bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board Members
Chillicothe Metropolitan Housing Authority
178 W. Fourth Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Chillicothe Metropolitan Housing Authority, Ross County, prepared by BHM CPA Group, Inc., for the audit period October 1, 2022 through September 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 24, 2024

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Chillicothe Metropolitan Housing Authority
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INDEPENDENT AUDITOR'S REPORT

Chillicothe Metropolitan Housing Authority
Ross County
175 W. Fourth Street
Chillicothe, Ohio 45601

To the Board of Commissioners

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Chillicothe Metropolitan Housing Authority, Ross County, Ohio (Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the of the Chillicothe Metropolitan Housing Authority, Ross County, Ohio as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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.

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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, 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 April 1, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
April 1, 2024

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Management's Discussion and Analysis for the year ended September 30, 2023.

This Management's Discussion and Analysis (MD&A) for the Chillicothe Metropolitan Housing Authority (Chillicothe MHA) is intended to assist the reader identify 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 Chillicothe MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended September 30, 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, and
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 essentially reports the value of assets Chillicothe MHA holds at September 30, 2023, that is, the cash Chillicothe MHA has, the amounts that are owed Chillicothe MHA from others, and the value of the equipment Chillicothe MHA owns. In the other half of the report, it essentially shows the liabilities Chillicothe MHA has, that is, what Chillicothe MHA owes others at September 30, 2023; and what Net Position (similar to Equity) Chillicothe MHA has at September 30, 2023. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet.

In the statement, the Net Position part is broken out into three broad categories:

Investment in Capital Assets,
Restricted Net Position, and
Unrestricted Net Position.

The balance in 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 yet owed on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets 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 assets available to Chillicothe MHA to use to further its purposes.

The **Statement of Revenues, Expenses, and 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 Chillicothe MHA earned, that is what its revenues or incomes were, versus what expenses Chillicothe MHA had over the same period. And then it shows how the Net Position (similar to equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Chillicothe MHA had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected Net Position. The bottom line of the report, Total Net Position – End of Year, is what is referred to in the above discussion of the Statement of Net Position.

The **Statement of Cash Flows** is a report that shows how the amount of cash Chillicothe MHA 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 Chillicothe MHA 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.

Chillicothe MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of Chillicothe MHA. Chillicothe MHA 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.

Chillicothe MHA's programs include the following:

- the Low Rent Public Housing Program,
- the Development Program,
- the Section 8 Housing Choice Voucher Program,
- the PIH Family Self-sufficiency Program, and
- the Central Office Cost Center.

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

Development Program – Chillicothe MHA's further development of low-income housing under the Public Housing Program.

Section 8 Housing Choice Voucher Program - Chillicothe MHA 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.

PIH Family Self-Sufficiency Program - HUD provides Chillicothe MHA grant funding that is used to enable Public Housing and Section 8 Program residents to attain self-sufficiency and economic independence.

Central Office Cost Center (COCC) – Chillicothe MHA created a COCC to account for non-project/non-program specific costs of the former central administrative and executive management function. Costs of the COCC are supported by management fees, asset management fees, bookkeeping fees, and front-line service fees charged the other agency programs.

Condensed Financial Statements

The following is a condensed **Statement of Net Position** compared to the prior year-end. Chillicothe MHA is engaged only in business type activities.

Table 1- Condensed Statement of Net Position Compared to Prior Year
(Values Rounded to Nearest Thousand)

	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets	$ 3,803,000	$ 3,332,000
Capital Assets	5,747,000	4,924,000
Other Noncurrent Assets	0	133,000
Deferred Outflows of Resources	553,000	141,000
Total Assets and Deferred Outflows of Resources	$ 10,103,000	$ 8,530,000
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities	$ 273,000	$ 253,000
Non-Current Liabilities	1,408,000	550,000
Total Liabilities	1,681,000	803,000
Deferred Inflows of Resources	56,000	644,000
Net Position		
Investment in Capital Assets	5,747,000	4,924,000
Restricted	16,000	60,000
Unrestricted	2,603,000	2,099,000
Total Net Position	8,366,000	7,083,000
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 10,103,000	$ 8,530,000

