SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY

Single Audit

For the Calendar Year Ended December 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Shelby Metropolitan Housing Authority
706 N. Wagner Avenue
Sidney, OH 45365

We have reviewed the *Independent Auditor's Report* of the Shelby Metropolitan Housing Authority, Shelby County, prepared by Kevin L. Penn, Inc, for the audit period January 1, 2023 through December 31, 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 Shelby Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 25, 2024

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SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY, OHIO

Table of Content

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Shelby Metropolitan Housing Authority, Shelby County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Shelby Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shelby Metropolitan Housing Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shelby Metropolitan Housing Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2024, on my consideration of the Shelby Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shelby Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shelby Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

June 18, 2024

This Management's Discussion and Analysis (MD&A) for the Shelby Metropolitan Housing Authority (the Authority) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Shelby Metropolitan Housing Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2023, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The basic financial statements included elsewhere in this report are:

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

The ***Statement of Net Position*** is very similar to, and what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2023, that is, the cash the Authority has, the amounts that are owed to the Authority from others, the value of the equipment the Authority owns and deferred outflow of resources. In the other half of the report, it shows the liabilities the Authority has, that is, what the Authority owes others at December 31, 2023, deferred inflow of resources, and what net position (or what is commonly referred to as equity) the Authority has at December 31, 2023. The two parts of the report are in balance, thus why many compare this report to a Balance Sheet.

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

Net Investment in Capital Assets
Restricted
Unrestricted

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

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

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

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

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

Shelby Metropolitan Housing Authority Business Type Funds

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

The Authority's programs include the following:

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

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

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

Under its Local program, the Authority administers a tenant based rental assistance program in essentially the same manner it does its Section 8 Housing Choice Voucher program except the funding for the program is being provided by local sources rather than by HUD.

Condensed Financial Statements

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

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

	2023	2022
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 1,175,889	$ 1,000,629
Capital Assets	2,648,708	2,562,270
Other Noncurrent Assets	0	56,222
Total Assets	3,824,597	3,619,121
Deferred Outflows of Resources	289,097	72,163
Total Assets and Deferred Outflows of Resources	$ 4,113,694	$ 3,691,284
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 171,482	$ 143,254
Non-Current Liabilities	654,822	199,111
Total Liabilities	826,304	342,365
Deferred Inflows of Resources	10,727	309,524
Net Position		
Investment in Capital Assets	2,625,497	2,562,270
Restricted	11,654	41,361
Unrestricted	639,512	435,764
Total Net Position	3,276,663	3,039,395
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,113,694	$ 3,691,284

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

Current assets increased by $175,260 (or 18%), with the largest part of the change being to cash. The corresponding change was primarily the increase in net position reflecting the favorable operating period the Authority had.

The other notable changes on the statement, the changes in deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources, were due to changes in balances reported in accordance with GASB 68 and GASB 75.

GASB 68 is an accounting standard that calls for Shelby MHA to report what is determined to be its estimated share of the unfunded pension liability of the retirement system, the Ohio Public Employees Retirement System (OPERS).

GASB 75 is an accounting standard that calls for Shelby MHA to report what is determined to be its estimated share of the unfunded OPEB (healthcare) liability of OPERS. Employees of Shelby MHA are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to PERS for all of its employees. The net pension and net OPEB liabilities reported as noncurrent liabilities are unlike other liabilities the Authority has in that the liabilities do not represent invoices or debts to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future pension and OPEB obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like Shelby MHA. And some changes in the unfunded pension and OPEB liabilities of the retirement system are amortized over a five-year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. That means the larger changes to these balances do not represent changes in operations at Shelby MHA but rather reflect changes is the funding of future obligations by the retirement system.

