CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Governing Board
Dayton Metropolitan Housing Authority
400 Wayne Avenue
Dayton, Ohio 45401

We have reviewed the *Independent Auditors' Report* of the Dayton Metropolitan Housing Authority, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 08, 2024

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dayton Metropolitan Housing Authority (the "Authority"), as of and for the year ended June 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 audits. 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.

Auditors' 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 the Authority's pension and OPEB amounts and contributions, as listed in the table of contents, 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 GAAS, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards and the 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 March 28, 2024 on our consideration of the Authority's internal control over financial reporting and on 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 Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 28, 2024

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As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by $57,476,079 (an increase of $2,326,231, or 4.2 percent, from June 30, 2022).

- Net investment in capital assets, $26,606,609 as of June 30, 2023 (an increase of $435,041, or 1.7 percent, from June 30, 2022). Unrestricted net position totaled $28,979,315 as of June 30, 2023, (an increase of $464,632 from June 30, 2022).

- The Authority had total operating revenue of $45,090,105 (an increase of $1,546,691 or 3.6 percent, from June 30, 2022). The Authority had total operating expenses of $51,634,787 (an increase of $5,503,114, or 11.9 percent, from June 30, 2022), resulting in a net operating loss of $6,544,682 for the year ended June 30, 2023, and had other non-operating revenues and expenses in a net amount of $(246,886), and capital contributions in the amount of $9,232,661, resulting in a net change in total net position of $2,441,093 for the year.

- The Authority's capital additions for the year were $2,140,055.

USING THIS ANNUAL REPORT

This Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

MD&A
Management Discussion and Analysis

Financial Statements
Statement of Net Position,
Statement of Revenues, Expenses, and Changes in Net Position,
Statement of Cash Flows,
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The S*tatement of Net Position* presents information on all of the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The focus of the *Statement of Net Position* is to present the available assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, which are available to the Authority. Net position is reported in three broad categories:

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

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

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The S*tatement of Revenues, Expenses, and Changes in Net Position* is similar to an income statement. This Statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as grant revenue, investment income, gains and losses on capital assets disposals, and interest expense.

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

The S*tatement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The Statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities.

The N*otes to the Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority administers several programs that are consolidated into a single proprietary-type enterprise fund. The more significant programs consist of the following:

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

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

Business Activities Programs - The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established component units to operate and develop affordable housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units are listed on the following page.

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM), as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Rental Assistance Demonstration Program (RAD) Entities – There are currently seven RAD properties (52 units) that are also reported as Blended Component Units of the Authority at June 30, 2023. These include the properties of Telford Shroyer, Argella, City View, Lori Sue, Frederick, Quitman, and Revere. The properties are 100 percent owned and managed by the Authority.

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The following table represents condensed Statements of Net Position.

	2023 (in thousands)	2022 (in thousands)
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 20,528	$ 19,027
Capital Assets	29,904	31,009
Other Non-Current Assets	38,237	39,065
Deferred Outflows of Resources	6,404	1,148
Total Assets and Deferred Outflows of Resources	95,073	90,249
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities and Deferred Inflows of Resources		
Current Liabilities	18,796	3,385
Non-Current Liablities	18,467	25,063
Deferred Inflows of Resources	334	6,651
Total Liabilities and Deferred Inflows of Resources	37,597	35,099
Net Position		
Net Investment in Capital Assets	26,607	26,171
Restricted	1,890	464
Unrestricted	28,979	28,515
Total Net Position	57,476	55,150
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 95,073	$ 90,249

A large portion of the Authority's net position (46.3 percent) reflects its investment in capital assets, net of related debt. The increase from 2022 was primarily the result of capital asset additions net of annual depreciation expense. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

Statements of Revenues, Expenses, and Changes in Net Position

The following table represents condensed Statements of Revenues, Expenses, and Changes in Net Position.

	2023 (in thousands)	2022 (in thousands)
Revenue		
Tenant Rental Revenue	$ 5,183	$ 5,586
Government Operating Grants	38,999	35,946
Other Revenue	908	2,012
Total Operating Revenue	45,090	43,544
Expenses		
Operating Expenses		
Operating Expenses	21,879	18,902
Depreciation Expense	3,154	3,280
Housing Assistance Payments	26,602	23,950
Total Operating Expenses	51,635	46,132
Net Operating Gain/(Loss)	(6,545)	(2,588)
Non-Operating Revenue (Expenses)	(247)	7,963
Income (Loss) Before Contributions	(6,792)	5,375
Capital Contributions	9,233	8,579
Change in Net Position	2,441	13,954
Total Net Position, Beginning of Year	55,150	41,255
Prior Period Adjustment	(115)	(59)
Total Net Position, End of Year	$ 57,476	$ 55,150

During 2023, the net position of the Authority increased by a total of $2,326,231.

The Authority's revenues are largely governmental operating grants received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences.

The Authority's operating grants increased by $3,053,727. Operating expenses, excluding housing assistance payments, increased by $2,851,532. Operating expenses increased largely due increases in maintenance and housing assistance payments. Section 8 Housing Assistance payments increased by $2,651,582 from the previous year due to increased leasing activity. Capital contributions increased by $653,211 to $9,232,661 during 2023. The increase in the revenue is the result of routine fluctuations in when grant funds were spent, not a result of a gain of a funding source.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the Authority's capital assets totaled $29,904,501 (capital assets net of accumulated depreciation) as reflected in the following schedule.

	2023 (in thousands)	2022 (in thousands)
Land	$ 9,581	$ 9,581
Buildings and Improvements	125,684	124,521
Equipment and Vehicles	6,019	6,025
Construction-in-Progress	973	269
Accumulated Depreciation	(112,353)	(109,387)
Total	$ 29,904	$ 31,009

Debt

As of June 30, 2023, the Authority had $18,797,892 of debt, a decrease of $1,539,533 from the prior year. The decrease was due to debt payments made during the year. Debt consists of the notes payable to Fannie Mae Capital Fund Financing Program (CFFP) and County Corp, and Multifamily Housing Revenue Bonds

During 2010, the Authority obtained a modernization note from Fannie Mae for $9,235,000 for the purpose of modernizing public housing units at four AMP locations. The note is twenty (20) years with an interest rate of 6.0 percent *per annum*. Repayment will be through a portion of future capital grant funds.

Also, during 2010, the Authority obtained a note from County Corp. for $250,092, for the purpose of real estate acquisition in Germantown, Ohio. The note term is twenty (20) years with an interest rate of 0.0 percent *per annum*.

During 2022, the Authority issued Multifamily Housing Revenue Bonds, Series 2021A in the amount of $8,875,000, and Series 2021B in the amount of $6,625,000, for the purpose of making a loan to assist Southern M.C., LLC for the Southern Montgomery Apartments project. The bonds were repaid early in fiscal year 2024 with an interest rate of 0.32 percent *per annum*. An offsetting notes receivable was also recorded.

During 2023, the Authority's net pension obligation increased by $10,195,587. The net OPEB obligation increased by $285,386. Additional information on the Authority's long-term debt can be found on pages 28 and 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority's budget for the 2023 fiscal year.

