



OHIO AUDITOR OF STATE
KEITH FABER



**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ashtabula Metropolitan Housing Authority, Ashtabula County, Ohio (Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula Metropolitan Housing Authority, Ashtabula County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedules (FDS) required by the Department of Housing and Urban Development are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2024

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

As management of the Ashtabula Metropolitan Housing Authority, we offer the readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements.

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included.

Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equals “Net Position”, similar to equity. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Position (the “Unrestricted” Net Position) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net position is reported in three broad categories, as applicable:

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

Consists of Net Position that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted”.

The Authority’s financial statements include a Statement of Revenue, Expenses, and Change in Net Position, similar to an Income Statement. This Statement includes Operating Revenues, such as rental income, operating grants, and other revenues; Operating Expense, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; and Non-Operating Revenues, such as capital grant revenue, investment/interest income, and gain on disposition of capital assets.

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

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following is a brief description of the programs of the Authority which are consolidated into a single Enterprise Fund.

Housing Authority Programs

Low Income Public Housing (LIPH)

The Authority has 555 units in its Public Housing inventory. The Authority is responsible for the management and maintenance costs for all units. The units must be maintained in accordance with the U.S. Department of Housing and Urban Development (HUD) established housing quality standards. An annual inspection of each unit must be performed by the Authority to ensure that they meet these standards.

Each Authority Public Housing building, and the units that comprise those buildings, are subject to random third-party inspections as directed by HUD. In addition, the Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD.

HUD funds the difference between these allowable costs incurred for all leased units and the actual tenant revenue generated. Tenant rent is based on 30 percent of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress.

Section 8 Housing Voucher Cluster

Under the Housing Choice Voucher and Mainstream Voucher programs, independent landlords rent units to eligible low-income families and the Authority provides a Housing Assistance Payment to the landlord to make the tenant rent affordable.

The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this Program, however, they are responsible for annually inspecting the units to ensure that they meet or exceed HUD established housing quality standards.

South Ridge Village

The Authority owns a 40-unit apartment complex providing housing for eligible low-income persons. Tenant rents are based on family income and composition to make them affordable. A loan issued by the U.S. Department of Agriculture (USDA) provided funding to develop the property and HUD provides rental assistance to the Authority through a project-based multi-family funding program in an amount equal to the difference between the affordable rent of the tenant family and the contract rent of the dwelling unit. The USDA provides an interest subsidy on the debt paid by the Authority.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Business Activities

This Authority assists the local mental health group in administering the Housing Assistance Payments (HAP) for their Shelter Plus Care Program. This Program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immune deficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services.

Capital Fund Program

Tenant revenues generated by the Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Authority with little funding for modernizing of the structures and/or for the completion of non- routine maintenance.

The purpose of the Capital Fund Program grants is to give funds to the Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority.

This grant program is awarded by HUD, by formula allocation, on an annual basis. The Authority generally has two years to obligate the funds from these capital fund grants, and four years to fully expend them. As formal contracts are awarded from this Program, funds are requisitioned from HUD to pay periodic requests from the contractors.

Condensed Comparative Financial Statements

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

	2023	2022
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Cash and Cash Equivalents	\$ 4,492,524	\$ 3,562,653
Receivables	265,135	207,658
Other Current Assets	322,476	291,126
Capital Assets	7,965,666	7,418,468
Other Non-Current Assets	0	290,820
Total Assets	13,045,801	11,770,725
Deferred Outflows of Resources	1,191,573	339,863
Total Assets and Deferred Outflows of Resources	14,237,374	12,110,588
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	364,111	323,496
Non-Current Liabilities	2,777,462	974,760
Total Liabilities	3,141,573	1,298,256
Deferred Inflows of Resources	123,185	1,351,807
<u>Net Position</u>		
Net Investment in Capital Assets	7,926,300	7,394,268
Restricted Net Position	116,139	122,615
Unrestricted Net Position	2,930,177	1,943,642
Total Net Position	10,972,616	9,460,525
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,237,374	\$ 12,110,588

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Cash and cash equivalents increased impressively by \$929,871 (a 26% increase). It is notable that cash increased as much as it did given that current liabilities increased just \$40,615. The offsetting change for both of these is found in the increase in unrestricted net position due to the favorable fiscal results from operations for this period. Additions in capital assets exceeded depreciation resulting in an increase of \$547,198 in the period. This is the result of normal timing of Capital Fund Grant program activity. Otherwise, as has been the case in recent years, the other balances that changed by larger amounts, other noncurrent assets, deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources, were due to changes in balances reported in accordance with GASB 68 and GASB 75.

GASB 68 is an accounting standard that calls for Ashtabula MHA to report what is determined to be its estimated share of the unfunded pension liability of the retirement system, the Ohio Public Employees Retirement System (OPERS). And GASB 75 is an accounting standard that calls for Ashtabula MHA to report what is determined to be its estimated share of the unfunded OPEB (healthcare) liability (or OPEB funding surplus asset, at fiscal year-end 2022 the Authority reported a Net OPEB asset of \$290,820 and none this fiscal year-end) of OPERS. Employees of Ashtabula MHA are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to PERS for all of its employees. The net pension and net OPEB liabilities reported as noncurrent liabilities are unlike other liabilities the Authority has in that the liabilities do not represent invoices or debts to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future pension and OPEB obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like Ashtabula MHA. Some changes in the unfunded pension and OPEB liabilities of the retirement system are amortized over a five-year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. That means the larger changes to these balances also do not represent changes in operations at Ashtabula MHA but rather reflect changes in the funding of future obligations of the retirement system.

Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows resources and the net pension/OPEB liabilities to the reported net position, and subtracting the related deferred outflows or resources and the net OPEB asset. Reporting of these balances has the effect of lowering unrestricted net position at December 31, 2023 by \$1,541,300.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Table 2 - Change in Condensed Statement of Net Position Compared to Prior Year

	2023	2022
Revenue		
Total Tenant Revenue	\$ 1,688,536	\$ 1,663,016
HUD Operating Grants	6,500,274	6,235,280
HUD Capital Grants	1,369,244	375,119
Investment Income	2,366	1,431
Other Revenue	394,768	376,100
Total Revenue	9,955,188	8,650,946
Expenses		
Administrative	1,150,346	1,452,441
Tenant Services	0	4,325
Utilities	751,661	726,687
Maintenance	1,687,252	1,291,566
Protective Services	237,241	186,563
General Expense	314,699	320,203
Housing Assistance Payments	3,308,697	3,002,755
Depreciation Expense	993,201	1,007,627
Total Expenses	8,443,097	7,992,167
Change in Net Position	1,512,091	658,779
Beginning Net Position, 2023	9,460,525	8,801,746
Ending Net Position	\$ 10,972,616	\$ 9,460,525

Total revenue increased \$1,304,242 (or 15%), with the largest change being to capital grants income. HUD provides Capital Fund Program grant funding annually on a formula basis, and PHAs typically have 4 years to spend it to allow for time to plan and carry out improvement projects. The revenue is recognized when the funding is spent. This increase is just due to a timing issue of when work projects are carried out. And this increase in revenue contributed to the increased capital additions in the period as noted in Table 1 of this MD&A.

Expenses overall increased modestly, by \$450,930 (or 6%), with increases in maintenance and HAP expenses offset by a large reduction in administrative expense. Maintenance expense increased \$395,686 (or 31%). An increase in labor costs was a part of this, which was incurred due to spending on overtime to prepared vacant units to be reoccupied. But the largest part of this increase was to benefits expense which increased \$521,537, and that increase was due to pension/OPEB expense. Pension/OPEB expense is the expense incurred when the Authority records changes in balances reported in accordance with GASB 68 and GASB 75 addressed in the section following Table 1 in this MD&A. This expense then is a non-cash expense unrelated to operations of the Authority, and instead related to changes in the funding levels to pay future retirement and healthcare commitments of the retirement system held by the retirement system. Last year changes in the balances reported in accordance with GASB 68 and GASB 75 were such that the part allocated to maintenance benefits was a negative expense of \$210,544. This year the expense allocated to maintenance benefits is \$310,933. And the increase in labor costs and pension/OPEB expense were offset by a reduction in maintenance contracting costs.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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HAP expense increased \$305,942 (or 10%). While program utilization increased slightly, this change is more reflective of the increase in rental rates in the area. Rental assistance provided is the difference between what the family can afford to pay for rent and utilities based on Federal guidelines (generally 30% of family income), so as rental rates increase, so does the level of rental assistance needed to make renting affordable.

The large decrease in administrative expense is primarily due to reductions in legal expense and salaries. With the reduction in legal expense, the Authority ended a trend spanning more than a few years of heightened spending on legal costs. Salaries expense dropped due to a reduction by one in the number of property managers and a reduction in executive staffing costs.

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in capital assets experienced from January 1, 2023 through December 31, 2023.

Table 3 - Changes in Capital Assets

	2023	2022
Land	\$ 1,132,718	\$ 1,132,718
Buildings	37,023,781	37,023,781
Furniture, Equipment, and Machinery -		
Dwelling	719,913	705,218
Administrative	1,159,536	1,089,818
Leasehold Improvements	21,820	0
Construction in Progress	1,486,347	117,103
Total Capital Assets	41,544,115	40,068,638
Accumulated Depreciation	(33,578,449)	(32,650,170)
Net Capital Assets	\$ 7,965,666	\$ 7,418,468

Increases in the various capital asset accounts in the amount of \$1,540,399, offset by depreciation expense in the amount of \$993,201, results in a net increase in capital assets of \$547,198 (or 7 percent).

Debt

As of year-end, the Authority had a loan payable to the Rural Economic and Community Development Services. The change in the Authority's outstanding debt was as follows:

Beginning Balance	\$ 24,200
Current Year Debt Retired	(2,687)
New Debt	0
Ending Balance	\$ 21,513

The following summarizes the change in the right-to-use equipment lease liability from last fiscal year-end.

Equipment Lease Liability - December 31, 2022	\$ 0
Additions in Period	21,820
Retirements in Period	(3,967)
Equipment Lease Liability - December 31, 2023	\$ 17,853

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to T. Sean Adams, Executive Director of the Ashtabula Metropolitan Housing Authority.

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 4,292,558
Cash and Cash Equivalents - Restricted	199,966
Accounts Receivables, Net	265,135
Inventory, Net	269,714
Prepaid Expenses	52,762
Total Current Assets	5,080,135

Noncurrent Assets

Capital Assets:

Non-Depreciable Capital Assets	2,619,065
Depreciable Capital Assets, Net	5,346,601
Net Capital Assets	7,965,666

Total Assets

13,045,801

Deferred Outflows of Resources

Pension	1,032,394
OPEB	159,179

Total Deferred Outflows of Resources

1,191,573

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 14,237,374

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Liabilities

Current Liabilities

Accounts Payable	85,399
Accrued Wages and Payroll Taxes	62,718
Accrued Compensated Absences, Current	17,067
Interest Payable	120
Accounts Payable - Other Governments	71,527
Tenant Security Deposits	83,827
Unearned Revenues	33,100
Current Portion Lease Liability	7,443
Current Portion of Long-Term Debt	2,910

Total Current Liabilities

364,111

Non-Current Liabilities

Accrued Compensated Absences, Net of Current Portion	138,761
Lease Liability, Net of Current	10,410
Long-Term Debt, Net of Current	18,603
Net Pension Liability	2,556,100
Net OPEB Liability	53,588

Total Non-Current Liabilities

2,777,462

Total Liabilities

3,141,573

Deferred Inflows of Resources

Pension	105,128
OPEB	18,057

Total Deferred Inflows of Resources

123,185

Net Position

Net Investment in Capital Assets	7,926,300
Restricted Net Position	116,139
Unrestricted Net Position	2,930,177

Total Net Position

10,972,616

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 14,237,374

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES

Governmental Grants	\$ 6,500,274
Tenant Revenue	1,688,536
Other Revenue	394,768
Total Operating Revenues	8,583,578

OPERATING EXPENSES

Administrative	1,150,346
Utilities	751,661
Maintenance	1,687,252
Protective Services	237,241
Insurance and General	313,005
Housing Assistance Payments	3,308,697
Depreciation	993,201
Total Operating Expenses	8,441,403
Operating Income	142,175