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

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

	2023	2022
Revenues		
Tenant Revenues	$ 624,321	$ 586,236
Government Operating Grants	2,142,556	1,818,859
Capital Grants Revenue	163,640	86,086
Investment Income	3,836	839
Other Revenues	41,203	20,801
Total Revenues	2,975,556	2,512,821
Expenses		
Administrative	519,683	305,102
Tenant Services	0	246
Utilities	236,235	233,927
Maintenance	588,795	275,523
General	152,644	117,610
Housing Assistance Payments	1,042,871	943,353
Depreciation	198,060	205,358
Total Expenses	2,738,288	2,081,119
Net Increase (Decrease)	237,268	431,702
Beginning Net Position	3,039,395	2,607,693
Ending Net Position	$ 3,276,663	$ 3,039,395

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

Total revenues increased $462,735 (or 18%). The largest part of the increase realized in grant and capital grant revenues, largely reflecting the increase in revenue from the Capital Fund Program grant program over the prior year. HUD provides funding annually for the Capital Fund Program on a formula basis that considers the size and features of the Public Housing program units the Authority has, and the Authority typically has up to 4 years to spend the funding provided in any year to allow for time to plan and carry out work items to be completed with the funding.

The revenue is recognized when the money is spent, so this increase in revenue is due to timing of when work projects funded by the program were carried out and not an indication of a new source of revenue for the Authority.

Expenses overall increased $657,169 (or 32%), with the largest increases being to maintenance and administrative expenses. The large increase in maintenance expense ($313,272 or 114%) reflects spending by the Authority to address maintenance issues encountered in the aging Public Housing units owned by the Authority, to include increased spending of Capital Fund Program grant funds resulting in the increase in grant and capital grant revenues mentioned above.

The increase in administrative expense of $214,581 (or 70%) is largely due to changes in balances reported in accordance with GASB 68 and GASB 75 referred to in the discussion following Table 1 of this MD&A, and not a reflection of changes in operations at Shelby MHA. Pension/OPEB expense is the expense realized when the changes in balances reported in accordance with GASB 68 & GASB 75 are recorded. Pension/OPEB expense is allocated to maintenance and administrative expense based on total salaries reported as administrative and maintenance, and the changes in the balances reported in accordance with these standards resulted in an increase in pension/OPEB expense allocated to administrative expense of $184,149, making up a very large part of the increase in administrative expense.

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

Table 3 - Changes in Capital Assets at Year End

	2023	2022
Land	$ 1,685,579	$ 1,685,579
Buildings and Improvements	11,390,200	11,134,160
Furniture, Machinery, and Equipment	246,960	218,502
Accumulated Depreciation	(10,674,031)	(10,475,971)
Total Capital Assets, Net	$ 2,648,708	$ 2,562,270

Capital assets in the period increased $86,438 (or 3 percent). Capital additions in the period were $284,498.

Debt

The Authority has no debt at December 31, 2023, but has right-to-use lease liability.

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

Equipment Lease Liability - December 31, 2022	$ 0
Additions in Period	28,458
Retirements in period	(5,247)
Equipment Lease Liability - December 31, 2023	$ 23,211

Economic Factors

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

Financial Contact

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents	$ 970,481
Restricted Cash and Cash Equivalents	54,243
Receivables, Net	6,612
Inventories, Net	58,654
Prepaid Expenses and Other Assets	85,899
Total Current Assets	1,175,889
Noncurrent Assets	
Capital Assets:	
Non-depreciable Capital Assets	1,836,119
Depreciable Capital Assets, Net	812,589
Total Capital Assets	2,648,708
Deferred Outflow of Resources	
Pension	254,479
OPEB	34,618
Total Deferred Outflows of Resources	289,097
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,113,694
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 41,381
Intergovernmental Payable	33,370
Tenants Security Deposits	42,589
Accrued Wages and Payroll Taxes	48,682
Lease Payable	5,460
Total Current Liabilities	171,482
Non-Current Liabilities	
Accrued Compensated Absences - Non-Current	37,540
Lease Payable - Net of Currrent	17,751
Net Pension Liability	587,847
Net OPEB Liability	11,684
Total Noncurrent Liabilities	654,822
Total Liabilities	826,304
Deferred Inflow of Resources	
Pension	5,622
OPEB	5,105
Total Deferred Inflows of Resources	10,727
Net Position	
Investment in Capital Assets	2,625,497
Restricted Net Position	11,654
Unrestricted Net Position	639,512
Total Net Position	3,276,663
TOTAL LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND NET POSITION	$ 4,113,694