The Authority has continued to follow site-specific budgeting and accounting. Both FY2023 and FY2024 budgets were prepared using the site-specific format as directed by HUD. Under site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC will be derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs will have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services will be provided on a fee basis by the Authority's COCC. Additional revenue for the COCC will be from the service fees charged to the Voucher programs and other smaller programs. Failure to maintain occupancy rates of 97 percent or higher for the AMPs will also reduce operating subsidy transfers from HUD.

Public housing operating subsidy revenue from HUD for FY2024 is expected to remain at its current level (103 percent) of calculated amounts.

The Housing Choice Voucher (HCV) Program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COCC as fees for supportive services. HCV Program revenues for FY2024 are expected to be consistent with previous levels. The Authority expects HUD to continue withholds in the Administrative Fee schedule, further reducing resources to administer the Voucher programs.

During FY 2023, the economic effects from COVID-19 continued to affect the Authority, including the eviction moratorium, uncertainty regarding shut downs, and rising inflation. The Authority expects these issues to affect the first half of FY 2024.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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 financial information should be addressed to the Chief Executive Officer, Dayton Metropolitan Housing Authority, 400 Wayne Avenue, Dayton, Ohio 45401-8750, or call (937) 910-7500.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	16,237,087
Restricted Cash and Cash Equivalents		2,712,685
Accounts Receivable, Net:		
Tenants, Net of Allowance for Doubtful Accounts of $137,353		11,673
HUD		74,302
Other Receivables, Net of Allowance for Doubtful Accounts of $2,626		560,103
Inventory, Net of Allowance for Obsolete Inventory of $19,051		615,990
Prepaid Expenses		315,959
Total Current Assets		20,527,799
Noncurrent Assets		
Capital Assets:		
Capital Assets, Not Depreciated		10,554,615
Capital Assets, Being Depreciated, Net		19,349,886
Total Capital Assets		29,904,501
Notes, Loans, and Mortgages Receivable Non-Current		38,162,133
Net Pension Asset		75,574
Total Noncurrent Assets		68,142,208
TOTAL ASSETS		88,670,007
DEFERRED OUTFLOWS OF RESOURCES		
Pension		5,555,794
OPEB		847,875
TOTAL DEFERRED OUTFLOWS OF RESOURCES		6,403,669
LIABILITIES		
Current Liabilities		
Accounts Payable		244,505
Accrued Wages and Benefits		859,673
Accrued Liabilities - Other		401,085
Accrued Compensated Absences - Current Portion		245,667
Tenants' Security Deposits		191,167
Unearned Revenues		11,794
Other Current Liabilities		773,205
Current Portion of Note Payable		569,256
Current Portion of Bonds Payable		15,500,000
Total Current Liabilities		18,796,352
Noncurrent Liabilities		
Notes Payable, Net of Current Portion		2,728,636
Compensated Absences, Net of Current Portion		1,402,588
Net Pension Liability		13,903,612
Net OPEB Liability		285,386
Other Noncurrent Liabilities		147,201
Total Noncurrent Liabilities		18,467,423
TOTAL LIABILITIES		37,263,775
DEFERRED INFLOWS OF RESOURCES		
Pension		203,096
OPEB		130,726
TOTAL DEFERRED INFLOWS OF RESOURCES		333,822
NET POSITION		
Net Investment in Capital Assets		26,606,609
Restricted		1,890,155
Unrestricted		28,979,315
TOTAL NET POSITION	$	57,476,079

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenues		
Tenant Revenue	$	5,182,742
Governmental Revenue		38,999,445
Other Revenue		907,918
Total Operating Revenues		45,090,105
Operating Expenses		
Administrative Expense		7,589,054
Tenant Services		374,775
Utilities Expense		2,955,614
Ordinary Maintenance and Operations		8,997,478
Protective Services		547,057
General Expenses		1,414,853
Housing Assistance Payments		26,601,778
Depreciation		3,154,178
Total Operating Expenses		51,634,787
Operating Loss		(6,544,682)
Nonoperating Revenues (Expenses)		
Interest and Investment Income		101,415
Interest Expense		(255,533)
Casualty Loss		(1,196)
Equity transfer to Non-Public Housing Units		(95,873)
Gain on Sale of Capital Assets		4,301
Total Nonoperating Revenues (Expenses)		(246,886)
Loss Before Contributions		(6,791,568)
Capital Contributions		9,232,661
Change in Net Position		2,441,093
Net Position - Beginning of Year		55,149,848
Prior Period Adjustment		(114,862)
Net Position - End of Year	$	57,476,079

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities		
Receipts from Residents and Other Deposits	$	5,204,504
Governmental Operating Revenues		39,274,372
Other Receipts		883,042
Administrative Expenses		(7,316,611)
Other Operating Expenses		(14,491,201)
Housing Assistance Payments		(26,601,778)
Net Cash Used in Operating Activities		(3,047,672)
Cash Flows from Capital and Related Financing Activities		
Capital Asset Additions		(2,140,055)
Insurance Proceeds/(Casualty Loss)		(1,196)
Principal Paid on Debt		(1,539,533)
Proceeds from Sale of Capital Assets		94,670
Interest Paid on Debt		(255,533)
Capital Grants		9,232,661
Net Cash Provided by Capital and Related Financing Activities		5,391,014
Cash Flows from Investing Activities		
Investment Income		101,415
Investment in Notes Receivable		(489,246)
Equity Transfers		(210,735)
Net Cash Used in Investing Activities		(598,566)
Net Change in Cash and Cash Equivalents		1,744,776
Cash and Cash Equivalents - Beginning of Year		17,204,996
Cash and Cash Equivalents - End of Year	$	18,949,772

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

Reconciliation of Net Operating Loss to		
Net Cash Used in Operating Activities		
Operating Loss	$	(6,544,682)
Adjustments to Reconcile Net Loss to Net		
Cash Used in Operating Activities		
Depreciation		3,154,178
Changes in Assets, Deferred Outflows, Liabilities,		
and Deferred Inflows:		
Pension and OPEB Assets		1,316,113
Net Pension/OPEB Deferred Outflows		(5,255,385)
Tenant Receivables		24,628
HUD Receivables		288,917
Other Assets/Receivables		(24,876)
Inventory		(46,252)
Prepaid Expenses		1,816
Wages and Benefits Payable		(47,507)
Security Deposits		(2,866)
Accounts Payable		(240,271)
Compensated Absences		93,895
Unearned Revenue		(13,990)
Net Pension/OPEB Liability		10,480,973
Net Pension/OPEB Deferred Inflows		(6,317,462)
Other Liabilities		85,099
Net Cash Used in Operating Activities	$	(3,047,672)

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Dayton Metropolitan Housing Authority (the "Authority") is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

Reporting Entity **–** The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's government board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, organizations other than the Authority itself included in the financial reporting entity are the blended component units.

A summary of the significant programs administered by the Authority is provided below:

<u>Public and Indian Housing</u> - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

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

A. **Description of the Entity and Programs** (Continued)

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and, when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation – The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specified unit and, when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

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

A. **Description of the Entity and Programs** (Continued)

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

Business Activities Programs **-** The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established component units to operate and develop affordable housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM) as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II, LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II, LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

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

A. **Description of the Entity and Programs** (Continued)

Rental Assistance Demonstration Program (RAD) Entities – There are currently seven RAD properties (52 units) that are also reported as Blended Component Units of the Authority at June 30, 2023. These include the properties of Telford Shroyer, Argella, City View, Lori Sue, Frederick, Quitman, and Revere. The properties are 100 percent owned and managed by the Authority.

