



**SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
MARCH 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Seneca Metropolitan Housing Authority
Seneca County
88 West 3rd Street
Mansfield, Ohio 44902-1215

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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*, we

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The 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 our opinion, the Financial Data Schedules and Schedule of Expenditures of Federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2023

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SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management’s Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Seneca Metropolitan Housing Authority’s (the Authority) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- During fiscal year 2023, the Authority’s net position increased by \$57,878 (or 31%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$185,075 and \$242,953 for fiscal year 2022 and fiscal year 2023, respectively.
- The revenues increased by \$226,931 (or 23%) during fiscal year 2023 and were \$974,878 and \$1,201,809 for fiscal year 2022 and fiscal year 2023, respectively.
- Total expenses increased by \$183,659 (or 19%) during fiscal year 2023 and were \$960,272 and \$1,143,931 for fiscal year 2022 and fiscal year 2023, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Basic Financial Statement ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (None) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management's Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

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

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management’s Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

The Authority’s Fund

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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

Statement of Net Position

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

STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 243,059	\$ 186,157
Capital Assets	510	1,050
Total Assets	243,569	187,207
Current Liabilities	616	2,132
Net position:		
Invested in Capital Assets	510	1,050
Restricted – HAP	0	12,484
Unrestricted	242,443	171,541
Total Net Position	\$242,953	\$185,075

For more detailed information see page 7 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other assets increased by \$56,902 in fiscal year 2023. This is the result of Net Operating Income earned during Fiscal 2023. Liabilities also decreased by \$1,516 due to a reduction in accounts payable.

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

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management's Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net position March 31, 2022		\$ 171,541
Results of Operations	70,362	
Adjustments:		
Depreciation (1)	<u>540</u>	
Adjusted Results from Operations		70,902
Capital Expenditures		<u>(0)</u>
Unrestricted Net position March 31, 2023		<u><u>\$ 242,443</u></u>

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net position March 31, 2022		\$ 12,484
Results of Operations		
HAP reserves expended	(13,180)	
Fraud Recovery Payments	<u>696</u>	
Adjusted Results from Operations		<u>(12,484)</u>
Restricted Net position March 31, 2023		<u><u>\$ 0</u></u>

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management's Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	FY 2023	FY 2022
Revenues		
HUD PHA Operating Grants	\$1,196,321	\$971,347
Investment Income	673	45
Other Revenues	3,423	2,244
Fraud Recovery	1,392	1,242
Total Revenue	1,201,809	974,878
Expenses		
Administrative	111,134	111,852
Maintenance & Operations	0	896
Insurance & General	3,368	3,090
Housing Assistance Payments	1,028,889	843,894
Depreciation	540	540
Total Expenses	1,143,931	960,272
Net Increase	57,878	14,606
Net Position at April 1	185,075	170,469
Net Position at March 31	\$242,953	\$185,075

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

HUD PHA Operating Grants increased by \$224,974 or 23% in fiscal year 2023 primarily due to HUD funding increases in the Mainstream Program.

The leasing rate for both HCV and the Mainstream programs in fiscal year 2023 increased to 94.27% compared to fiscal year 2022 which was 89%. There were 2,749 unit months leased in fiscal year 2023 compared to 2,602 unit months leased in fiscal year 2022 out of a possible 2,916.

Housing Assistance Payments increased in fiscal year 2023 by \$184,995 or 22%. While all other expenses remained fairly consistent or increased slightly in fiscal year 2023.

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Management's Discussion and Analysis
For The Fiscal Year Ended March 31, 2023
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2023, the Authority had \$510 invested in capital assets as reflected in the following schedule, which represents a decrease from fiscal year 2022.

CAPITAL ASSETS AT FISCAL YEAR-END
(NET OF ACCUMULATED DEPRECIATION)

Business-type Activities:

	<u>FY 2023</u>	<u>FY 2022</u>
Capital Assets, at Cost	\$2,700	\$2,700
Accumulated Depreciation	<u>(2,190)</u>	<u>(1,650)</u>
	<u>\$ 510</u>	<u>\$1,050</u>

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance 4/1/2022	1,050
Additions	0
Depreciation	<u>(540)</u>
Ending Balance 3/31/2023	<u><u>\$510</u></u>

Debt Outstanding

As of March 31, 2023, the Authority has no outstanding debt (bonds, notes, etc.)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bonnie Virden; Accounting Manager for the Seneca Metropolitan Housing Authority, at (419) 524-0029. Specific requests may be submitted to the Authority at 88 West Third Street, Mansfield, OH 44902.