NON-OPERATING REVENUES

Interest and Investment Revenue	2,366
Interest Expense	(1,694)
Total Non-Operating Revenue	672
Change in Net Position before Capital Grants and Contributions	142,847
Capital Grants	1,369,244
Change in Net Position	1,512,091
Total Net Position - Beginning	9,460,525
Total Net Position - Ending	\$ 10,972,616

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from HUD	\$ 6,489,083
Cash Received from Tenants	1,608,887
Cash Received from Other Sources	438,411
Cash Payment for Housing Assistance	(3,308,697)
Cash Payment for Administrative and Operating Expenses	(4,142,496)
Net Cash Provided (Used) by Operating Activities	1,085,188

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received for Interest Income	2,366
Net Cash Provided (Used) by Investing Activities	2,366

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital Grant Funding Received from HUD	1,369,244
Property and Equipment Purchased	(1,540,399)
Right-to-Use Lease Proceeds	21,820
Right-to-Use Lease Retired	(3,967)
Payments of Related Debt	(2,687)
Payments for Interest on Debt	(1,694)
Net Cash Provided (Used) by Capital and Related Activities	(157,683)
Net Increase (Decrease) in Cash and Cash Equivalents	929,871

Cash and Cash Equivalents - Beginning of Year	3,562,653
Cash and Cash Equivalents - End of Year	\$ 4,492,524

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income	\$ 142,175
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
Depreciation	993,201
(Increase) Decreases in	
Receivables	(57,477)
Inventories	(10,346)
Prepaid Expenses and Other Assets	(21,004)
OPEB Asset	290,820
Deferred Outflows	(851,710)
(Decreases) Increase in	
Accounts Payable	11,043
Accrued Liabilities	9,971
Intergovernmental Payables	190
Tenant Security Deposits	7,564
Unearned Revenue	2,716
Accrued Compensated Absences	14,823
Net Pension / Net OPEB Liability	1,781,844
Deferred Inflows	(1,228,622)
Net Cash Provided (Used) by Operating Activities	\$ 1,085,188

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

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

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

The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The Authority’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

Measurement Focus and Basis of Accounting

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating 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.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Furniture, Machinery and Equipment	5-7 years
Autos *	5 years
Computers *	3 years

* Included in Furniture, Machinery and Equipment

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Compensated Absences

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

Compensated Absences (Continued)

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

Pensions / Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Net Position

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES**

Change in Accounting Principle

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. These changes were incorporated in the Authority’s financial statements; however, there was no effect on the beginning net position.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits

At December 31, 2023, the carrying amount of the Authority’s cash deposits was \$4,492,524 and its bank balance was \$4,586,041. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2023, deposits totaling \$341,164 were covered by Federal Depository Insurance and deposits totaling \$4,244,877 were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, in the Authority’s name.

Custodial credit 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. Multiple financial institution collateral pools that ensure public deposits must maintain collateral in excess of 102 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 102 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held in the name of the Authority.

Investments

The Authority complies with HUD regulations that provide a list of financial instruments in which PHAs are permitted to invest. Investments are valued at market value. At December 31, 2023, the Authority had no investments.

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 that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

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 the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Restricted Cash

The restricted cash balance of \$199,966 on the financial statements represents the following:

South Ridge Village Reserve for Replacements	\$ 91,164
South Ridge Village Escrows	6,000
Unspent Funding Provided for Payment of Section 8 Housing Assistance	
Payments - Housing Choice Voucher and Mainstream Vouchers	18,975
Tenant Security Deposits	<u>83,827</u>
Total Restricted Cash	<u>\$ 199,966</u>

NOTE 4: **ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2023 consisted of the following:

HUD	\$ 40,623
Tenants, net of allowance of \$68,664	193,572
Accounts Receivable - Other Government	<u>30,940</u>
Total Accounts Receivable, Net	<u>\$ 265,135</u>

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

NOTE 5: CAPITAL ASSETS

A summary of capital assets at December 31, 2023 by class is as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,132,718	\$ 0	\$ 0	\$ 1,132,718
Construction in Progress	117,103	1,369,244		1,486,347
Total Capital Assets Not Being Depreciated	1,249,821	1,369,244	0	2,619,065
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	37,023,781	0	0	37,023,781
Furniture, Machinery, and Equipment -				
Dwelling	705,218	31,355	(16,660)	719,913
Administrative	1,089,818	117,980	(48,262)	1,159,536
Intangible Right-to-use Lease - Equipment	0	21,820	0	21,820
Subtotal Capital Assets Being Depreciated	38,818,817	171,155	(64,922)	38,925,050
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(30,923,567)	(947,569)	0	(31,871,136)
Furniture, Machinery, and Equipment	(1,726,603)	(41,334)	64,922	(1,703,015)
Intangible Right-to-use Lease - Equipment	0	(4,298)	0	(4,298)
Total Accumulated Depreciation	(32,650,170)	(993,201)	64,922	(33,578,449)
Depreciable Assets, Net	6,168,647	(822,046)	0	5,346,601
Total Capital Assets, Net	\$ 7,418,468	\$ 547,198	\$ 0	\$ 7,965,666

NOTE 6: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

Net Pension Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

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

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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

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

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 annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
 Employee	 10.0 %

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

** These pension and employer health care rates are for the traditional plan. Beginning July 1, 2022, the employer contribution rate for the combined plan is allocated 2 percent health care with the remainder going to pension. The employer contributions rate for the member-directed plan allocated 4 percent for health care with remainder going to pension.

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

For fiscal year ending December 31, 2023, the Authority's contractually required contributions used to fund pension benefits was \$191,920 for the traditional plan.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.009515%
Current Measurement Date	0.008653%
Change in Proportionate Share	-0.000862%
Proportionate Share of the:	
Proportionate Share of the Net Pension Liability	\$ 2,556,100
Pension Expense	\$ 276,721

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 728,568
Differences between expected and actual experience	84,902
Changes of assumptions	27,004
Authority contributions subsequent to the measurement date	191,920
Total Deferred Outflows of Resources	\$ 1,032,394
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	\$ 105,128
Total Deferred Inflows of Resources	\$ 105,128

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

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

\$191,920 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2024	\$ 23,243
2025	140,745
2026	214,455
2027	356,903
Total	\$ 735,346

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

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

	Traditional Pension Plan
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

Actuarial Assumptions – OPERS (Continued)

Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

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

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 3,828,953	\$ 2,556,100	\$ 1,497,315

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

GASB 75 assumes any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Net OPEB Liability (Continued)

Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans.