Separate financial statements have been issued for the aforementioned component units and may be requested in writing at the Dayton Metropolitan Housing Authority, 400 Wayne Avenue, Dayton, Ohio 45401-8750, to the attention of Lisa McCarty, Chief Financial Officer.

B. **Summary of Significant Accounting Policies**

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.

Basis of Accounting – The Authority's activities are financed and operated as a single enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges. The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability. The Authority's financial transactions are recorded on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized as incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

Cash and Cash Equivalents – During fiscal year 2023, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio investment programs are a very liquid investments and are reported as a cash equivalent in the basic financial statements.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants.* The Authority measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

B. **Summary of Significant Accounting Policies** (Continued)

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to $250 million, requiring the excess amount to be transacted the following business day (2), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

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

Restricted Cash and Cash Equivalents and Investments – Cash and cash equivalents and investments have been classified as restricted on the balance sheet for funds held for public housing residents' security deposits, amounts held in escrow under the HCV and Family Self-Sufficiency (FSS) programs and funds on deposit under the Fannie Mae Modernization Program. Funds authorized by HUD for Housing Assistance Payments (HAP) and Housing Development programs are also classified as restricted.

Investments – The provisions of the HUD Regulations restrict investments. Investments are valued at fair value.

Receivables/Bad Debts – Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

Inventory – Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method, and are expensed as they are consumed.

Capital Assets – Land, structures, and equipment are recorded at historical cost. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes assets with a cost of $1,000 or more ($2,000 or more for computer equipment). Software purchases are capitalized if the cost exceeds $5,000. The estimated useful lives are as follows:

Equipment and Vehicles	3-7 years
Buildings and Improvements	15 years
Buildings	40 years

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

B. **Summary of Significant Accounting Policies** (Continued)

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

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

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

Debt Obligations – Debt obligations of the Authority consist of mortgages for a homeownership program, capital projects, and property acquisition.

Net Position – Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amount reported as restricted net position at fiscal year end represents the amounts restricted by HUD for future housing assistance payments and amounts from unspent debt proceeds. When an expense is incurred for purposes which both restricted and unrestricted net position are available, the Authority first applied restricted net position.

Revenue Recognition – Grant revenue is recognized when the earnings process is complete and exchange has taken place, and any restrictions imposed by the terms of the grant have been met. Rent revenue is recognized over the period for which housing has been provided. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

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

B. **Summary of Significant Accounting Policies** (Continued)

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants, and other miscellaneous revenue. Non-operating revenues are HUD capital grants, interest income, and gains on disposal of capital assets. Operating expenses are those that are expended directly for the primary activity of the propriety fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance and operation, protective services, general expenses, housing assistance payments, depreciation, and amortization. Non-operating expenses include interest expense and losses on disposal of capital assets.

Capital Contributions – Contributions of capital arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Budgetary Accounting – The Authority annually prepares its budget as prescribed by HUD. The Authority's budgets are submitted to HUD and, once approved, are adopted by the Board of the Authority.

Use of Estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures 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.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 8 and 9.

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

B. **Summary of Significant Accounting Policies** (Continued)

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

NOTE 2: **ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENT**

During fiscal year 2023, the Authority implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022.*

GASB Statement No. 91 clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement had no effect on beginning net position.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. This statement had no effect on beginning net position.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement had no effect on beginning net position.

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement had no effect on beginning net position.

NOTE 2: **ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENT** (Continued)

Additionally, a prior period adjustment of $114,862 was recorded to net position representing equity transfers to RAD properties, resulting in the following change in net position at the beginning of the fiscal year:

Net Position July 1, 2022, as previously reported	$ 55,149,848
Adjustments:	
Equity transfers	(114,862)
Restated Net Position July 1, 2022	$ 55,034,986

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or available on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

At fiscal year end, the carrying amount of the Authority's deposits totaled $16,327,186, of which $2,900 was held in petty cash. The corresponding bank balances totaled $16,658,231. Based on criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2023, $16,408,231 was exposed to custodial risk as discussed below, while $250,000 was covered by the Federal Depository Insurance Corporation.

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

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

B. **Investments**

HUD, state statute, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds, and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority's investments at June 30, 2023 were as follows:

Uncategorized Investments	Fair Value	Rating
STAROhio	$ 2,622,586	AAAm*

* Standard & Poor's

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

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

B. **Investments** (Continued)

A reconciliation of cash, cash equivalents, and investments is as follows:

	Cash and Cash Equivalents *	Investments
Per Statement of Net Position	$ 18,949,772	$ -
STAR Ohio	(2,622,586)	2,622,586
Per GASB Statement No. 3	$ 16,327,186	$ 2,622,586

* Includes restricted cash and cash equivalents.

Restricted cash consists of the following:

Security Deposits	$ 191,167
Replacement Reserves	1,250,857
Proceeds from Public Housing Dispositions	67,022
Family Self-Sufficiency Escrow	363,423
Housing Choice Voucher HAP Funding	426,266
Housing Choice Voucher Payables	413,950
	$ 2,712,685

NOTE 4: CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended June 30, 2023 follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 9,581,044	$ -	$ -	$ 9,581,044
Construction in Progress	269,018	704,553	-	973,571
Total Capital Assets Not Being Depreciated	9,850,062	704,553	-	10,554,615
Capital Assets Being Depreciated				
Buildings and Improvements	124,521,079	1,347,694	(185,125)	125,683,648
Equipment and Vehicles	6,025,463	87,808	(94,628)	6,018,643
Subtotal Capital Assets Being Depreciated	130,546,542	1,435,502	(279,753)	131,702,291
Total Cost	140,396,604	2,140,055	(279,753)	142,256,906
Accumulated Depreciation				
Buildings and Improvements	103,928,453	3,059,843	(94,756)	106,893,540
Equipment and Vehicles	5,459,158	94,335	(94,628)	5,458,865
Total Accumulated Depreciation	109,387,611	3,154,178	(189,384)	112,352,405
Total Capital Assets, Net	$ 31,008,993	$ (1,014,123)	$ (90,369)	$ 29,904,501

NOTE 5: NOTES RECEIVABLE

The Authority entered into mixed finance loan arrangements with various development partners. The arrangements have terms of three to forty years. Repayment is based on cash flow realized by properties; otherwise, all amounts are due at maturity. No repayments are anticipated for the subsequent fiscal year. A summary of amounts owed to the Authority at June 30, 2023 is as follows:

Audubon Crossing	$ 2,772,004
Germantown	4,231,581
Southern MC	28,508,548
Brandt Meadows	2,650,000
Total Notes Receivable	$ 38,162,133

NOTE 6: **LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations during fiscal year 2023 are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Fannie Mae Note	$ 4,747,808	$ -	$ (1,527,026)	$ 3,220,782	$ 556,751
County Corp. Note	89,617	-	(12,507)	77,110	12,505
Multifamily Housing Revenue Bonds, Series 2021A	8,875,000	-	-	8,875,000	8,875,000
Multifamily Housing Revenue Bonds, Series 2021B	6,625,000	-	-	6,625,000	6,625,000
Net Pension Liability	3,708,025	10,195,587	-	13,903,612	-
Other Postemployment Benefits	-	285,386		285,386	-
Compensated Absences	1,554,360	93,895	-	1,648,255	245,667
Other	235,103	-	(87,902)	147,201	-
Total Long-Term Obligations	$ 25,834,913	$ 10,574,868	$ (1,627,435)	$ 34,782,346	$ 16,314,923

Direct Borrowings

Loan Payable – Montgomery County's Housing Trust
During 2007, the Authority executed a loan payable in the amount of $250,902 to be used to fill the financing gap in the cost of acquiring and making improvements to the 35-unit Windcliff Village Project. The loan is at an interest rate of 0 percent for a 20-year period and will terminate on or before December 31, 2028. Monthly payments of $1,042 are made on the loan. No collateral was required for the Project.