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Statement of Net Position
March 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 237,115
Receivables, net	3,757
Prepaid expenses and other assets	<u>2,187</u>
Total current assets	<u>243,059</u>

Capital assets:

Furniture and equipment	2,700
Less accumulated depreciation	<u>(2,190)</u>
Capital assets, net	510

Total Non-Current Assets	<u>510</u>
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TOTAL ASSETS	<u>\$ 243,569</u>
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LIABILITIES

Current Liabilities

Accounts Payables	<u>616</u>
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NET POSITION

Net Investment in capital assets	510
Undesignated net position - Admin	<u>242,443</u>

TOTAL NET POSITION	<u>\$ 242,953</u>
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TOTAL LIABILITIES & POSITION	<u>\$ 243,569</u>
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The notes to the basic financial statements are an integral part of the statements.

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Statement of Revenues, Expenses, and Changes in Net Position
March 31, 2023

OPERATING REVENUES

HUD PHA operating grants		\$ 1,196,321
Fraud Recovery		1,392
Other Revenues		<u>3,423</u>
Total operating revenues		<u>1,201,136</u>

OPERATING EXPENSES

Administrative	111,134	
Insurance & General	3,368	
Housing Assistance Payment	1,028,889	
Depreciation	<u>540</u>	
Total operating expenses		<u>1,143,931</u>
Operating Income (loss)		<u>57,205</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue		673
Income (loss) before contributions and transfers		\$ 57,878
Change in net position		57,878
Net Position at Beginning of Year		<u>185,075</u>
Net Position at End of Year		<u>\$ 242,953</u>

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

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Statement of Cash Flows
March 31, 2023

Cash flows from operating activities:

Cash received from HUD	\$ 1,203,140
Cash received from other income	5,985
Cash payments for Housing Assistance Payments	(1,028,889)
Cash payments for goods and services	<u>(116,936)</u>
Net cash provided by (used in) operating activities	<u>63,300</u>

Cash flows from investing activities:

Interest	<u>673</u>
Net cash provided by investing activities	673
Net change in cash and cash equivalents	63,973
Cash and cash equivalents at April 1, 2022	<u>173,142</u>
Cash and cash equivalents at March 31, 2023	<u>\$ 237,115</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating Income/ (loss) for the year	\$ 57,205
Adjustments to reconcile	
Net income to net cash provided by operating activities:	
Depreciation	540
Changes in assets and liabilities:	
Accounts Receivable	7,989
Prepaid Expenses	(918)
Accounts Payable	(1,516)
Net Cash Provided By Operating Activities	<u>\$ 63,300</u>

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

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended March 31, 2023

1. DESCRIPTION OF THE ENTITY

Reporting Entity

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher program. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Proprietary Fund Types:

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

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

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Cash and Cash Equivalents

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

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

<u>Description</u>	<u>Estimated Useful Life – Years</u>
Equipment	3-7
Computer Hardware	3

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method.

Unearned Revenue

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$0.

Net Position

Net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for HAP reserves of \$0 at March 31, 2023.

Estimates

The preparation of the basic 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, deferred outflow of resources, liabilities, and deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

3. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in an interest-bearing checking account. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at March 31, 2023 are as follows:

Demand deposits: PNB Checking	\$237,115
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At Fiscal year-end the bank balance of \$237,115 was fully covered by federal deposit insurance.

Based on the Authority having only demand deposits at March 31, 2023, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

4. RISK MANAGEMENT

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
General Liability	\$0	\$1,000,000/\$2,000,000 (per occurrence)
Umbrella	\$0	\$1,000,000
Employee Dishonesty	\$500	\$50,000

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended March 31, 2023

5. CAPITAL ASSETS

The following is a summary of capital assets at March 31, 2023:

	<u>Balance at April 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at March 31, 2023</u>
Furniture & equipment	\$2,700			\$2,700
Accumulated depreciation	(1,650)	\$540		(2,190)
TOTAL Capital assets, net	<u>\$1,050</u>	<u>\$540</u>	<u>\$ -</u>	<u>\$510</u>

6. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2023.