Currently, Medicare-eligible retirees can select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA.

For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

The base HRA allowance is determined by OPERS. Retirees receive a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance.

The health care 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)

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

1. **Medicare Retirees** – Medicare-eligible with a minimum of 20 years of qualifying service credit.
2. **Non-Medicare Retirees** – Non-Medicare retirees qualify based on the following age-and-service criteria:
 - a. Group A – 30 years of qualifying service credit at any age;
 - b. Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
 - c. Group C – 32 years of qualifying service credit and minimum age 55; or,
 - d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

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

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

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' Annual Comprehensive Financial Report 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.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. In 2022 and 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022 and 2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. 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 allocated to health care was \$0 for the fiscal year ending December 31, 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.009285%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.008499%
Change in Proportionate Share	-0.000786%
Proportionate Share of the Net OPEB Liability	\$ 53,588
OPEB Expense	\$ (92,676)

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 106,430
Changes of assumptions	52,340
Changes in proportion and differences between Authority contributions and proportionate share of contributions	409
Total Deferred Outflows of Resources	\$ 159,179
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 13,367
Changes of assumptions	4,306
Changes in proportion and differences between Authority contributions and proportionate share of contributions	384
Total Deferred Inflows of Resources	\$ 18,057

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

	OPERS
Year Ending December 31:	
2024	\$ 17,729
2025	38,790
2026	33,189
2027	51,414
Total	\$ 141,122

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2022	December 31, 2021
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent, including wage inflation	2.75 to 10.75 percent, including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2036	5.50 percent initial, 3.50 percent ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

During 2022, 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 loss of 15.6 percent for 2022.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	\$ 182,389	\$ 53,588	\$ (52,694)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation.

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ASHTABULA COUNTY, OHIO
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NOTE 7: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 50,229	\$ 53,588	\$ 57,368

NOTE 8: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Commissioners based on local and state laws.

All permanent employees will earn 4.64 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated up to 960 hours. Upon separation employees are not paid for sick leave not taken, except for one-fourth (1/4) accumulated sick leave upon retirement. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation. Upon separation, no payment for unused vacation is made to employees.

At December 31, 2023, based on the vesting method, \$155,828 was accrued by the Authority for unused vacation and sick time. The current portion is \$17,067.

NOTE 9: DEBT – DIRECT BORROWINGS

Changes in the Authority's non-current liabilities during fiscal year 2023 are as follows:

	Balance at 1/1/2023	Additions	Deletions	Balance at 12/31/2023	Due Within One Year
Loan Payable - Rural Economic and Community Development - 8% Interest - \$37,926 dated January 1, 2016	\$ 24,200	\$ 0	\$ (2,687)	\$ 21,513	\$ 2,910
Compensated Absences	141,005	14,823	0	155,828	17,067
Right-to-Use Lease Liability	0	21,820	(3,967)	17,853	7,443
Net Pension Liability	827,844	1,728,256	0	2,556,100	0
Net OPEB Liability	0	53,588	0	53,588	0
Total Long-Term Liabilities	\$ 993,049	\$ 1,818,487	\$ (6,654)	\$ 2,804,882	\$ 27,420

Long-term debt consists of one term loan payable issued by Rural Housing Service. The debt was most recently re-amortized January 1, 2016 in the amount of \$37,926. The rate of the note is 8 percent, but the interest is subsidized in an amount of \$42 per month. The note is payable over a period of 15 years. Monthly payments made by the Authority are \$335. In the event of default, the government may declare all indebtedness to be immediately due and payable. The balance due at December 31, 2023 is \$21,513.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9: **DEBT – DIRECT BORROWINGS** (Continued)

The following is a summary of the Authority’s future debt service requirements for mortgages payable as of December 31, 2023:

For the Year Ended December 31	Principal	Interest	Total Payments
2024	2,910	1,116	4,026
2025	3,152	874	4,026
2026	3,414	612	4,026
2027	3,697	329	4,026
2028	4,004	22	4,026
2029	4,336	0	4,336
Total	<u>\$ 21,513</u>	<u>\$ 2,953</u>	<u>\$ 24,466</u>

Equipment Leases

The Authority entered into a twenty-four-month lease for printer equipment calling for monthly payments of \$463.00 beginning May 2023. The equipment is being amortized over the life of the lease. The estimated annual interest rate on the lease is 4.00 percent.

The Authority entered into a sixty-month lease for a postage machine calling for quarterly payments of \$618.33 beginning August 2023. The equipment is being amortized over the life of the lease. The estimated annual interest rate on the lease is 4.00 percent.

Lease commitments for the fiscal years ending December 31 are as follows:

	Principal	Interest	Total
2024	\$ 7,444	\$ 585	\$ 8,029
2025	3,998	327	4,325
2026	2,251	222	2,473
2027	2,342	131	2,473
2028	1,818	30	1,848
	<u>\$ 17,853</u>	<u>\$ 1,295</u>	<u>\$ 19,148</u>

NOTE 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ending December 31, 2023, the Authority maintained comprehensive insurance coverage with private carriers for real estate property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

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

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

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

NOTE 11: **RESTRICTED NET POSITION**

The Authority's restricted net assets are as follows:

Cash Held for South Ridge Village Reserve for Replacement	\$ 91,164
Cash Held for South Ridge Village Escrows	6,000
Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher and Mainstream Voucher Housing Assistance Payments	18,975
Total Restricted Net Position	\$ 116,139

NOTE 12: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 13: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority has no material construction commitments at December 31, 2023.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.008653%	0.009515%	0.009905%	0.009868%	0.010449%	0.010874%	0.011725%	0.011141%	0.010781%	0.010781%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,556,100	\$ 827,844	\$ 1,466,715	\$ 1,950,477	\$ 2,861,770	\$ 1,705,920	\$ 2,662,546	\$ 1,929,761	\$ 1,300,309	\$ 1,270,939
Authority's Covered Payroll	\$ 1,341,350	\$ 1,380,871	\$ 1,395,085	\$ 1,470,509	\$ 1,411,329	\$ 1,436,984	\$ 1,517,886	\$ 1,386,591	\$ 1,322,926	\$ 1,297,373
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.13%	132.64%	202.77%	118.72%	175.41%	139.17%	98.29%	97.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 191,920	\$ 187,789	\$ 193,322	\$ 195,312	\$ 205,871	\$ 197,586	\$ 186,808	\$ 182,147	\$ 166,391	\$ 158,495
Contributions in Relation to the Contractually Required Contribution	\$ (191,920)	\$ (187,789)	\$ (193,322)	\$ (195,312)	\$ (205,871)	\$ (197,586)	\$ (186,808)	\$ (182,147)	\$ (166,391)	\$ (158,495)
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered Payroll	\$ 1,370,857	\$ 1,341,350	\$ 1,380,871	\$ 1,395,085	\$ 1,470,509	\$ 1,411,329	\$ 1,436,984	\$ 1,517,886	\$ 1,386,591	\$ 1,322,926
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	11.98%