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 12,505	$ -	$ 12,505
2025	12,505	-	12,505
2026	12,505	-	12,505
2027	12,505	-	12,505
2028	12,505	-	12,505
2029	14,585	-	14,585
Total	$ 77,110	$ -	$ 77,110

NOTE 6: **LONG-TERM OBLIGATIONS** (Continued)

Loan Payable – FANNE MAE Modernization Note

During 2010, the Authority executed a Capital Fund Financing Program (CFFP) note in the amount of $9,235,000 to be used to modernize Public Housing Program units at four AMP locations. The note is at 6 percent per annum. The twenty-year note calls for monthly payments of $66,463 with the final payment due November 2029. Payments on the note are made form a portion of the Authority's Capital Fund Program revenue from HUD.

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 556,751	$ 180,810	$ 737,561
2025	591,090	146,470	737,560
2026	627,547	110,013	737,560
2027	666,253	71,308	737,561
2028	707,346	30,215	737,561
2029-2030	71,795	865	72,660
Total	$ 3,220,782	$ 539,681	$ 3,760,463

Direct Placement

Multifamily Housing Revenue Bonds Payable – Series 2021A and 2021B

During 2021, the Authority issued bonds in the amounts of $8,875,000 (Series A) and $6,625,000 (Series B) for the purpose of making a loan to assist Southern M.C., LLC to pay a portion of the costs of rehabilitating, equipping, and improving the Southern Montgomery Apartments Project. The interest rate is 0.32 percent per annum.

Series A bonds require interest only payments due semiannually until the principal balance was paid in full in September 2023. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$8,875,000	$ 42,600	$8,917,600
Total	$8,875,000	$ 42,600	$8,917,600

Series B bonds require interest only payments due monthly until the principal balance was paid in full in October 2023. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$6,625,000	$ 7,067	$6,632,067
Total	$6,625,000	$ 7,067	$6,632,067

NOTE 7: 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. The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority is covered for property damage, general liability, automobile liability, public official's liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk sharing and purchasing pool comprised of three Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is a member). OHAPCI is a corporation governed by a Board of Trustees, consisting of a representative appointed by each of the member housing authorities. The Board of Trustees elects the officers of the Corporation, with each Trustee having a single vote. The Board is responsible for its own financial matters, and the Corporation maintains its own books of account. Budgeting and financing of OHAPCI is subject to the approval of the Board. The following is a summary of insurance coverage in effect as of June 30, 2023:

Coverage	Limit
Real and Personal Property	$ 500,000,000
General Liability	5,000,000
Automobile	10,000,000
Public Officials	5,000,000
Crime	2,000,000
Pollution	1,000,000
Boiler and Machinery	100,000,000

As of June 30, 2023, the Pool maintained a reserve in excess of actual and estimated claims relative to the Authority. During the year, settled claims for the Authority did not exceed the coverage provided by OHAPCI.

The Authority also maintains employee bonding and employee major medical, dental, and vision coverage with private carriers.

NOTE 8: DEFINED BENEFIT PENSION PLAN

Net Pension Liability/(Asset)

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Ohio Revised Code limits the Authority's obligation for any 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/(asset). Resulting adjustments to the net pension liability/(asset) would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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
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 years	**Formula:** 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 years	**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 years

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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy - The ORC provides statutory authority for member and employer contributions. For fiscal year 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The Authority's contractually required contributions used to fund pension benefits was $937,230 for fiscal year ending June 30, 2023.

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

The net pension liability/(asset) presented as of June 30, 2023 was measured as of December 31, 2022.

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) was based on the Authority's share of contributions to the pension plan relative to the projected contributions of all participating entities.

The following is information related to the proportionate share and pension expense for fiscal year 2023:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/(Asset) Prior Measurement Date	0.042619%	0.026999%	
Proportion of the Net Pension Liability/(Asset) Current Measurement Date	0.047067%	0.032065%	
Change in Proportionate Share	0.004448%	0.005066%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 13,903,612	$ (75,574)	$ 13,828,038
Pension Expense	$ 1,304,804	$ (2,123)	$ 1,302,681

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 3,962,968	$ 27,543	$ 3,990,511
Difference between expected and actual experience	461,820	4,647	466,467
Changes in assumptions	146,882	5,002	151,884
Changes in proportion and differences between Authority contributions and proportionate share of contributions	468,549	12,432	480,981
Authority contributions subsequent to the measurement date	457,911	8,040	465,951
Total Deferred Outflows of Resources	$ 5,498,130	$ 57,664	$ 5,555,794
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 10,798	$ 10,798
Changes in proportion and differences between Authority contributions and proportionate share of contributions	177,053	15,245	192,298
Total Deferred Inflows of Resources	$ 177,053	$ 26,043	$ 203,096

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

$465,951 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2024	$ 678,249	$ 666	$ 678,915
2025	1,077,086	4,884	1,081,970
2026	1,166,492	19,262	1,185,754
2027	1,941,339	(404)	1,940,935
2028	-	(14)	(14)
Thereafter	-	(813)	(813)
Total	$ 4,863,166	$ 23,581	$ 4,886,747

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 periods included in the measurement:

Wage Inflation	2.75 percent
Future Salary Increases, including inflation	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:	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 12.1% for 2022.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
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	100.00%	

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Discount Rate The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability/(asset) calculated using the current period discount rate of 6.90 percent, as well as what the Authority's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage point lower (5.90 percent) and one-percentage point higher (7.90 percent) than the current rate used:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	$ 20,827,148	$ 13,903,612	$ 8,144,474
Combined Plan	$ (39,440)	$ (75,574)	$ (104,211)

NOTE 9: **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 each 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 for any 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.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of OPERS plan's fully-funded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *accrued wages and benefits.*

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

The ORC 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 ORC.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. 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. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in 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%.

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 $5,231 for fiscal year 2023.