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

Shelby Metropolitan Housing Authority
Statement of Revenues and Expenses and Changes in Net Position
For the Year Ended December 31, 2023

Operating Revenues	
Tenant Revenue	$ 624,321
Government Operating Grants	2,142,556
Other Revenues	41,203
Total Operating Revenue	2,808,080
Operating Expenses	
Administrative	519,683
Utilities	236,235
Maintenance	588,795
General	151,601
Housing Assistance Payment	1,042,871
Depreciation	198,060
Total Operating Expenses	2,737,245
Operating Income	70,835
Non-Operating Revenues	
Capital Grant Revenue	163,640
Interest and Investment Revenue	3,836
Lease Interest Expense	(1,043)
Total Non-Operating Revenues	166,433
Change in Net Position	237,268
Total Net Position at Beginning of Year	3,039,395
Total Net Position at End of Year	$ 3,276,663

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

Shelby Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Operating Grants Received	$ 2,145,395
Tenant Revenue Received	622,568
Other Revenue Received	41,328
General and Administrative Expenses Paid	(1,512,023)
Housing Assistance Payments	(1,038,092)
Net Cash Provided by Operating Activities	259,176
Cash Flows from Investing Activities	
Interest Income	3,836
Net Cash Provided by Investing Activities	3,836
Cash Flows from Capital and Related Financing Activities	
Capital Grants Received	163,640
Capital Purchases	(284,498)
Lease Proceeds Received	28,458
Lease Liability Retired	(5,247)
Lease Interest Paid	(1,043)
Net Cash (Used) by Capital and Related Financing Activities	(98,690)
Net Increase in Cash	164,322
Cash and Cash Equivalents at Beginning of Year	860,402
Cash and Cash Equivalents at End of Year	$ 1,024,724
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	$ 70,835
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	198,060
(Increase) Decrease in:	
Receivable, Net	9,581
Prepaid Assets	(17,905)
Inventory	(2,614)
OPEB Asset	56,222
Deferred Outflows of Resources	(216,934)
Increase (Decrease) in:	
Accounts Payable and Intergovernmental Payable	4,820
Accrued Compensated Absences	(2,517)
Accrued Wages and Payroll Taxes	21,523
Tenant Security Deposits	(1,058)
Unearned Revenue	6,260
Net Pension Liability/OPEB Liability	431,700
Deferred Inflow of Resources	(298,797)
Net Cash Provided by Operating Activities	$ 259,176

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

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

Organization and Reporting Entity

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

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

Basis of Presentation

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

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

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

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

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

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

Measurement Focus/Basis of Accounting

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

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

Estimates

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

Cash and Cash Equivalents

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

Inventory

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

Receivable - Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance of uncollectible receivable was $2,800 for tenant receivables, and $2,500 for fraud receivables at December 31, 2023.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets ranging from five to forty years. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority capitalizes capital assets over $5,000. Lesser amounts are expensed.

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

Compensated Absences

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

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

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Cost based measures are applied to nonnegotiable certificates of deposit and money market investments. Interest income earned in fiscal year ending December 31, 2023 totaled $3,836.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Pensions/Other Postemployment Benefits (OPEB)

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

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

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

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

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

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

At fiscal year-end, December 31, 2023, the carrying amount of the Authority's deposits totaled $1,024,724 (including $100 petty cash) and its bank balance was $1,121,606. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2023, deposits of $351,867 were protected by FDIC and $769,739 was exposed to custodial credit risk as discussed below.