See accompanying notes to the required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.008499%	0.009285%	0.009225%	0.009190%	0.009730%	0.010140%	0.010970%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 53,588	\$ (290,820)	\$ (164,351)	\$ 1,269,378	\$ 1,268,560	\$ 1,101,129	\$ 1,108,007
Authority's Covered Payroll	\$ 1,414,573	\$ 1,447,891	\$ 1,395,085	\$ 1,470,509	\$ 1,411,329	\$ 1,436,984	\$ 1,517,886
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	86.32%	89.88%	76.63%	73.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ -	\$ 2,929	\$ 2,681	\$ -	\$ -	\$ -	\$ 14,370	\$ 30,358	\$ 27,732	\$ 26,723
Contributions in Relation to the Contractually Required Contribu	<u>-</u>	<u>(2,929)</u>	<u>(2,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,370)</u>	<u>(30,358)</u>	<u>(27,732)</u>	<u>(26,723)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered Payroll	\$ 1,370,857	\$ 1,414,573	\$ 1,447,891	\$ 1,395,085	\$ 1,470,509	\$ 1,411,329	\$ 1,436,984	\$ 1,517,886	\$ 1,386,591	\$ 1,322,926
Contributions as a Percentage of Covered Payroll	0.00%	0.21%	0.19%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.02%
See accompanying notes to the required supplementary information										

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net OPEB Liability

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

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Loan Balance
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct Programs:</i>				
Public and Indian Housing	14.850	2023	\$2,605,214	\$0
Public Housing Capital Fund	14.872	2023	1,594,782	0
Section 8 Project Based Cluster:				
Section 8 Housing Assistance Payments Program	*14.195	2023	183,629	0
Sub-Total Section 8 Project Based Cluster			183,629	0
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	2023	3,167,846	0
Mainstream Vouchers	14.879	2023	318,047	0
Sub-Total Housing Voucher Cluster			3,485,893	0
Total U.S. Department of Housing and Urban Development			7,869,518	0
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Direct Programs:</i>				
Rural Rental Housing Loans	10.415	2023	0	24,200
Total U.S Department of Agriculture			0	24,200
Total Expenditures of Federal Awards			\$7,869,518	\$24,200

* Represents rental assistance to South Ridge Village Housing USDA Project #41-004-341031866

The accompanying notes to this schedule are an integral part of this schedule.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FISCAL YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ashtabula Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

Rural Rental Housing Loans (AL #10.415) – Loans outstanding at the beginning of the period are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at December 31, 2023 is \$24,200.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
FINANCIAL DATA SCHEDULE - ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2023

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$3,054,348	\$366,060	\$71,962	\$252,396		\$547,792	\$4,292,558		\$4,292,558
113 Cash - Other Restricted		\$97,164		\$18,975			\$116,139		\$116,139
114 Cash - Tenant Security Deposits	\$73,687	\$9,290				\$850	\$83,827		\$83,827
100 Total Cash	\$3,128,035	\$472,514	\$71,962	\$271,371	\$0	\$548,642	\$4,492,524	\$0	\$4,492,524
122 Accounts Receivable - HUD Other Projects	\$11,420	\$28,287	\$916				\$40,623		\$40,623
124 Accounts Receivable - Other Government					\$30,940		\$30,940		\$30,940
126 Accounts Receivable - Tenants	\$249,087	\$13,149					\$262,236		\$262,236
126.1 Allowance for Doubtful Accounts -Tenants	-\$64,664	-\$4,000					-\$68,664		-\$68,664
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$195,843	\$37,436	\$916	\$0	\$30,940	\$0	\$265,135	\$0	\$265,135
142 Prepaid Expenses and Other Assets				\$3,434		\$49,328	\$52,762		\$52,762
143 Inventories	\$174,253					\$108,661	\$282,914		\$282,914
143.1 Allowance for Obsolete Inventories	-\$5,300					-\$7,900	-\$13,200		-\$13,200
144 Inter Program Due From				\$30,940			\$30,940	-\$30,940	\$0
150 Total Current Assets	\$3,492,831	\$509,950	\$72,878	\$305,745	\$30,940	\$698,731	\$5,111,075	-\$30,940	\$5,080,135
161 Land	\$872,035	\$128,500		\$10,243		\$121,940	\$1,132,718		\$1,132,718
162 Buildings	\$32,647,413	\$1,290,507				\$3,085,861	\$37,023,781		\$37,023,781
163 Furniture, Equipment & Machinery - Dwellings	\$481,036	\$170,177				\$68,700	\$719,913		\$719,913
164 Furniture, Equipment & Machinery - Administration	\$968,279	\$32,080		\$42,823		\$116,354	\$1,159,536		\$1,159,536
165 Leasehold Improvements	\$12,612	\$655		\$4,364		\$4,189	\$21,820		\$21,820
166 Accumulated Depreciation	-\$29,317,450	-\$1,426,855		-\$41,302		-\$2,792,842	-\$33,578,449		-\$33,578,449
167 Construction in Progress	\$1,486,347						\$1,486,347		\$1,486,347
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,150,272	\$195,064	\$0	\$16,128	\$0	\$604,202	\$7,965,666	\$0	\$7,965,666
174 Other Assets							\$0	\$0	\$0
180 Total Non-Current Assets	\$7,150,272	\$195,064	\$0	\$16,128	\$0	\$604,202	\$7,965,666	\$0	\$7,965,666
200 Deferred Outflow of Resources	\$770,948	\$64,345	\$0	\$170,395	\$0	\$185,885	\$1,191,573	\$0	\$1,191,573
290 Total Assets and Deferred Outflow of Resources	\$11,414,051	\$769,359	\$72,878	\$492,268	\$30,940	\$1,488,818	\$14,268,314	-\$30,940	\$14,237,374