OPEB Liabilities, 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 OPERS relative to the contributions of all participating entities.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.041036%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.045262%
Change in Proportionate Share	0.004226%
Proportionate Share of the Net OPEB Liability	$ 285,386
OPEB Expense	$ (610,144)

At June 30, 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	$ 566,785
Changes in assumptions	278,743
Authority contributions subsequent to the measurement date	2,347
Total Deferred Outflows of Resources	$ 847,875
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 71,187
Changes in assumptions	22,935
Changes in proportion and differences between Authority contributions and proportionate share of contributions	36,604
Total Deferred Inflows of Resources	$ 130,726

$2,347 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2024. Other 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 June 30:	
2024	$ 57,847
2025	206,408
2026	176,741
2027	273,806
Total	$ 714,802

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB 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 applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	
Current measurement period	2.75 percent
Prior measurement date	2.75 percent
Projected salary increases	
Current measurement period	2.75 percent to 10.75 percent, including wage inflation
Prior measurement period	2.75 percent to 10.75 percent, including wage inflation
Single discount rate	
Current measurement period	5.22 percent
Prior measurement date	6.00 percent
Investment rate of return	6.00 percent
Municipal bond rate:	
Current measurement period	4.05 percent
Prior measurement period	1.84 percent
Health care cost trend rate:	
Current measurement period	5.5 percent initial, 3.50 percent ultimate in 2036
Prior measurement period	5.5 percent initial, 3.50 ultimate in 2034
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). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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	100.00 %	

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Discount Rate A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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 one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) 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 (asset)	$ 971,323	$ 285,386	$ (280,624)

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 1.00 percent lower or 1.00 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (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.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 267,498	$ 285,386	$ 305,519

NOTE 10: **CONTINGENCIES**

Litigations and Claims

In the normal course of operations, the Authority may be subjected to litigation and claims. At June 30, 2023, the Authority is involved in several matters. While the outcome of these matters cannot be presently determined, management believes that the ultimate resolution will not have a material effect on the financial statements.

NOTE 11: **SUBSEQUENT EVENTS**

In September 2023 and October 2023, respectively, the Authority paid the 2021 Series A and Series B Multifamily Housing Revenue bonds, principal and related interest, in full.

Required Supplementary Information

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS (1)

Traditional Plan	2023	2022	2021	2020
Authority's Proportion of the Net Pension Liability	0.047067%	0.042619%	0.048058%	0.048801%
Authority's Proportionate Share of the Net Pension Liability	$ 13,903,612	$ 3,708,025	$ 7,116,344	$ 9,645,849
Authority's Covered Payroll	$ 6,781,964	$ 6,761,950	$ 6,805,343	$ 6,838,036
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	205.01%	54.84%	104.57%	141.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

Combined Plan	2023	2022	2021	2020
Authority's Proportion of the Net Pension Asset	0.032065%	0.026999%	0.030049%	0.032755%
Authority's Proportionate Share of the Net Pension Liability/(Asset)	$ (75,574)	$ (106,377)	$ (86,741)	$ (68,302)
Authority's Covered Payroll	$ 134,986	$ 132,950	$ 132,429	$ 159,300
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	55.99%	80.01%	65.50%	42.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	137.14%	169.88%	157.67%	145.28%

(1) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.050050%	0.051817%	0.052365%	0.047814%	0.045155%	0.045155%
$ 13,707,680	$ 8,129,083	$ 11,891,201	$ 8,281,989	$ 5,446,198	$ 5,323,186
$ 6,803,710	$ 7,060,833	$ 6,139,417	$ 5,734,167	$ 5,837,825	$ 5,940,438
201.47%	115.13%	193.69%	144.43%	93.29%	89.61%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

2019	2018	2017	2016	2015	2014
0.035306%	0.029073%	0.039646%	0.035980%	0.020933%	0.020933%
$ (39,480)	$ (39,578)	$ (22,066)	$ (17,506)	$ (8,060)	$ (2,196)
$ 118,305	$ 160,970	$ 135,083	$ 107,217	$ 54,108	$ 86,900
33.37%	24.59%	16.34%	16.33%	14.90%	2.53%
126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually Required Contributions				
Traditional Plan	$ 918,406	$ 949,475	$ 946,673	$ 952,748
Combined Plan	18,824	18,898	18,613	18,540
Total Required Contributions	937,230	968,373	965,286	971,288
Contributions in Relation to the Contractually Required Contribution	(937,230)	(968,373)	(965,286)	(971,288)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -
Authority's Covered Payroll				
Traditional Plan	$ 6,560,043	$ 6,781,964	$ 6,761,950	$ 6,805,343
Combined Plan	$ 156,867	$ 134,986	$ 132,950	$ 132,429
Pension Contributions as a Percentage of Covered Payroll				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan	12.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$ 957,325	$ 918,717	$ 881,192	$ 736,730	$ 688,100	$ 700,539
22,302	15,975	20,089	16,210	12,866	6,493
979,627	934,692	901,281	752,940	700,966	707,032
(979,627)	(934,692)	(901,281)	(752,940)	(700,966)	(707,032)
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,838,036	$ 6,803,710	$ 7,060,833	$ 6,139,417	$ 5,734,167	$ 5,837,825
$ 159,300	$ 118,305	$ 160,970	$ 135,083	$ 107,217	$ 54,108
14.00%	13.50%	12.48%	12.00%	12.00%	12.00%
14.00%	13.50%	12.48%	12.00%	12.00%	12.00%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS (1) (2)

	2023	2022	2021
Authority's Proportion of the Net OPEB Liability/Asset	0.045262%	0.041036%	0.046685%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ 285,386	$ (1,285,310)	$ (831,731)
Authority's Covered Payroll	$ 6,916,950	$ 6,894,900	$ 6,937,771
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	4.13%	-18.64%	-11.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%

(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.

(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.047893%	0.048707%	0.050170%	0.050610%
$ 6,615,267	$ 6,350,243	$ 5,448,092	$ 5,111,782
$ 6,997,336	$ 6,922,015	$ 7,221,803	$ 6,274,500
94.54%	91.74%	75.44%	81.47%
46.33%	46.33%	54.14%	54.05%

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST NINE FISCAL YEARS (1)

	2023	2022	2021	2020
Contractually Required Contributions	$ 5,231	$ 3,396	$ 5,038	$ 7,522
Contributions in Relation to the Contractually Required Contribution	(5,231)	(3,396)	(5,038)	(7,522)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 6,716,910	$ 6,916,950	$ 6,894,900	$ 6,937,771
Pension Contributions as a Percentage of Covered Payroll	0.08%	0.05%	0.07%	0.11%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015
$ 8,290	$ 41,051	$ 112,879	$ 126,958	$ 118,019
(8,290)	(41,051)	(112,879)	(126,958)	(118,019)
$ -	$ -	$ -	$ -	$ -
$ 6,997,336	$ 6,922,015	$ 7,221,803	$ 6,274,500	$ 5,841,383
0.12%	0.59%	1.56%	2.02%	2.02%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: None noted.

Changes in assumptions: For measurement year 2016, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.00% to 7.50%, a reduction in the wage inflation rate from 3.75% to 3.25%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2000 mortality tables to the RP-2014 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2018, a reduction of the discount rate was made from 7.50% to 7.20%.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.20% to 6.90%, a reduction in the wage inflation rate from 3.25% to 2.75%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2014 mortality tables to the Pub-2010 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Net OPEB Liability

Changes in benefit terms: None noted.

Changes in assumptions: For measurement year 2017, the single discount rate changed from 4.23% to 3.85%. For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For measurement year 2019, the single discount rate was reduced from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030. For measurement year 2020, the single discount rate increased from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in the wage inflation rate from 3.25% to 2.75%, lowering of the total salary increases rate by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation, and the health care cost trend rate changing from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

For measurement year 2022, the single discount rate changed from 6.00% to 5.22%.