Current assets increased notably, by $471,000 (or 14%), and current liabilities were nearly unchanged from the prior fiscal year-end, increasing only $20,000. The remainder of the change in current assets is reflected in the change in unrestricted net position which increased $504,000, a result of favorable results from operations in the period. Capital additions in the period were $1,373,996 resulting in capital assets net of accumulated depreciation, and the corresponding net position component, investment in capital assets, increasing $823,000. Factors contributing to the favorable operating results in the period and the capital grants revenue resulting in the increase in capital assets will be discussed in the section following Table 2 of this MD&A.

The other balances with notable changes all changed primarily due to reported of balances in accordance with GASB 68 and GASB 75. GASB 68 is an accounting standard that essentially requires Chillicothe MHA (the Authority) to report financial balances for what is estimated to be its share of the unfunded pension liability, the net pension liability (NPL), and balances caused by changes in the pension liability of the of the pension system, the Ohio Public Employees Retirement System (OPERS).

And GASB 75 is an accounting standard that essentially requires the Authority to report financial balances for what is estimated to be its share of the other postemployment benefits (OPEB) liability and balances caused by changes in the OPEB liability/asset of the of the pension system, OPERS. OPEB refers to the healthcare plan of the pension system. Deferred outflows of resources and deferred inflows of resources are caused by changes in the NPL and OPEB liability/asset. Some changes in the NPL and OPEB balances are amortized over a five-year period and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. The large changes to other noncurrent assets, deferred outflows of resources, noncurrent liabilities and deferred inflows of resources are related to changes in balances reported in accordance with GASB 68 and GASB 75. So the changes in these balances do not reflect changes in operations at the Authority.

Employees of the Authority are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. The Net Pension Liability is unlike other liabilities the agency has in that these liabilities do not represent invoices to be paid by the agency 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 obligations. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like the Authority. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. The reporting of the balances in accordance with GASB 68 and GASB 75 has a significant effect on unrestricted net position. Unrestricted net position as of September 30, 2023 is $2,603,643 and is $765,025 less than what it would be without balances reported in accordance with GASB 68 and GASB 75.

The following is a **Condensed Statement of Revenues, Expenses, and Change in Net Position** compared to prior year. Chillicothe MHA is engaged only in business type activities.

Table 2- Condensed Statement of Revenues, Expenses, and Change in Net Position
(Values Rounded to Nearest Thousand)

	2023	2022
Revenues		
Tenant Revenues - Rents and Others	$ 890,000	$ 903,000
Operating Subsidies and Grants	5,916,000	5,218,000
Capital Grants	1,374,000	27,000
Other Reveues	48,000	38,000
Total Revenues	8,228,000	6,186,000
Expenses		
Administrative	1,109,000	711,000
Tenant Services	142,000	186,000
Utilities	386,000	325,000
Maintenance	1,342,000	946,000
General	309,000	303,000
Housing Assistance Payments	3,106,000	3,003,000
Depreciation	551,000	551,000
Total Expenses	6,945,000	6,025,000
Net Increase in Net Position	1,283,000	161,000
Beginning Net Position	7,083,000	6,922,000
Ending Net Position	$ 8,366,000	$ 7,083,000

Revenues overall increased impressively, by $2,042,000 (or 33%), with the largest increases being to operating subsidies and grants revenue, and capital grants revenue. Expenses also increased notably but not so dramatically, increasing $920,000 (or 15%), with the largest increases being to administrative expense and maintenance expense.

Capital grant revenue is the part of revenue from the Capital Fund Program (CFP) that is used to make improvements to Authority owned units and acquire new equipment. The increase in capital grant revenue this year is reflected in the increase in capital assets addressed in the section follow Table 1 of this MD&A. HUD provides CFP funding annually on a formula basis, and the Authority typically has up to four years to spend it to allow for planning and carrying out improvement projects. It is a reimbursing grant with the revenue being recognized when the money is spent. So the increase in capital grants revenue is not an indication of a new revenue stream for the Authority but rather due to the timing of when planned improvement projects were completed.