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
FINANCIAL DATA SCHEDULE - ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2023

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days		\$2,548		\$6,183		\$76,668	\$85,399		\$85,399
321 Accrued Wage/Payroll Taxes Payable	\$23,491	\$2,012		\$2,853		\$34,362	\$62,718		\$62,718
322 Accrued Compensated Absences - Current Portion	\$8,397	\$2,722		\$1,338		\$4,610	\$17,067		\$17,067
325 Accrued Interest Payable		\$120					\$120		\$120
333 Accounts Payable - Other Government	\$71,527						\$71,527		\$71,527
341 Tenant Security Deposits	\$73,687	\$9,290				\$850	\$83,827		\$83,827
342 Unearned Revenue	\$31,167	\$1,933					\$33,100		\$33,100
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$4,302	\$3,133		\$1,489		\$1,429	\$10,353		\$10,353
347 Inter Program - Due To					\$30,940		\$30,940	-\$30,940	\$0
310 Total Current Liabilities	\$212,571	\$21,758	\$0	\$11,863	\$30,940	\$117,919	\$395,051	-\$30,940	\$364,111
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$6,017	\$18,915		\$2,082		\$1,999	\$29,013		\$29,013
354 Accrued Compensated Absences - Non Current	\$75,575	\$9,655		\$12,038		\$41,493	\$138,761		\$138,761
357 Accrued Pension and OPEB Liabilities	\$1,688,468	\$140,923		\$373,185		\$407,112	\$2,609,688		\$2,609,688
350 Total Non-Current Liabilities	\$1,770,060	\$169,493	\$0	\$387,305	\$0	\$450,604	\$2,777,462	\$0	\$2,777,462
300 Total Liabilities	\$1,982,631	\$191,251	\$0	\$399,168	\$30,940	\$568,523	\$3,172,513	-\$30,940	\$3,141,573
400 Deferred Inflow of Resources	\$79,701	\$6,652	\$0	\$17,615	\$0	\$19,217	\$123,185	\$0	\$123,185
508.4 Net Investment in Capital Assets	\$7,139,953	\$173,016	\$0	\$12,557	\$0	\$600,774	\$7,926,300	\$0	\$7,926,300
511.4 Restricted Net Position	\$0	\$97,164	\$0	\$18,975	\$0	\$0	\$116,139	\$0	\$116,139
512.4 Unrestricted Net Position	\$2,211,766	\$301,276	\$72,878	\$43,953	\$0	\$300,304	\$2,930,177	\$0	\$2,930,177
513 Total Equity - Net Assets / Position	\$9,351,719	\$571,456	\$72,878	\$75,485	\$0	\$901,078	\$10,972,616	\$0	\$10,972,616
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,414,051	\$769,359	\$72,878	\$492,268	\$30,940	\$1,488,818	\$14,268,314	-\$30,940	\$14,237,374

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
FINANCIAL DATA SCHEDULE - ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,391,753	\$148,609				\$11,550	\$1,551,912		\$1,551,912
70400 Tenant Revenue - Other	\$136,624						\$136,624		\$136,624
70500 Total Tenant Revenue	\$1,528,377	\$148,609	\$0	\$0	\$0	\$11,550	\$1,688,536	\$0	\$1,688,536
70600 HUD PHA Operating Grants	\$2,830,752	\$183,629	\$318,047	\$3,167,846			\$6,500,274		\$6,500,274
70610 Capital Grants	\$1,369,244						\$1,369,244		\$1,369,244
70710 Management Fee						\$501,429	\$501,429	-\$501,429	\$0
70720 Asset Management Fee						\$66,600	\$66,600	-\$66,600	\$0
70730 Book Keeping Fee						\$97,125	\$97,125	-\$97,125	\$0
70700 Total Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$665,154	\$665,154	-\$665,154	\$0
70800 Other Government Grants					\$338,096		\$338,096		\$338,096
71100 Investment Income - Unrestricted		\$391				\$1,975	\$2,366		\$2,366
71400 Fraud Recovery				\$3,742			\$3,742		\$3,742
71500 Other Revenue	\$35,345	\$16,723				\$862	\$52,930		\$52,930
70000 Total Revenue	\$5,763,718	\$349,352	\$318,047	\$3,171,588	\$338,096	\$679,541	\$10,620,342	-\$665,154	\$9,955,188
91100 Administrative Salaries	\$259,195	\$34,860	\$20,462	\$158,261	\$16,978	\$213,935	\$703,691		\$703,691
91200 Auditing Fees	\$6,937	\$578		\$1,734		\$2,313	\$11,562		\$11,562
91300 Management Fee	\$418,629		\$8,544	\$66,096	\$8,160		\$501,429	-\$501,429	\$0
91310 Book-keeping Fee	\$45,375		\$5,340	\$41,310	\$5,100		\$97,125	-\$97,125	\$0
91400 Advertising and Marketing		\$532				\$974	\$1,506		\$1,506
91500 Employee Benefit contributions - Administrative	\$122,815	\$13,350	\$7,325	\$84,990	\$6,078	-\$28,593	\$205,965		\$205,965
91600 Office Expenses	\$48,604	\$5,285	\$2,515	\$19,452		\$57,320	\$133,176		\$133,176
91700 Legal Expense	\$33,239	\$1,785				\$17,257	\$52,281		\$52,281
91800 Travel						\$6,876	\$6,876		\$6,876
91900 Other	\$5,695		\$672	\$5,197		\$23,725	\$35,289		\$35,289
91000 Total Operating - Administrative	\$940,489	\$56,390	\$44,858	\$377,040	\$36,316	\$293,807	\$1,748,900	-\$598,554	\$1,150,346
92000 Asset Management Fee	\$66,600						\$66,600	-\$66,600	\$0
92400 Tenant Services - Other							\$0		\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$286,678	\$9,298				\$1,358	\$297,334		\$297,334
93200 Electricity	\$188,100	\$26,726				\$4,019	\$218,845		\$218,845
93300 Gas	\$66,177	\$17,126				\$1,419	\$84,722		\$84,722
93600 Sewer	\$137,038	\$13,553				\$169	\$150,760		\$150,760
93000 Total Utilities	\$677,993	\$66,703	\$0	\$0	\$0	\$6,965	\$751,661	\$0	\$751,661
94100 Ordinary Maintenance and Operations - Labor	\$629,622	\$39,440					\$669,062		\$669,062