Supplementary Information

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2023

	Project Total	14.879 Mainstream Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.895 Jobs-Plus Pilot Initiative	14.CCC Central Office Cost Center CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted	$ 6,468,661	$ -	$ -	$ 25,462	$ -	$ 68,962	$ 57,508
113 Cash - Other Restricted	114,040						
114 Cash - Tenant Security Deposits	182,031						
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	6,764,732	-	-	25,462	-	68,962	57,508
122 Accounts Receivable - HUD Other Projects		36,521		18,900			18,881
125 Accounts Receivable - Miscellaneous	409,065			368		47,730	
126 Accounts Receivable - Tenants	135,313						
126.1 Allowance for Doubtful Accounts -Tenants	(124,340)						
126.2 Allowance for Doubtful Accounts - Other							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
120 Total Receivables, Net of Allowances for Doubtful Accounts	420,038	36,521	-	19,268	-	47,730	18,881
142 Prepaid Expenses and Other Assets	266,571						
143 Inventories	628,577						
143.1 Allowance for Obsolete Inventories	(18,857)						
150 Total Current Assets	8,061,061	36,521	-	44,730	-	116,692	76,389
161 Land	7,877,502		827,588			38,500	
162 Buildings	115,310,647		2,168,842				
163 Furniture, Equipment & Machinery - Dwellings	952,540						
164 Furniture, Equipment & Machinery - Administration	3,320,156						
166 Accumulated Depreciation	(103,542,398)		(1,916,311)				
167 Construction in Progress	175,361					30,000	
168 Infrastructure	259,971						
160 Total Capital Assets, Net of Accumulated Depreciation	24,353,779	-	1,080,119	-	-	68,500	-
171 Notes, Loans and Mortgages Receivable - Non-Current	38,162,133						
174 Other Assets							
180 Total Non-Current Assets	62,515,912	-	1,080,119	-	-	68,500	-
200 Deferred Outflow of Resources	2,889,012		-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	73,465,985	36,521	1,080,119	44,730	-	185,192	76,389
312 Accounts Payable <= 90 Days	127,328						
313 Accounts Payable >90 Days							
321 Accrued Wage/Payroll Taxes Payable	480,019						
322 Accrued Compensated Absences - Current Portion	83,514						4,065
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
341 Tenant Security Deposits	182,031						
342 Unearned Revenue	11,794						
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	556,750						
345 Other Current Liabilities	283,383	36,521		14		34	
346 Accrued Liabilities - Other	278,053						
348 Loan Liability - Current	15,500,000						
310 Total Current Liabilities	17,502,872	36,521	-	14	-	34	4,065
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	2,664,030						
353 Non-current Liabilities - Other	55,419						
354 Accrued Compensated Absences - Non Current	498,927						39,778
357 Accrued Pension and OPEB Liabilities	6,367,270						
350 Total Non-Current Liabilities	9,585,646	-	-	-	-	-	39,778
300 Total Liabilities	27,088,518	36,521	-	14	-	34	43,843
400 Deferred Inflow of Resources	150,605	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	21,132,998		1,080,119			68,500	
511.4 Restricted Net Position	78,798						
512.4 Unrestricted Net Position	25,015,066			44,716		116,658	32,546
513 Total Equity - Net Assets / Position	46,226,862	-	1,080,119	44,716	-	185,158	32,546
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$ 73,465,985	$ 36,521	$ 1,080,119	$ 44,730	$ -	$ 185,192	$ 76,389

14.HCC HCV CARES Act Funding	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ -	$ 83,524	$ 2,211,954	$ 1,016,241	$ 1,476,962	$ 1,242,507	$ 224,571	$ 3,360,735	$ 16,237,087	$ -	$ 16,237,087
				1,567,262	426,266			2,107,568		2,107,568
				9,136				191,167		191,167
					413,950			413,950		413,950
-	83,524	2,211,954	1,016,241	3,053,360	2,082,723	224,571	3,360,735	18,949,772	-	18,949,772
								74,302		74,302
		114		54,708	41,474			553,459		553,459
				13,713				149,026		149,026
				(13,013)				(137,353)		(137,353)
		(25)						(25)		(25)
					9,296			9,296		9,296
					(2,627)			(2,627)		(2,627)
-	-	89	-	55,408	48,143	-	-	646,078	-	646,078
		220		9,554	19,629		19,985	315,959		315,959
				6,464				635,041		635,041
				(194)				(19,051)		(19,051)
-	83,524	2,212,263	1,016,241	3,124,592	2,150,495	224,571	3,380,720	20,527,799	-	20,527,799
		8,478	460,335	311,804			56,839	9,581,046		9,581,046
		277,850	3,241,372	4,399,962			25,004	125,423,677		125,423,677
							14,069	966,609		966,609
			103,319	42,823	271,486		1,314,250	5,052,034		5,052,034
		(73,978)	(2,977,212)	(2,290,536)	(238,349)		(1,313,621)	(112,352,405)		(112,352,405)
		362,621		402,839			2,750	973,571		973,571
								259,971		259,971
-	-	574,971	827,814	2,866,892	33,137	-	99,291	29,904,503	-	29,904,503
								38,162,133		38,162,133
								-		-
-	-	574,971	827,814	2,866,892	33,137	-	99,291	68,066,636	-	68,066,636
-	-	-	-	-	952,333	-	2,562,322	6,403,667		6,403,667
-	83,524	2,787,234	1,844,055	5,991,484	3,135,965	224,571	6,042,333	94,998,102	-	94,998,102
		894			18,321		18,861	165,404		165,404
				79,101				79,101		79,101
					191,147		188,507	859,673		859,673
				11,479	24,079		122,530	245,667		245,667
				2,283				2,283		2,283
				35				35		35
	9			26,778	70,872			97,659		97,659
				9,136				191,167		191,167
								11,794		11,794
				12,505				569,255		569,255
				115,126	49,482	83	188,585	673,228		673,228
				7,614	60,049		55,369	401,085		401,085
								15,500,000		15,500,000
-	9	894	-	264,057	413,950	83	573,852	18,796,351	-	18,796,351
				64,607				2,728,637		2,728,637
				862	90,922			147,203		147,203
				13,554	146,685		703,644	1,402,588		1,402,588
					2,098,904		5,647,248	14,113,422		14,113,422
-	-	-	-	79,023	2,336,511	-	6,350,892	18,391,850	-	18,391,850
-	9	894	-	343,080	2,750,461	83	6,924,744	37,188,201	-	37,188,201
-	-	-	-	-	49,645	-	133,572	333,822		333,822
		574,971	827,814	2,789,780	33,137		99,292	26,606,611		26,606,611
	5,166			1,470,857	335,334			1,890,155		1,890,155
	78,349	2,211,369	1,016,241	1,387,767	(32,612)	224,488	(1,115,275)	28,979,313		28,979,313
-	83,515	2,786,340	1,844,055	5,648,404	335,859	224,488	(1,015,983)	57,476,079	-	57,476,079
$ -	$ 83,524	$ 2,787,234	$ 1,844,055	$ 5,991,484	$ 3,135,965	$ 224,571	$ 6,042,333	$ 94,998,102	$ -	$ 94,998,102