The increase in operating subsidies revenue was largely due to an increase in subsidy provided the Public Housing program and the increase in CFP program spending. Subsidy for the Public Housing program in any calendar year is determined by a complex formula taking into consideration the number and characteristics of units owned by the Authority, utility costs, rental rates and other factors. So the increase in this period is due to changes in those factors. And while much of the CFP program revenue this year was used for improvements and is reported as capital grants revenue, the part of the funding used to pay for noncapital improvements and administrative costs and is reported as part of operating subsidies revenue. Increased spending of CFP program funding in the period on noncapital costs also caused operating subsidies revenue to increase, again due to the timing of when CFP grant funded work items are carried out.

The increase in administrative expense was $398,000 (or 56%), primarily due to increases in salaries, benefits, and planning costs of capital projects. The increase in salary costs was partly due to routine annual increases, but this was a transition year for the Authority, with the Authority welcoming a new Executive Director. A part of the increase in the salaries was due to the temporary period when the new Executive Director was introduced to the operations of the Authority in the final months under the direction of the former Executive Director. The increase in benefits expense was in part due to routine increases in the cost of doing business, but largely due the change in pension expense to be addressed later in this section. And the increase in revenue and spending of CFP program funded work items in period, resulted in increased costs of planning and professional services in this period.

The increase in maintenance expense was $396,000 (or 42%), primarily due to increases in benefits and costs of contracted noncapital maintenance and repair services, with the increase in benefits costs in maintenance expense being similar to the increase to benefits costs included in administrative expense. A couple factors contributed to the increase in contracted maintenance services. One was the increased spending of CFP program funded work items for noncapital maintenance work items. In addition, the Authority increased contracted services funded by routine operating funds to address various increased maintenance issues at Authority owned properties, which only increase as the properties age.

With regard to the change in pension expense cited above, the changes in balances reported in accordance with GASB 68 and GASB 75 were addressed in the section following Table 1, and pension expense is what is recognized when balances reported in accordance with GASB 68 & GASB 75 change. Changes in balances reported in accordance to GASB 68 and GASB 75 were such that in fiscal year ends 2022 and 2023, pension expense was negative in both periods, negative $291,998 in fiscal year-end 2022 and negative $1,794 in the current period.

This more than a $290,000 increase in pension expense is allocated to administrative and maintenance costs as benefits expense, contributing to the increase in the period. Again, changes in balances reported in accordance with GASB 68 & GASB 75 reflect changes in balances of the retirement system and not changes in costs of operating at the Authority.

Table 3 - Condensed Statement of Changes in Capital Assets
(Values Rounded to Nearest Thousand)

	2023	2022
Land and Land Rights	$ 1,301,000	$ 1,301,000
Buildings and Improvements	27,542,000	26,249,000
Equipment	572,000	491,000
Accumulated Depreciation	(23,668,000)	(23,117,000)
Total	$ 5,747,000	$ 4,924,000

Capital assets net of depreciation increased $823,216. Capital additions in the period were $1,373,996. Additional information regarding capital assets can be found in Note 5.

Debt

The Authority has no debt.