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

Deposits (Continued)
Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits exceeding FDIC amounts are collateralized by the OPCS. Participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasure of State.

NOTE 3: **RESTRICTED CASH AND INVESTMENTS**

The restricted cash balance as of December 31, 2023 was $54,243 and it represented the following:

Tenant Security Deposits	$ 42,589
Unspent HUD advances for Housing Assistance Payments - HCV Program	11,654
Total Restricted Cash on Hand	$ 54,243

NOTE 4: **CAPITAL ASSETS**

The following is a summary of changes:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital Assets Not Being Depreciated				
Land	$ 1,685,579	$ 0	$ 0	$ 1,685,579
Construction in Progress	0	$ 150,540	0	$ 150,540
Total Capital Assets Not Being Depreciated	1,685,579	150,540	0	1,836,119
Capital Assets Being Depreciated				
Buildings and Improvements	11,134,160	105,500	0	11,239,660
Furniture, Machinery, and Equipment	218,502	0	0	218,502
Intangible Right-to-use Lease - Equipment	0	28,458	0	28,458
Subtotal Capital Assets Being Depreciated	11,352,662	133,958	0	11,486,620
Accumulated Depreciation				
Buildings and Improvements	(10,268,788)	(188,394)	0	(10,457,182)
Furniture, Machinery, and Equipment	(207,183)	(4,575)	0	(211,758)
Intangible Right-to-use Lease - Equipment	0	(5,091)	0	(5,091)
Total Accumulated Depreciation	(10,475,971)	(198,060)	0	(10,674,031)
Depreciable Capital Assets, Net	876,691	(64,102)	0	812,589
Total Capital Assets, Net	$ 2,562,270	$ 86,438	$ 0	$ 2,648,708

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

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

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

Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For fiscal year ending December 31, 2023, the Authority's contractually required contributions used to fund pension benefits was $55,128 for the traditional plan.

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.001929%
Current Measurement Date	0.001990%
Change in Proportionate Share	0.000061%
Proportionate Share of the Net Pension Liability	$ 587,847
Pension Expense	$ 54,121

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

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

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 167,557
Differences between expected and actual experience	19,525
Changes of assumptions	6,211
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,058
Authority contributions subsequent to the measurement date	55,128
Total Deferred Outflows of Resources	$ 254,479
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 5,622
Total Deferred Inflows of Resources	$ 5,622

$55,128 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Pension Plan
2024	$ 21,230
2025	41,101
2026	49,318
2027	82,080
Total	$ 193,729

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

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 880,575	$ 587,847	$ 344,350

NOTE 6: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability

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

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

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

Net OPEB Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans.

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

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

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

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

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

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

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

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

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

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022 and 2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

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

The Authority's contractually required contribution allocated to health care was $0 for the fiscal year ending December 31, 2023.

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

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.001795%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.001853%
Change in Proportionate Share	0.000058%
Proportionate Share of the Net OPEB Liability	$ 11,684
OPEB Expense	$ (26,802)

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 23,206
Changes of assumptions	11,412
Total Deferred Outflows of Resources	$ 34,618
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 2,915
Changes of assumptions	939
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,251
Total Deferred Inflows of Resources	$ 5,105

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

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

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

Year Ending December 31:	OPERS
2024	$ 2,682
2025	8,383
2026	7,237
2027	11,211
Total	$ 29,513

Actuarial Assumptions - OPERS

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	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 %	

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

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	$ 39,765	$ 11,684	$ (11,489)

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

Actuarial Assumptions – OPERS (Continued)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. 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	$ 10,951	$ 11,684	$ 12,508

NOTE 7: **COMPENSATED ABSENCES**

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

NOTE 8: **LONG-TERM LIABILITIES**

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

	Principal	Interest	Total
2024	$ 5,460	$ 829	$ 6,289
2025	5,683	606	6,289
2026	5,914	375	6,289
2027	6,154	135	6,289
Total	$ 23,211	$ 1,945	$ 25,156