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED: JUNE 30, 2023

	Project Total	14.879 Mainstream Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.895 Jobs-Plus Pilot Initiative	14.CCC Central Office Cost Center CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	$ 4,879,399	$ -	$ -	$ -	$ -	$ -	$ -
70400 Tenant Revenue - Other	19,771						
70500 Total Tenant Revenue	4,899,170	-	-	-	-	-	-
70600 HUD PHA Operating Grants	8,969,504	94,472					
70610 Capital Grants	8,115,796						
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70750 Other Fees							
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants							416,752
71100 Investment Income - Unrestricted	23						
71200 Mortgage Interest Income							
71400 Fraud Recovery							
71500 Other Revenue	577,607						
71600 Gain or Loss on Sale of Capital Assets	971						
70000 Total Revenue	22,563,071	94,472	-	-	-	-	416,752
91100 Administrative Salaries	1,138,944	5,546					
91200 Auditing Fees	11,053	106					
91300 Management Fee	2,024,983	3,368					
91310 Book-keeping Fee	166,902	2,106					
91500 Employee Benefit contributions - Administrative	347,925	1,740					
91600 Office Expenses	632,418	1,533					12,686
91900 Other	56,122	59					16,811
91000 Total Operating - Administrative	4,378,347	14,458	-	-	-	-	29,497
92000 Asset Management Fee	63,310						
92100 Tenant Services - Salaries							230,460
92200 Relocation Costs	10,589						
92300 Employee Benefit Contributions - Tenant Services							101,712
92400 Tenant Services - Other	1,977						5,190
92500 Total Tenant Services	12,566	-	-	-	-	-	337,362
93100 Water	541,837						
93200 Electricity	1,277,066						
93300 Gas	569,140						
93600 Sewer	429,712						
93000 Total Utilities	2,817,755	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	1,685,308						
94200 Ordinary Maintenance and Operations - Materials and Other	1,036,947	77					898
94300 Ordinary Maintenance and Operations Contracts	4,866,442	624					322
94500 Employee Benefit Contributions - Ordinary Maintenance	488,903						
94000 Total Maintenance	8,077,600	701	-	-	-	-	1,220
95100 Protective Services - Labor	57,127						
95200 Protective Services - Other Contract Costs	468,726						
95300 Protective Services - Other	841						
95500 Employee Benefit Contributions - Protective Services	14,993						
95000 Total Protective Services	541,687	-	-	-	-	-	-
96110 Property Insurance	574,188						
96130 Workmen's Compensation	69,410	139					5,908
96140 All Other Insurance	13,704						
96100 Total insurance Premiums	657,302	139	-	-	-	-	5,908
96200 Other General Expenses	38,066	33	1			1	405
96210 Compensated Absences	59,136						
96300 Payments in Lieu of Taxes	94,537						
96400 Bad debt - Tenant Rents	165,116						
96800 Severance Expense	17,086	26					12,889
96000 Total Other General Expenses	$ 373,941	$ 59	$ 1	$ -	$ -	$ 1	$ 13,294

14.HCC HCV CARES Act Funding	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ -	$ -	$ 6,175	$ -	$ 276,907	$ -	$ -	$ -	$ 5,162,481	$ -	$ 5,162,481
				490				20,261		20,261
-	-	6,175	-	277,397	-	-	-	5,182,742	-	5,182,742
	145,240			326,599	28,781,181	265,699		38,582,695		38,582,695
				1,116,865				9,232,661		9,232,661
							2,763,105	2,763,105	(2,648,155)	114,950
							67,630	67,630	(67,630)	-
							526,512	526,512	(522,845)	3,667
							20,110	20,110		20,110
-	-	-	-	-	-	-	3,377,357	3,377,357	(3,238,630)	138,727
								416,752		416,752
			39,789	160			61,443	101,415		101,415
								-		-
					514			514		514
		126,323	1,000	15,865	26,146		21,734	768,675		768,675
					3,330			4,301		4,301
-	145,240	132,498	40,789	1,736,886	28,811,171	265,699	3,460,534	57,667,112	(3,238,630)	54,428,482
	8,981		56,911	33,334	894,858	11,131	2,402,058	4,551,763		4,551,763
	172			157	17,127	213	4,343	33,171		33,171
	5,616	1,861		56,639	548,928	6,760		2,648,155	(2,648,155)	-
	3,510	90		2,932	343,080	4,225		522,845	(522,845)	-
	2,818		17,802	9,074	249,298	3,493	968,579	1,600,729		1,600,729
	2,824	39,813	3,966	21,117	281,653	3,500	178,953	1,178,463		1,178,463
	96	71,994	11,259	1,039	9,563	119	57,866	224,928		224,928
-	24,017	113,758	89,938	124,292	2,344,507	29,441	3,611,799	10,760,054	(3,171,000)	7,589,054
		120		4,200				67,630	(67,630)	-
								230,460		230,460
		125		3,570			21,124	35,408		35,408
								101,712		101,712
							28	7,195		7,195
-	-	125	-	3,570	-	-	21,152	374,775	-	374,775
				26,114			1,416	569,367		569,367
				16,103			46,000	1,339,169		1,339,169
				11,576				580,716		580,716
				33,783			2,867	466,362		466,362
-	-	-	-	87,576	-	-	50,283	2,955,614	-	2,955,614
				69,967	12,470		75,342	1,843,087		1,843,087
	125	40,000		8,061		155	18,470	1,104,733		1,104,733
	1,010	1,969		183,977	101,561	1,252	346,434	5,503,591		5,503,591
				20,699			36,465	546,067		546,067
-	1,135	41,969	-	282,704	114,031	1,407	476,711	8,997,478	-	8,997,478
				772			368	58,267		58,267
				3,954				472,680		472,680
				11				852		852
				264			1	15,258		15,258
-	-	-	-	5,001	-	-	369	547,057	-	547,057
		356		21,140	6,545		14,942	617,171		617,171
	226		2,739	2,638	22,521	280	60,107	163,968		163,968
								13,704		13,704
-	226	356	2,739	23,778	29,066	280	75,049	794,843	-	794,843
	54	198		1,089	5,371	4,350	5,451	55,019		55,019
				4,736	9,886		79,678	153,436		153,436
		482		2,784			18,878	116,681		116,681
				4,854				169,970		169,970
	42			68	4,161	52	4,713	39,037		39,037
$ -	$ 96	$ 680	$ -	$ 13,531	$ 19,418	$ 4,402	$ 108,720	$ 534,143	$ -	$ 534,143

DAYTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
FOR THE FISCAL YEAR ENDED: JUNE 30, 2023