Economic Factors

Chillicothe MHA faces the continuing prospect of HUD providing subsidies used to administer their programs at levels lower than that which the agency is eligible due to Federal budget cuts, made even more difficult with the particularly difficult times currently at the Federal level. The reduction in government assistance for administration of programs despite ever increasing costs to administer the programs means Chillicothe MHA continues to be challenged to provide the same level of quality service to their 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 Nicole Wells, Executive Director of the Chillicothe Metropolitan Housing Authority, 178 W. Fourth Street, Chillicothe, Ohio, 45601.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	$	2,903,618
Restricted Cash and Cash Equivalents		215,155
Receivables, Net		595,914
Prepaid Expenses and Other Assets		88,300
Total Current Assets		3,802,987
Non-Current Assets		
Capital Assets:		
Non-Depreciable Capital Assets		1,431,695
Depreciable Capital Assets, Net		4,315,209
Total Non-Current Assets		5,746,904
Deferred Outflows of Resources		
Deferred Outflow of Resources - Pension		472,325
Deferred Outflow of Resources - OPEB		80,841
Total Deferred Outflows of Resources		553,166
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	10,103,057
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable	$	117,181
Accrued Liabilities		31,569
Intergovernmental Payables		43,508
Tenant Security Deposits		80,540
Total Current Liabilities		272,798
Non-Current Liabilities		
Accrued Compensated Absences Non-Current		26,906
Other Non-Current Liabilities		118,913
Net Pension Liability		1,235,660
Net OPEB Liability		26,602
Total Non-Current Liabilities		1,408,081
TOTAL LIABILITIES		1,680,879
Deferred Inflows of Resources		
Deferred Inflow of Resources - Pension		45,823
Deferred Inflow of Resources - OPEB		10,106
Total Deferred Inflows of Resources		55,929
Net Position		
Investment in Capital Assets		5,746,904
Restricted Net Position		15,702
Unrestricted Net Position		2,603,643
Total Net Position		8,366,249
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	10,103,057

See accompanying notes to the basic financial statements.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Operating Revenues	
Tenant Revenue	$ 889,804
Government Operating Grants	5,915,880
Other Revenue	48,050
Total Operating Revenues	6,853,734
Operating Expenses	
Administrative	1,109,275
Tenant Services	141,619
Utilities	386,474
Maintenance	1,342,014
Protective Services	70,934
General	238,103
Housing Assistance Payment	3,105,533
Depreciation	550,780
Total Operating Expenses	6,944,732
Operating Income (Loss)	(90,998)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	503
Total Non-Operating Revenues (Expenses)	503
Income (Loss) Before Contributions	(90,495)
Capital Grants	1,373,996
Change in Net Position	1,283,501
Total Net Position - Beginning of Year	7,082,748
Total Net Position - End of Year	$ 8,366,249

See accompanying notes to the basic financial statements.

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Cash Flows from Operating Activities	
Cash from HUD and Other Governments	$ 5,533,152
Cash from Tenants	840,919
Cash from Other Sources	48,050
Cash Paid for HAP Expense	(3,111,967)
Cash Paid for Other Operating	(3,282,556)
Net Cash Provided by Operating Activities	27,598
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(1,373,996)
Capital Grants Received	1,373,996
Net Cash Used by Capital and Related Financing Activities	0
Cash Flows from Investing Activities	
Investment Income	503
Net Cash Provided by Investing Activities	503
Net Increase in Cash and Cash Equivalents	28,101
Cash and Cash Equivalents - Beginning of Year	3,090,672
Cash and Cash Equivalents - End of Year	$ 3,118,773
Reconciliation of Net Operating Loss to	
Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	$ (90,998)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation	550,780
(Increase) Decrease in Accounts Receivable	(440,653)
(Increase) Decrease in Prepaid Expenses and Other Assets	(2,500)
(Increase) Decrease in Deferred Outflows/Net OPEB Asset	(278,489)
Increase (Decrease) in Accounts Payable	19,115
Increase (Decrease) in Accrued Wages and Payroll Taxes	3,432
Increase (Decrease) in Tenant Security Deposits	9,040
Increase (Decrease) in Pension and OPEB Liabilities	865,350
Increase (Decrease) in Deferred Inflows	(588,655)
Increase (Decrease) in Other Liabilities	(18,824)
Net Cash Provided by Operating Activities	$ 27,598

See accompanying notes to the basic financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity
The Chillicothe Metropolitan Housing 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 financial statements comply with the provision of GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB No. 90, *Majority Equity Interests*, 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.