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:

	Balance 01/01/23	Additions	Deletions	Balance 12/31/2023	Current Portion
Net Pension Liability	$ 167,831	$ 420,016	$ 0	$ 587,847	$ 0
OPEB Liability	0	11,684	0	11,684	0
Lease Liability	0	28,458	(5,247)	23,211	5,460
Compensated Absences Liability	31,280	40,179	(33,919)	37,540	0
Total	$ 199,111	$ 500,337	$ (39,166)	$ 660,282	$ 5,460

NOTE 9: **CONTINGENCIES**

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2023.

NOTE 10: **RISK MANAGEMENT**

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

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

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

NOTE 11: **CHANGE IN ACCOUNTING PRINCIPLE**

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

NOTE 12: **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Shelby Metropolitan Housing Authority (the Authority) under programs of the federal government for the Calendar year ended December 31, 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.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Indirect Cost Rate

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

NOTE 13: **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through June 18, 2024, the date on which the financial statements were available to be issued.

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

For the Calendar year ended December 31, 2023, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

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

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001990%	0.001929%	0.002087%	0.002369%	0.002690%	0.002762%	0.002741%	0.002748%	0.002851%	0.002851%
Authority's Proportionate Share of the Net Pension Liability	$ 587,847	$ 167,831	$ 309,039	$ 468,247	$ 736,736	$ 433,304	$ 622,434	$ 475,989	$ 343,862	$ 336,096
Authority's Covered Employee Payroll	$ 304,429	$ 279,943	$ 293,586	$ 333,379	$ 363,343	$ 364,993	$ 354,350	$ 341,958	$ 349,533	$ 346,238
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	193.10%	59.95%	105.26%	140.45%	202.77%	118.72%	175.66%	139.20%	98.38%	97.07%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

See accompanying notes to the required supplementary information.

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

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

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

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

See accompanying notes to the required supplementary information.

SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required employer contribution	$ 55,128	$42,620	$ 39,192	$ 41,102	$46,673	$ 50,858	$47,449	$42,522	$41,035	$41,944
Contributions in relation to the contractually required contribution	$(55,128)	$(42,620)	$(39,192)	$ (41,102)	$(46,673)	$(50,858)	$(47,449)	$(42,522)	$(41,035)	$(41,944)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$393,771	$304,429	$279,943	$ 293,586	$333,379	$363,343	$364,993	$354,350	$341,958	$349,533
Contribution as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information.

SHELBY METROPOLITAN HOUSING AUTHORITY
SHELBY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required employer contribution										
OPEB	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,650	$ 7,087	$ 6,839	$ 6,991
Contributions in relation to the contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$(3,650)	$(7,087)	$(6,839)	$(6,991)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$393,771	$304,429	$279,943	$293,586	$333,379	$363,343	$364,993	$354,350	$341,958	$349,533
Contribution as a percentage of covered-employee payroll										
OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

Shelby Metropolitan Housing Authority
Statement of Modernization Costs – Completed
For the Year Ended December 31, 2023

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

	OH12P061501-19
Funds Approved	$ 371,211
Funds Expended	371,211
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 371,211
Funds Expended	371,211
Excess (Deficiency) of Funds Advanced	$ 0

2. All modernization work in connection with the Project has been completed.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

4. There are no discharged mechanics, laborers, contractors, or material liens against such modernization work on file in any public office where the same should be filed inorder to be valid against such modernization work.