B. Litigation

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

**SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY**

**ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
MARCH 31, 2023**

Line item	Account Description	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 27,754	\$ 209,361	\$ 237,115
100	Total Cash	<u>27,754</u>	<u>209,361</u>	<u>237,115</u>
	Accounts Receivable			
122	HUD Other Projects	1,351	1,332	2,683
125	Accounts Receivable - Miscellaneous		1,074	1,074
128	Fraud Recovery (URI)		3,364	3,364
128.1	Allow Doubtful Accts		(3,364)	(3,364)
120	Net Total Receivables	<u>1,351</u>	<u>2,406</u>	<u>3,757</u>
	Other Assets			
142	Prepaid Expenses		<u>2,187</u>	<u>2,187</u>
150	Total Current Assets	<u>29,105</u>	<u>213,954</u>	<u>243,059</u>
	Noncurrent Assets			
	Capital Assets			
164	Furniture and Equipment & Machinery - Administration		2,700	2,700
166	Accumulated Depreciation		(2,190)	(2,190)
160	Total Capital Assets, Net	<u>-</u>	<u>510</u>	<u>510</u>
180	Total Noncurrent Assets	<u>-</u>	<u>510</u>	<u>510</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 29,105</u>	<u>\$ 214,464</u>	<u>\$ 243,569</u>
	Current Liabilities			
312	Accounts Payable		\$ 616	\$ 616
	Net Position			
508.4	Invested in Capital Assets		510	510
512.4	Unrestricted Net position	<u>29,105</u>	<u>213,338</u>	<u>242,443</u>
513	Total Net Position	<u>29,105</u>	<u>213,848</u>	<u>242,953</u>
600	Total Liabilities and Net Position	<u>\$ 29,105</u>	<u>\$ 214,464</u>	<u>\$ 243,569</u>

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

**SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY**

**ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED MARCH 31, 2023**

Line Item	Account Description	14.879		Total
		Mainstream Vouchers	14.871 Housing Choice Vouchers	
	Revenue			
70600	HUD PHA Operating Grants	\$ 190,490	\$ 1,005,831	\$ 1,196,321
71100	Investment Income	111	562	673
71400	Fraud Recovery		1,392	1,392
71500	Other Revenue		3,423	3,423
70000	Total Revenue	<u>190,601</u>	<u>1,011,208</u>	<u>1,201,809</u>
	Expenses			
91200	Auditing Fees	1,134	5,757	6,891
91400	Advertising & Marketing	49	247	296
91600	Office Expenses	1,171	5,945	7,116
91700	Legal Expenses	49	251	300
91800	Travel	244	1,237	1,481
91900	Other	15,646	79,404	95,050
91000	Total Operating - Administrative	<u>18,293</u>	<u>92,841</u>	<u>111,134</u>
96110	Property Insurance	554	2,814	3,368
96100	Total Insurance Premiums	<u>554</u>	<u>2,814</u>	<u>3,368</u>
96900	Total Operating Expenses	<u>18,847</u>	<u>95,655</u>	<u>114,502</u>
97000	Excess Operating Revenue Over Operating Expenses	171,754	915,553	1,087,307
	Other Expenses			
97300	Housing Assistance Payments	148,802	877,264	1,026,066
97350	HAP Portability-In		2,823	2,823
97400	Depreciation Expense		540	540
90000	Total Expenses	<u>167,649</u>	<u>976,282</u>	<u>1,143,931</u>
10000	Excess of Revenue over Expenses	22,952	34,926	57,878
11030	Beginning Equity	6,153	178,922	185,075
11170	Administrative Fee Equity		213,848	213,848
11190	Unit Months Available	480	2,436	2,916
11210	Number of Unit Months Leased	405	2,344	2,749

SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct Programs</i>		
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	\$ 1,005,831
Mainstream Vouchers	14.879	190,490
Total Housing Voucher Cluster		<u>1,196,321</u>
Total U.S. Department of Housing and Urban Development		<u>1,196,321</u>
Total Expenditures of Federal Awards		<u>\$ 1,196,321</u>

The accompanying notes are an integral part of this schedule.

**SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Seneca Metropolitan Housing Authority, Seneca County, Ohio (the Authority) under programs of the federal government for the year ended March 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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



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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**

Seneca Metropolitan Housing Authority
Seneca County
88 West 3rd Street
Mansfield, Ohio 44902-1215

To the Board of Commissioners:

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2023



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

Seneca Metropolitan Housing Authority
Seneca County
88 West 3rd Street
Mansfield, Ohio 44902-1215

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Seneca Metropolitan Housing Authority's, Seneca County, Ohio's, (Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Seneca Metropolitan Housing Authority's major federal program for the year ended March 31, 2023. Seneca Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2023

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**SENECA METROPOLITAN HOUSING AUTHORITY
SENECA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
MARCH 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



SENECA METROPOLITAN HOUSING AUTHORITY

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/14/2023

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