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

Basis of Presentation

The Authority's financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Change in Net Position, and a Statement of Cash Flows.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AIPCA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Description of Programs

The following are the various programs which are included in the single enterprise fund:

Public Housing Program

The Public Housing Program is designed to provide low-cost housing within Ross County. Under this Program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the Program.

Capital Fund Program

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

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

Description of Programs (Continued)

Development
Grant money received from HUD for further purchases or development of low-income housing.

Housing Choice Voucher Program
The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons.

PIH Family Self-Sufficiency
A grant funded by HUD to enable families participating in the Public Housing and Housing Choice Voucher programs to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Central Office Cost Center (COCC)
The Authority owns and operates 383 dwelling rental units and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees, bookkeeping fees, and front-line service fees, paid by other Authority programs.

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.

Restricted Assets
Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Accounts Receivables, 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 for doubtful accounts was $77,765 at year end 2023.

Other Assets

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond September 30, 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.

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

Other Assets (Continued)

Inventory
The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at the weighted average cost and use the first-in, first-out (FIFO) method.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years
Leasehold Improvements	15 years

Due From/To Other Programs
The Authority will make cash transfers between its various programs as outlined in the federal regulations. On the basic financial statements, inter-program receivables and payables reported on the FDS are eliminated.

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Agency's policy calls for no payments to be made at termination for unused sick leave.

In the proprietary funds, the compensated absences are expensed when earned with the amount reported as a fund liability.

Net Position
Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position is recorded as restricted when there are limitations imposed on the use by internal or external restrictions.

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

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD, and other miscellaneous revenue.

Capital Grants

This represents funding made available by HUD that is used to make capital improvements to federally aided projects under an annual contribution contract.

Budgetary Accounting

The Authority adopts annual operating budgets for all its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board approves program budgets. Program budgets are submitted to HUD when required.

Accounting and Reporting for Non-Exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.* Non-exchange transactions occur when the Authority received (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 September 30, 2000 as revenues and the related depreciation thereon as expenses in the accompanying Combined Statement of Revenue and Expenses.

Estimates

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

Pensions/Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability(asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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 statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statements of net position for pension and OPEB. The deferred outflows of resources related to pension are explained the Note 6 and related to OPEB in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 6 and 7).

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

1. 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.

2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits 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.

3. 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 certificate 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), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

Deposits (Continued)

At fiscal year-end September 30, 2023, the carrying amount of the Authority's deposits totaled $3,118,773 (including petty cash of $100) and its bank balance was $3,167,506. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2023, a total of $2,499,396 was exposed to custodial risk as discussed below, while $668,110 was covered by Federal Depository Insurance Corporation.

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 are collateralized with eligible securities in amounts equal to at least 102 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve system, in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve in the name of the Authority.

Investments
The Authority had no investments at September 30, 2023.

NOTE 3: **RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2023 of $215,155 represents cash on hand for the following:

Tenant Security Deposit	80,540
FSS Escrow Held for Tenants	118,913
Unspect FSS Forfeiture Funds	15,702
Total Restricted Cash	$ 215,155

NOTE 4: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member.

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, dental, vision and life insurance are offered to Authority employees through a commercial insurance company.

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

NOTE 5: CAPITAL ASSETS

	Balance 9/30/22	Additions	Deletions	Balance 09/30/23
Capital Assets Not Being Depreciated				
Land	$ 1,301,488	$ 0	$ 0	$ 1,301,488
Construction in Progress	0	130,207	$ 0	$ 130,207
Total Capital Assets Not Being Depreciated	1,301,488	130,207	0	1,431,695
Capital Assets Being Depreciated				
Buildings	26,248,941	1,162,755	0	27,411,696
Equipment	490,409	81,034	0	571,443
Subtotal Capital Assets Being Depreciated	26,739,350	1,243,789	0	27,983,139
Accumulated Depreciation -				
Buildings	(22,723,254)	(524,964)	0	(23,248,218)
Equipment	(393,896)	(25,816)	0	(419,712)
Total Accumulated Depreciation	(23,117,150)	(550,780)	0	(23,667,930)
Net Depreciable	3,622,200	693,009	0	4,315,209
Total Capital Assets, Net	$ 4,923,688	$ 823,216	$ 0	$ 5,746,904

NOTE 6: DEFINED BENEFIT PENSION PLAN

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.