Shelby MHA
Balance Sheet
December 31, 2023

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

Line item	Account Description	Public Housing	State/Local	Housing Choice Vouchers	Total
	Current Assets				
111	Cash - Unrestricted	$ 776,886	$ 11,597	$ 181,998	$ 970,481
113	Cash - Restricted			11,654	11,654
114	Cash - Tenant Security Deposits	42,589			42,589
100	Total Cash	819,475	11,597	193,652	1,024,724
	Accounts Receivable				
126	Accounts Receivable - Tenants	2,087			2,087
126.1	Allowance for Doubtful Accounts - Tenants	(1,000)			(1,000)
126.2	Allowance for Doubtful Accounts - Other	(1,800)			(1,800)
127	Notes, Loans and Mortgages Receivable - Current	4,270			4,270
128	Fraud Recovery	-	-	5,555	5,555
128.1	Allowance for Doubtful Accounts - Fraud	-	-	(2,500)	(2,500)
120	Total Receivables, Net of Allowance for Doubtful Accounts	3,557	-	3,055	6,612
142	Prepaid Expenses	85,899			85,899
143	Inventories	58,654			58,654
150	**Total Current Assets**	967,585	11,597	196,707	1,175,889
	Capital Assets				
161	Land	1,685,579			1,685,579
162	Buildings	11,239,660			11,239,660
163	F/E/M Admin. - Dwellings	62,471			62,471
164	F/E/M Admin.	141,714		14,317	156,031
165	Leasehold Improvements	23,336		5,122	28,458
166	Accum Depreciation	(10,658,798)		(15,233)	(10,674,031)
167	Construction in Progress	150,540	-	-	150,540
160	Total Capital Assets, Net of Accumulated Depreciation	2,644,502	-	4,206	2,648,708
180	Total Non-Current Assets	2,644,502	-	4,206	2,648,708
200	Deferred Outflow of Resources	239,951		49,146	289,097
290	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	$ 3,852,038	$ 11,597	$ 250,059	$ 4,113,694

See Auditor's Report.

Shelby MHA
Balance Sheet
December 31, 2023

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

Line item	Account Description	Public Housing	State/Local	Housing Choice Vouchers	Total
	Current Liabilities				
312	A/P <= 90 days	$ 41,381			$ 41,381
321	Accrued Wage/Taxes Payable	39,836		8,846	48,682
333	Accounts Payable - Other Government	33,370			33,370
341	Tenant Security Deposits	42,589			42,589
343	Current Portion of Long-term Debt	4,477		983	5,460
310	Total Current Liabilities	161,653	-	9,829	171,482
	Non-Current Liabilities				
353	Non-Current Liabilities - Other	14,556		3,195	17,751
354	Accrued Comp Abs. - Noncurrent	22,886		14,654	37,540
357	Accrued Pension	497,611		101,920	599,531
	Total Non-Current Liabilities	535,053	-	119,769	654,822
	Total Liabilities	696,706	-	129,598	826,304
400	Deferred Inflow of Resources	8,903		1,824	10,727
508.1	Invested in Capital Assets Net	2,625,469		28	2,625,497
511.1	Restricted Net Position			11,654	11,654
512.1	Unrestricted Net Position	520,960	11,597	106,955	639,512
513	Total Net Position	3,146,429	11,597	118,637	3,276,663
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	$3,852,038	$ 11,597	$250,059	$ 4,113,694

See Auditor's Report.

