulted in the understatement of accounts payable and unearned revenue, and the overstatement of HAP revenue, during the 2024 fiscal year. In addition, this control deficiency could result in a material misstatement to the financial statements that would not be prevented, or detected and corrected, by the Authority's internal control over financial reporting.

Criteria:

Journal entries should be approved, prior to being posted to the general ledger.

Effect:

Total liabilities were understated and total revenues were overstated as of June 30, 2024.

Cause:

Lack of administrative internal controls over journal entries posted to the general ledger.

Recommendation:

I recommend the adoption of a policy whereby all journal entries will be approved by the Accounting Manager. Nonrecurring entries should be reviewed on a monthly basis. Recurring journal entries could be reviewed on a quarterly or semi-annual basis. All entries should be initialed by the preparer and the Accounting Manager in order to attribute responsibility to the appropriate individuals.

Views of Responsible Officials and Planned Corrective Actions:

As a result of the current finding, MMHA will implement the suggested corrective action plan from the auditor. Whereby journal entries will be approved by the Accounting Manager. Nonrecurring entries will be reviewed on a monthly basis. Recurring journal entries will be reviewed on a quarterly or semi-annual basis. All entries will be name stamped by the preparer and reviewed respectively by the Accounting Manager in order to attribute responsibility to the appropriate individual.

Marion Metropolitan Housing Authority
Schedule of Findings
June 30, 2024

Section III - Federal Award Findings

No matters were reported.

Marion Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

2023-001

Journal Entries

Condition:

As of June 30, 2023 the Authority did not maintain effective controls over the validity of general ledger journal entries. Specifically, the Authority has a general ledger system in which journal entries can be processed without appropriate approval. Additionally, reconciliations of the general ledger that would detect invalid journal entries were not operating effectively for certain general ledger accounts. This control deficiency resulted in the understatement of accounts payable and various expense accounts as of June 30, 2023. In addition, this control deficiency could result in a material misstatement to the financial statements that would not be prevented, or detected and corrected, by the Authority's internal control over financial reporting.

Recommendation:

I recommend the adoption of a policy whereby all journal entries will be approved by the Accounting Manager. Nonrecurring entries should be reviewed on a monthly basis. Recurring journal entries could be reviewed on a quarterly or semi-annual basis. All entries should be initialed by the preparer and the Accounting Manager in order to attribute responsibility to the appropriate individuals.

Current Status:

Finding has been repeated.

Marion Metropolitan Housing Authority
117 North Greenwood Street Suite 12, Marion OH 43302
Phone (740)383-5680 FAX (740)382-8388
Marionmha.org

Corrective Action Plan

June 30, 2024

Name of auditee: Marion Metropolitan Housing Authority

HUD auditee identification number: OH076

Name of audit firm: Kevin L. Penn, Inc.

Period covered by the audit: Fiscal Year Ended June 30, 2024

CAP prepared by:

Lisa Wellhausen
Executive Director
(740) 383-5680

1. Current Finding on the Schedule of Findings.
 - a. Finding 2024-001. U.S. Department of Housing and Urban Development Housing Choice Voucher Cluster.

Journal Entries

As of June 30, 2024, the Authority did not maintain effective controls over the validity of general ledger journal entries. Specifically, the Authority has a general ledger system in which journal entries can be processed without appropriate approval. Additionally, reconciliations of the general ledger that would detect invalid journal entries were not operating effectively for certain general ledger accounts. This control deficiency resulted in the understatement of accounts payable and unearned revenue, and the overstatement of HAP revenue, during the 2024 fiscal year. In addition, this control deficiency could result in a material misstatement to the financial statements that would not be prevented, or detected and corrected, by the Authority's internal control over financial reporting.

- (1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Marion Metropolitan Housing Authority should adopt a policy whereby all journal entries will be approved by the Accounting Manager. Nonrecurring entries should be reviewed on a monthly basis. Recurring journal entries could be reviewed on a quarterly or semi-annual basis. All entries should be

initialed by the preparer and the Accounting Manager in order to attribute responsibility to the appropriate individuals.

(2) Actions Taken on the Finding.

As a result of the current findings, MMHA will implement the suggested corrective action plan from the auditor. Whereby journal entries will be approved by the Accounting Manager. Nonrecurring entries will be reviewed on a monthly basis. Recurring journal entries will be reviewed on a quarterly or semi-annual basis. All entries will be name stamped by the preparer and reviewed respectively by the Accounting Manager in order to attribute responsibility to the appropriate individual.

If there are any questions regarding this plan please call Bonnie Virden, Accounting Manager at (419) 526-1622.

Sincerely yours,

A handwritten signature in cursive script, reading "Lisa Wellhausen".

Lisa Wellhausen
Executive Director

OHIO AUDITOR OF STATE KEITH FABER



MARION METROPOLITAN HOUSING AUTHORITY

MARION 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 4/3/2025

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