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

Net Pension Liability (Continued)

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 *current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

	State and Local
2022-2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022-2023 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 September 30, 2023, the Authority's contractually required contributions used to fund pension benefits was $90,233 for the traditional plan and $8,685 for the member-directed 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	0.004562%
Current Measurement Date	0.004183%
Change in Proportionate Share	-0.000379%
Proportionate Share of the:	
Net Pension Liability	$ 1,235,660
Pension Expense	$ 141,965

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

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

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 352,201
Differences between expected and actual experience	41,044
Changes of assumptions	13,054
Authority contributions subsequent to the measurement date	66,026
Total Deferred Outflows of Resources	$ 472,325
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 45,823
Total Deferred Inflows of Resources	$ 45,823

$66,026 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending September 30:	
2024	$ 14,948
2025	69,324
2026	103,671
2027	172,533
Total	$ 360,476

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.

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

Actuarial Assumptions – OPERS (Continued)

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	Combined Plan
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

Actuarial Assumptions – OPERS (Continued)

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 %	

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.

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 1,850,978	$ 1,235,660	$ 723,826

NOTE 7: **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.

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.

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

Net OPEB Liability (Continued)

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 *current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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:

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

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

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

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.

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

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

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 2022 and 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 $2,482 for the fiscal year ending September 30, 2023.

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.004246%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.004219%
Change in Proportionate Share	-0.000027%
Proportionate Share of the Net OPEB Liability	$ 26,602
OPEB Expense	$ (51,446)

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

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

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 52,831
Changes of assumptions	25,983
Changes in proportion and differences between Authority contributions and proportionate share of contributions	370
Authority contributions subsequent to the measurement date	1,657
Total Deferred Outflows of Resources	$ 80,841
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 6,635
Changes of assumptions	2,139
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,332
Total Deferred Inflows of Resources	$ 10,106

$1,657 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30:	OPERS
2024	$ 7,634
2025	19,449
2026	16,473
2027	25,522
Total	$ 69,078

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.

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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.

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

Actuarial Assumptions – OPERS (Continued)

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

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.

NOTE 7: **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 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	$ 90,540	$ 26,602	$ (26,158)

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 asset	$ 24,934	$ 26,602	$ 28,478

NOTE 8: **COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 3 months of employment. As of September 30, 2023, the accrual for compensated absences totaled $26,906 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all of the compensated absences payable as non-current.

NOTE 9: **SUMMARY OF CHANGES IN LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2023:

Description	Balance at 9/30/2022	Additions	Retired	Balance at 9/30/2023	Amounts Due In One Year
Compensated Absences	$ 39,296	$ 22,345	$ (34,735)	$ 26,906	$ 0
Net Pension Liability	396,912	838,748	0	1,235,660	0
Net OPEB Liability	0	26,602	0	26,602	0
FSS Escrows	121,117	40,112	(42,316)	118,913	0
	$ 557,325	$ 927,807	$ (77,051)	$ 1,408,081	$ 0

NOTE 10: **CONTINGENCIES**

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments 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 September 30, 2023.

Litigations and Claims
The Authority is party to legal proceedings. The Authority is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the Authority.