Shelby MHA

Statement of Revenues and Expenses

For the Year Ended December 31, 2023

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

Line item	Account Description	Public Housing	Housing Choice Vouchers	Total
703	Net Tenant Rental Revenue	$ 569,864	$ -	$ 569,864
704	Tenant Revenue - Other	54,457		54,457
705	Total Tenant Revenue	624,321	-	624,321
706	HUD PHA Operating Grants	942,831	1,199,725	2,142,556
706.1	Capital Grants	163,640		163,640
711	Investment Income - Unrestricted	3,536	300	3,836
714	Fraud Recovery	-	4,072	4,072
715	Other Revenue	35,598	1,533	37,131
700	TOTAL REVENUE	1,769,926	1,205,630	2,975,556
911	Admin Salaries	190,029	104,498	294,527
912	Audit	9,915	2,176	12,091
915	Employee Benefits	70,793	30,341	101,134
916	Office Expenses	46,688	13,599	60,287
917	Legal Expense	4,571		4,571
918	Travel	4,896		4,896
919	Other	30,301	11,876	42,177
	Total Operating - Admin.	357,193	162,490	519,683
931	Water	73,265		73,265
932	Electricity	76,741		76,741
933	Gas	28,526		28,526
936	Sewer	57,703		57,703
930	Total Utilities	236,235	-	236,235
941	Ordinary Maint. & Operations - Labor	102,114		102,114
942	Ordinary Maint. & Operations - Materials & Other	64,743		64,743
943	Ordinary Maint. & Operations - Contracts	255,005		255,005
945	Employee Benefits Contributions - Ordinary Maint.	38,041		38,041
940	Total Maintenance	459,903	-	459,903
961.1	Property Insurance	48,874		48,874
961.2	Insurance - Liab. Insurance		10,405	10,405
961	Total Insurance	48,874	10,405	59,279

See Auditor's Report.

Shelby MHA
Statement of Revenues and Expenses
For the Year Ended December 31, 2023

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

Line item	Account Description	Public Housing	Housing Choice Vouchers	Total
962	Other General Expenses	100	7,831	7,931
962.1	Compensated Absences	2,748	3,512	6,260
963	Payments in Lieu of Taxes	34,674		34,674
964	Bad Debt - Tenant Rents	43,457		43,457
960	Total Other General Expenses	80,979	11,343	92,322
967.2	Interest on Notes Payable	855	188	1,043
967	Total Interest Expense and Amortization Cost	855	188	1,043
	TOTAL OPERATING EXPENSES	1,184,039	184,426	1,368,465
970	Excess Operating Revenue over Expenses	585,887	1,021,204	1,607,091
971	Extraordinary Maintenance	110,193		110,193
972	Causality Losses - Non-Capital	18,699		18,699
973	Housing Assistance Payments		1,041,426	1,041,426
973.5	HAP Portability-In		1,445	1,445
974	Depreciation Expense	197,144	916	198,060
900	TOTAL EXPENSES	1,510,075	1,228,213	2,738,288
1001	Operating Transfer In	148,482		148,482
1002	Operating Transfer Out	(148,482)		(148,482)
1010	Total Other Financing Sources (Uses)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 259,851	$ (22,583)	$ 237,268

See Auditor's Report.

Shelby Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Living Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program:		
Public and Indian Housing	14.850	$ 942,831
Public Housing Capital Fund	14.872	163,640
Housing Choice Vouchers	14.871	1,199,725
Total U.S. Department of Housing and Urban Development		2,306,196
Total Expenditures of Federal Awards		$ 2,306,196

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

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

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

To the Board of Trustees

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Shelby Metropolitan Housing Authority, Shelby County, (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 18, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the Authority's in a separate letter dated June 18, 2024.

Purpose of this Report

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

Kevin L. Penn, Inc.
Cleveland, Ohio

June 18, 2024

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

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

To the Board of Trustees

Report on Compliance for each Major Federal Program

I have audited Shelby Metropolitan Housing Authority, Shelby County's, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Shelby Metropolitan Housing Authority's major federal program for the year ended December 31, 2023. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on my audit of the applicable compliance requirements referred to above. My compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require me to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my compliance opinion on each of the Authority's major programs. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on each Major Federal Program

In my opinion, Shelby Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2023.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing my compliance audit, I considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine my auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of my internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.
Cleveland, Oho

June 18, 2024

Shelby Metropolitan Housing Authority
Schedule of Findings
December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	No
Identification of major programs:	
14.871	Housing Choice Vouchers
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

Shelby Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

There were no audit findings, during the 2022 Calendar year.

OHIO AUDITOR OF STATE
KEITH FABER

SHELBY METROPOLITAN HOUSING AUTHORITY

SHELBY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/6/2024

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