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
FINANCIAL DATA SCHEDULE - ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
94200 Ordinary Maintenance and Operations - Materials and Other	\$283,481	\$18,958	\$482	\$3,727		\$1,927	\$308,575		\$308,575
94300 Ordinary Maintenance and Operations Contracts	\$353,750	\$28,329	\$48	\$367		\$16,128	\$398,622		\$398,622
94500 Employee Benefit Contributions - Ordinary Maintenance	\$295,888	\$15,105					\$310,993		\$310,993
94000 Total Maintenance	\$1,562,741	\$101,832	\$530	\$4,094	\$0	\$18,055	\$1,687,252	\$0	\$1,687,252
95200 Protective Services - Other Contract Costs	\$216,294	\$5,487		\$9,137		\$6,323	\$237,241		\$237,241
95000 Total Protective Services	\$216,294	\$5,487	\$0	\$9,137	\$0	\$6,323	\$237,241	\$0	\$237,241
96110 Property Insurance	\$176,312	\$10,410				\$5,238	\$191,960		\$191,960
96120 Liability Insurance				\$8,538			\$8,538		\$8,538
96100 Total insurance Premiums	\$176,312	\$10,410	\$0	\$8,538	\$0	\$5,238	\$200,498	\$0	\$200,498
96200 Other General Expenses	\$1,761	\$63		\$452		\$15,000	\$17,276		\$17,276
96210 Compensated Absences	\$15,478	\$1,855		\$1,034		\$5,336	\$23,703		\$23,703
96300 Payments in Lieu of Taxes	\$71,528						\$71,528		\$71,528
96000 Total Other General Expenses	\$88,767	\$1,918	\$0	\$1,486	\$0	\$20,336	\$112,507	\$0	\$112,507
96710 Interest of Mortgage (or Bonds) Payable		\$1,338					\$1,338		\$1,338
96720 Interest on Notes Payable (Short and Long Term)	\$206	\$11		\$71		\$68	\$356		\$356
96700 Total Interest Expense and Amortization Cost	\$206	\$1,349	\$0	\$71	\$0	\$68	\$1,694	\$0	\$1,694
96900 Total Operating Expenses	\$3,729,402	\$244,089	\$45,388	\$400,366	\$36,316	\$350,792	\$4,806,353	-\$665,154	\$4,141,199
97000 Excess of Operating Revenue over Operating Expenses	\$2,034,316	\$105,263	\$272,659	\$2,771,222	\$301,780	\$328,749	\$5,813,989	\$0	\$5,813,989
97300 Housing Assistance Payments			\$262,146	\$2,744,771	\$301,780		\$3,308,697		\$3,308,697
97400 Depreciation Expense	\$930,731	\$22,104		\$5,224		\$35,142	\$993,201		\$993,201
90000 Total Expenses	\$4,660,133	\$266,193	\$307,534	\$3,150,361	\$338,096	\$385,934	\$9,108,251	-\$665,154	\$8,443,097
10010 Operating Transfer In	\$150,358						\$150,358	-\$150,358	\$0
10020 Operating transfer Out	-\$150,358						-\$150,358	\$150,358	\$0
10091 Inter Project Excess Cash Transfer In	\$270,000						\$270,000	-\$270,000	\$0
10092 Inter Project Excess Cash Transfer Out	-\$270,000						-\$270,000	\$270,000	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,103,585	\$83,159	\$10,513	\$21,227	\$0	\$293,607	\$1,512,091	\$0	\$1,512,091
11020 Required Annual Debt Principal Payments		\$2,687					\$2,687		\$2,687
11030 Beginning Equity	\$8,248,134	\$488,297	\$62,365	\$54,258	\$0	\$607,471	\$9,460,525		\$9,460,525
11170 Administrative Fee Equity				\$56,510			\$56,510		\$56,510

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
FINANCIAL DATA SCHEDULE - ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
11180 Housing Assistance Payments Equity				\$18,975			\$18,975		\$18,975
11190 Unit Months Available	6660	468	720	5976	684	12	14520		14520
11210 Number of Unit Months Leased	6050	452	719	5561	684	12	13478		13478
11270 Excess Cash	\$2,806,796						\$2,806,796		\$2,806,796
11620 Building Purchases	\$1,369,243						\$1,369,243		\$1,369,243

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OHIO AUDITOR OF STATE KEITH FABER



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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

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Ashtabula Metropolitan Housing Authority, Ashtabula County, (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

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 our audit and described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Ashtabula Metropolitan Housing Authority's, Ashtabula County, (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 Ashtabula Metropolitan Housing Authority's major federal program for the year ended December 31, 2023. Ashtabula Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, Ashtabula Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2024

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**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Housing Voucher Cluster: <ul style="list-style-type: none"> ➤ AL# 14.871 – Section 8 Housing Choice Vouchers; ➤ AL# 14.879 – Mainstream Vouchers
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2023-001

Noncompliance and Significant Deficiency

Ohio Rev. Code § 2921.42 Having an unlawful interest in a public contract

Ohio Rev. Code § 2921.42(A)(4) states no public official shall knowingly "have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected."

Ohio Rev. Code § 2921.42(C) provides that this section does not apply to a public contract in which a public official, member of a public official's family, or one of a public official's business associates has an interest, when all of the following apply:

- (1) The subject of the public contract is necessary supplies or services for the political subdivision or governmental agency or instrumentality involved;
- (2) The supplies or services are unobtainable elsewhere for the same or lower cost, or are being furnished to the political subdivision or governmental agency or instrumentality as part of a continuing course of dealing established prior to the public official's becoming associated with the political subdivision or governmental agency or instrumentality involved;
- (3) The treatment accorded the political subdivision or governmental agency or instrumentality is either preferential to or the same as that accorded other customers or clients in similar transactions;
- (4) The entire transaction is conducted at arm's length, with full knowledge by the political subdivision or governmental agency or instrumentality involved, of the interest of the public official, member of the public official's family, or business associate, and the public official takes no part in the deliberations or decision of the political subdivision or governmental agency or instrumentality with respect to the public contract.