NOTE 11: **ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

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

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004183%	0.004562%	0.004722%	0.004640%	0.004748%	0.004499%	0.004258%	0.433300%	0.387800%	0.387800%
Authority's Proportionate Share of the Net Pension Liability	$ 1,235,660	$ 396,912	$ 699,225	$ 917,127	$ 1,300,382	$ 705,806	$ 969,919	$ 750,530	$ 467,730	$ 457,166
Authority's Covered Payroll	$ 648,459	$ 662,111	$ 671,027	$ 652,786	$ 641,256	$ 594,553	$ 550,498	$ 539,324	$ 475,398	$ 521,662
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.55%	59.95%	104.20%	140.49%	202.79%	118.71%	176.19%	139.16%	98.39%	87.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIRMENT SYSTEM
LAST TEN FISCAL YEARS

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 90,233	$ 89,699	$ 90,565	$ 94,310	$ 90,186	$ 86,521	$ 71,881	$ 71,934	$ 58,845	$ 56,316
Contributions in Relation to the Contractually Required Contribution	(90,233)	(89,699)	(90,565)	(94,310)	(90,186)	(86,521)	(71,881)	(71,934)	(58,845)	(56,316)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 644,521	$ 640,707	$ 646,893	$ 673,643	$ 644,186	$ 629,244	$ 563,773	$ 599,450	$ 490,375	$ 469,300
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1)

	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.004219%	0.004246%	0.004437%	0.004508%	0.004615%	0.004210%	0.004170%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ 26,602	$ (132,991)	$ (79,049)	$ 622,672	$ 601,685	$ 457,175	$ 421,184
Authority's Covered Payroll	$ 702,145	$ 662,111	$ 671,027	$ 681,079	$ 669,336	$ 596,173	$ 576,799
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	91.42%	89.89%	76.68%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,482	$ 1,479	$ 0	$ 0	$ 0	$ 1,367	$ 7,097	$ 12,515	$ 10,574
Contributions in Relation to the Contractually Required Contribution	$ (2,482)	$ (1,479)	$ 0	$ 0	$ 0	$ (1,367)	$ (7,097)	$ (12,515)	$ (10,574)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 706,557	$ 677,688	$ 646,893	$ 685,781	$ 672,730	$ 649,718	$ 584,570	$ 599,447	$ 528,716
Contributions as a Percentage of Covered Payroll	0.35%	0.22%	0.00%	0.00%	0.00%	0.21%	1.21%	2.09%	2.00%

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

See accompanying notes to the required supplementary information

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%.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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.

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$2,164,932				$152,359	$586,327	$2,903,618		$2,903,618
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	$32,555	$15,702			$86,358		$134,615		$134,615
114 Cash - Tenant Security Deposits	$80,540						$80,540		$80,540
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	$2,278,027	$15,702	$0	$0	$238,717	$586,327	$3,118,773	$0	$3,118,773
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects			$24,518	$41,635	$13,577	$400,947	$480,677		$480,677
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	$153,138						$153,138		$153,138
126.1 Allowance for Doubtful Accounts -Tenants	-$61,980						-$61,980		-$61,980
126.2 Allowance for Doubtful Accounts - Other	-$10,620		$0	$0	$0	$0	-$10,620		-$10,620
127 Notes, Loans, & Mortgages Receivable - Current	$31,864						$31,864		$31,864
128 Fraud Recovery					$8,000		$8,000		$8,000
128.1 Allowance for Doubtful Accounts - Fraud					-$5,165		-$5,165		-$5,165
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	$112,402	$0	$24,518	$41,635	$16,412	$400,947	$595,914	$0	$595,914
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	$19,003					$1,676	$20,679		$20,679
143 Inventories	$67,621						$67,621		$67,621
143.1 Allowance for Obsolete Inventories	$0						$0		$0
144 Inter Program Due From						$66,153	$66,153	-$66,153	$0
145 Assets Held for Sale									
150 Total Current Assets	$2,477,053	$15,702	$24,518	$41,635	$255,129	$1,055,103	$3,869,140	-$66,153	$3,802,987
161 Land	$871,233			$226,067	$162,144	$42,044	$1,301,488		$1,301,488
162 Buildings	$24,409,297			$1,512,371		$1,490,028	$27,411,696		$27,411,696
163 Furniture, Equipment & Machinery - Dwellings	$151,166			$735			$151,901		$151,901
164 Furniture, Equipment & Machinery - Administration	$252,852				$598	$166,092	$419,542		$419,542
165 Leasehold Improvements									
166 Accumulated Depreciation	-$21,186,056			-$1,027,615	-$598	-$1,453,661	-$23,667,930		-$23,667,930
167 Construction in Progress	$130,207						$130,207		$130,207
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	$4,628,699	$0	$0	$711,558	$162,144	$244,503	$5,746,904	$0	$5,746,904