	Project Total	14.879 Mainstream Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.895 Jobs-Plus Pilot Initiative	14.CCC Central Office Cost Center CARES Act Funding	14.892 Choice Neighborhoods Planning Grants	14.870 Resident Opportunity and Supportive Services
96710 Interest of Mortgage (or Bonds) Payable	$ 255,533	$ -	$ -	$ -	$ -	$ -	$ -
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	255,533	-	-	-	-	-	-
96900 Total Operating Expenses	17,178,041	15,357	1	-	-	1	387,281
97000 Excess of Operating Revenue over Operating Expenses	5,385,030	79,115	(1)	-	-	(1)	29,471
97200 Casualty Losses - Non-capitalized	(4,897)						
97300 Housing Assistance Payments		85,194					
97350 HAP Portability-In							
97400 Depreciation Expense	2,776,410		11,348				
97800 Dwelling Units Rent Expense	82,976						
90000 Total Expenses	20,032,530	100,551	11,349	-	-	1	387,281
10091 Inter Project Excess Cash Transfer In	1,375,791						
10092 Inter Project Excess Cash Transfer Out	(1,375,791)						
10093 Transfers between Project and Program - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 2,530,541	$ (6,079)	$ (11,349)	$ -	$ -	$ (1)	$ 29,471
11020 Required Annual Debt Principal Payments	$ 1,527,029						
11030 Beginning Equity	$ 43,661,432	$ 6,079	$ 1,091,468	$ 44,716	$ -	$ 185,159	$ 3,075
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$ 34,889						
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	24,620	600					
11210 Number of Unit Months Leased	22,353	289					
11270 Excess Cash	$ (11,798,023)						
11610 Land Purchases	$ 239,283						
11620 Building Purchases	$ 916,289						
11630 Furniture & Equipment - Dwelling Purchases	$ 30,064						
11640 Furniture & Equipment - Administrative Purchases	$ 66,506						
11660 Infrastructure Purchases	$ 13,125						
13510 CFFP Debt Service Payments	$ -						

14.HCC HCV CARES Act Funding	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 255,533	$ -	$ 255,533
								-		-
								-		-
-	-	-	-	-	-	-	-	255,533	-	255,533
-	25,474	157,008	92,677	544,652	2,507,022	35,530	4,344,083	25,287,127	(3,238,630)	22,048,497
-	119,766	(24,510)	(51,888)	1,192,234	26,304,149	230,169	(883,549)	32,379,985	-	32,379,985
					7,241		(1,148)	1,196		1,196
	105,440			1,156	25,992,037	417,951		26,601,778		26,601,778
						2,891		2,891		2,891
		4,295	110,456	222,821	17,904		10,944	3,154,178		3,154,178
								82,976		82,976
-	130,914	161,303	203,133	768,629	28,524,204	456,372	4,353,879	55,130,146	(3,238,630)	51,891,516
								1,375,791		1,375,791
								(1,375,791)		(1,375,791)
								-		-
		(95,873)						(95,873)		(95,873)
-	-	(95,873)	-	-	-	-	-	(95,873)	-	(95,873)
$ -	$ 14,326	$ (124,678)	$ (162,344)	$ 968,257	$ 286,967	$ (190,673)	$ (893,345)	$ 2,441,093	$ -	$ 2,441,093
				$ 12,505				$ 1,539,534		$ 1,539,534
$ -	$ 69,189	$ 2,911,018	$ 2,006,399	$ 4,672,565	$ 48,892	$ 415,161	$ 34,695	$ 55,149,848		$ 55,149,848
				$ 7,582			$ (157,333)	$ (114,862)		$ (114,862)
					$ 525			$ 525		$ 525
					$ 335,334			$ 335,334		$ 335,334
				766	55,104	1,380		82,470		82,470
				684	46,604	580		70,510		70,510
								$ (11,798,023)		$ (11,798,023)
								$ 239,283		$ 239,283
								$ 916,289		$ 916,289
								$ 30,064		$ 30,064
								$ 66,506		$ 66,506
								$ 13,125		$ 13,125
								$ -		$ -

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal ALN**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Program		
Section 8 Project-Based Cluster:		
Lower Income Housing Assistance Program - Section 8 New Construction/ Substantial Rehabilitation	14.182	$ 145,240
Total Section 8 Project-Based Cluster		145,240
Public and Indian Housing	14.850	9,296,103
Resident Opportunity and Supportive Services - Service Coordinators	14.870	416,752
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	28,524,204
COVID-19 - Emergency Housing Vouchers	14.871	456,372
		28,980,576
Mainstream Vouchers	14.879	94,472
Total Housing Voucher Cluster		29,075,048
Public Housing Capital Fund	14.872	9,232,661
Total U.S. Department of Housing and Urban Development		48,165,804
Total Expenditures of Federal Awards		$ 48,165,804

The accompanying notes are an integral part of this schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Dayton Metropolitan Housing Authority (the Authority's) under programs of the federal government for the fiscal year ended June 30, 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 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis. 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 3: **INDIRECT COST RATE**

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

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

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 Dayton Metropolitan Housing Authority (the "Authority"), as of and for the year ended June 30, 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 March 28, 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 purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

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. The Authority's response was not subjected to any 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 28, 2024

CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Dayton Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each 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 Auditors' 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 each 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

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.

Auditors' 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 each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 28, 2024

Section I – Summary of Auditors' Results

<u>Financial Statements</u>

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

<u>Federal Awards</u>

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

ALN 14.850 – Public and Indian Housing

ALN 14.872 – Public Housing Capital Fund

Housing Voucher Cluster:

ALN 14.871 – Housing Voucher Cluster
ALN 14.871 – COVID-19 – Emergency Housing Vouchers
ALN 14.879 – Mainstream Voucher Program

Dollar threshold to distinguish between Type A and Type B programs:	$1,444,974
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2023-001: Significant Deficiency – Bank Reconciliations

Internal control procedures and best practices suggest bank reconciliations should be completed shortly after the close of the current financial period. Performing timely monthly bank reconciliations reduces the risk that errors will go undetected and/or uncorrected. In addition, those reconciliations should be reviewed, verified, and approved by someone other than the preparer.

During our review of internal control procedures over cash and the corresponding reconciliation process, we identified that cash accounts were not reconciled within a timely manner. In addition, variances between the general ledger and cash balances went unreconciled for multiple months. Lastly, bank reconciliations were not reviewed and approved by someone other than the preparer.

To strengthen internal controls, the Authority should continue to evaluate its internal control policies and procedures over the cash reconciliation process. Bank statements should be reconciled to the general ledger within a month after each period end. Additionally, we recommend the bank reconciliations are reviewed and verified by someone, other than the preparer, to review for errors or omissions, and to properly segregate duties. The preparation and review should be signed and dated by each individual to document the required procedures have been accomplished.

Authority's Response: The Authority agrees with the recommendation. The Authority concurs that a formalized signoff process is best practice and is being implemented. When current staff joined the Authority there were two months of reconciled bank statements which were done incorrectly; this required a one-time catchup effort. All accounts are reconciled and caught up. All accounts are now reconciled and reviewed monthly.

Section III – Federal Awards Findings and Questioned Costs

None noted

Dayton Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2023

2022-001: Material Weakness – Financial Reporting

Audit adjustments were necessary to correct certain errors noted within the Authority's financial statements prepared and presented for audit. An adjustment was necessary to properly report $15.5 million of revenue bond payable that were not originally reported.

Status: Corrected.

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Dayton Metropolitan Housing Authority
Corrective Action Plan
Year Ended June 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	The Authority will ensure that bank reconciliations are completed timely and reviewed by an appropriate official.
Anticipated Completion Date:	Immediately
Responsible Contact Person:	Lisa McCarty, Chief Financial Officer lmccarty@dmha.org (937) 910-7518

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 4/18/2024

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