For the year ended December 31, 2023, the Executive Director, approved/authorized payments for processing relating to housing owned by the Executive Director. The Executive Director received Section 8 housing voucher payments totaling \$36,875 from the Authority for properties he owned. Receiving benefits of such a character can manifest a substantial and improper influence upon employees with respect to their duties. While the Housing Assistance Payment Contracts between the Authority and landlords were authorized and approved by a separate employee of the Authority, and while the Executive Director's spouse signed the contracts for the properties they jointly owned, the Executive Director still approved the payments for the Board of Commissioners to sign and process. Additionally, all exceptions within Section (C) were not met.

Failure to have alternative controls in place for approval and policies in place on such transactions allowed these transaction to go undetected and could result in other noncompliance, potential findings for recovery, and referrals to the Ohio Ethics Commission.

The Authority should establish alternative control procedures for approval of such payments and review the Authority's administrative plan for their conflict of interest policy. The Authority should develop a formal policy regarding related party transactions to govern transactions in which employees of the Authority may have a personal interest and ensure they consult with legal counsel, Ohio Ethics Commission, and the Department of Housing and Urban Development when a potential conflict is identified.

See also Federal Finding 2023-002 in Section 3 below. Government Auditing Standards also requires us to report this finding in this section of this schedule.

This matter has been referred to the Ohio Ethics Commission.

Officials' Response: Refer to Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Allowable Costs

Finding Number:	2023-002
Assistance Listing Number and Title:	Housing Voucher Cluster: AL# 14.871 – Section 8 Housing Choice Vouchers; AL#14.879 – Mainstream Vouchers
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Allowable Costs/Cost Principles
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

Noncompliance, Significant Deficiency, and Questioned Costs

2 CFR § 2400.101 provides that unless excepted under 24 CFR chapter I through IX, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth in 2 CFR part 200, shall apply to Federal Awards made by the Department of Housing and Urban Development to non-Federal entities.

2 CFR § 200.403 factors affecting allowability of costs which states, in part except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...and
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

24 CFR § 982.161(a)(2) provides that neither the Public Housing Authority nor any of its contractors or subcontractors may enter into any contract or arrangement in connection with the Housing Choice Voucher program in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter: Any employee of the PHA, or any contractor, subcontractor or agent of the PHA, who formulates policy or who influences decisions with respect to the programs.

The Ashtabula Metropolitan Housing Authority's Administrative Plan for its Housing Choice Voucher program provides in section 3.4 that the Executive Director or designated representative reviews and provides decisions regarding grievances for a tenant's request for an auxiliary aid or services, provides in section 5.1.3 that the Executive Director, Resident Coordinator, or designated appointee will perform an informal review if an applicant is determined ineligible, and provides in section 9.3 that applicants being denied housing for abusive behavior must be reviewed and approved by the Executive Director. The Administrative Plan further provides in section 10.11 that only the Executive Director or his/her designee can grant an additional extension beyond suspension time for the term of a voucher, provides in section 11.3 that if the Resident Coordinator is not available or conflicted, the Executive Director will serve as the hearing officer and may also overturn or modify a decision in light of certain circumstances, and provides in section 18.1.4 that the Executive Director or his designee will perform quality control inspections on the number of participant files required by the Section 8 Management Assessment Program. Additionally, the Administrative Plan provides in section 18.1.6 that the Executive Director or his designee may approve an extension beyond thirty days for major repairs, provides in section 21.1.1 that the Executive Director or his/her designee may approve any terms allowing more time for repayment or for a lower down payment, provides in section 21.1.3 that if a family owes \$10,000.00 or more, the Executive Director and the Board of Commissioners may refer the case for criminal prosecution, and lastly provides that complaints from

members of the public may file complaints against owners, tenants, and employees of the Authority to the Executive Director.

The following was noted for the year ended December 31, 2023:

- For 2 of 40 (5%) transactions tested totaling \$10,993, the Executive Director, Sean Adams approved/authorized payments for processing relating to housing owned by the Executive Director. Upon further review it was noted that a total of \$36,875 was paid to the Executive Director through the Housing Voucher Cluster Program; therefore, we consider the payments to the Executive Director in the amount of \$36,875 to be questioned costs.

The Executive Director influences decisions with regards to the Housing Choice Voucher program pursuant to the Ashtabula Metropolitan Housing Authority's Administrative Plan. The above payments to the Executive Director do not meet the criteria of being reasonable. In addition, with the Executive Director approving the payments, the control environment and processes for allowable costs are ineffective in preventing or detecting the above noncompliance and other potential noncompliance with the payments that are made through the program by the Authority.

Failure to have alternative controls in place for approval and failure to adhere to the Authority's policies on such transactions could result in additional questioned costs, and further referrals to the Ohio Ethics Commission.

The Authority should establish alternative control procedures for approval of such payments, review the Authority's Administrative Plan, and develop a conflicts of interest policy for all actions, including non-procurement actions. HUD provided a sample non-procurement conflict of interest policy at <https://files.hudexchange.info/resources/documents/Financial-Management-PHAs-Resource-09-Conflict-of-Interest.docx>. The Authority should develop a formal policy regarding related party transactions to govern transactions in which employees of the Authority may have a personal interest and ensure they consult with legal counsel, Ohio Ethics Commission, and the Department of Housing and Urban Development when a potential conflict is identified.

See also Finding 2023-001 in Section 2 above.

Officials' Response: Refer to Corrective Action Plan.



Ashtabula
METROPOLITAN HOUSING AUTHORITY
3526 LAKE AVENUE, ASHTABULA, OHIO 44004
(OFFICE) 440 992 3156 (FAX) 440 992 7947

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023

Finding Number: 2023-001
Planned Corrective Action: Refer to action below.
Anticipated Completion Date: 9/30/2024
Responsible Contact Person: T. Sean Adams

Finding Number: 2023-002
Planned Corrective Action: Refer to action below.
Anticipated Completion Date: 9/30/2024
Responsible Contact Person: T. Sean Adams

We are aware of the findings from the report and we will take the necessary steps to mitigate the issues.

OHIO AUDITOR OF STATE KEITH FABER



ASHTABULA METROPOLITAN HOUSING AUTHORITY

ASHTABULA 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 10/15/2024

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