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	$4,628,699	$0	$0	$711,558	$162,144	$244,503	$5,746,904	$0	$5,746,904
200 Deferred Outflow of Resources	$231,585				$110,570	$211,011	$553,166		$553,166
290 Total Assets and Deferred Outflow of Resources	$7,337,337	$15,702	$24,518	$753,193	$527,843	$1,510,617	$10,169,210	-$66,153	$10,103,057
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	$101,313					$15,868	$117,181		$117,181
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	$7,359				$3,610	$20,600	$31,569		$31,569
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	$43,508						$43,508		$43,508
341 Tenant Security Deposits	$80,540						$80,540		$80,540
342 Unearned Revenue									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other									
347 Inter Program - Due To			$24,518	$41,635			$66,153	-$66,153	$0
348 Loan Liability - Current									
310 Total Current Liabilities	$232,720	$0	$24,518	$41,635	$3,610	$36,468	$338,951	-$66,153	$272,798
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	$32,555				$86,358		$118,913		$118,913
354 Accrued Compensated Absences - Non Current	$6,100				$10,490	$10,316	$26,906		$26,906
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	$524,503				$257,832	$479,927	$1,262,262		$1,262,262

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	$563,158	$0	$0	$0	$354,680	$490,243	$1,408,081	$0	$1,408,081
300 Total Liabilities	$795,878	$0	$24,518	$41,635	$358,290	$526,711	$1,747,032	-$66,153	$1,680,879
400 Deferred Inflow of Resources	$23,464				$11,112	$21,353	$55,929		$55,929
508.4 Net Investment in Capital Assets	$4,628,699	$0		$711,558	$162,144	$244,503	$5,746,904		$5,746,904
511.4 Restricted Net Position	$0	$15,702		$0	$0	$0	$15,702		$15,702
512.4 Unrestricted Net Position	$1,889,296	$0	$0	$0	-$3,703	$718,050	$2,603,643		$2,603,643
513 Total Equity - Net Assets / Position	$6,517,995	$15,702	$0	$711,558	$158,441	$962,553	$8,366,249	$0	$8,366,249
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$7,337,337	$15,702	$24,518	$753,193	$527,843	$1,510,617	$10,169,210	-$66,153	$10,103,057

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$849,684						$849,684		$849,684
70400 Tenant Revenue - Other	$40,120						$40,120		$40,120
70500 Total Tenant Revenue	$889,804	$0	$0	$0	$0	$0	$889,804	$0	$889,804
70600 HUD PHA Operating Grants	$2,362,903		$109,427		$3,443,550		$5,915,880		$5,915,880
70610 Capital Grants	$1,373,996						$1,373,996		$1,373,996
70710 Management Fee						$522,140	$522,140	-$522,140	$0
70720 Asset Management Fee						$46,320	$46,320	-$46,320	$0
70730 Book Keeping Fee						$77,880	$77,880	-$77,880	$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						$646,340	$646,340	-$646,340	$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	$140					$363	$503		$503
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery					$17,924		$17,924		$17,924
71500 Other Revenue	$10,701	$15,702			$3,690	$33	$30,126		$30,126
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	$4,637,544	$15,702	$109,427	$0	$3,465,164	$646,736	$8,874,573	-$646,340	$8,228,233
91100 Administrative Salaries	$93,983				$142,137	$236,422	$472,542		$472,542
91200 Auditing Fees	$7,829				$1,370	$1,970	$11,169		$11,169
91300 Management Fee	$450,500				$71,640		$522,140	-$522,140	$0
91310 Book-keeping Fee	$33,105				$44,775		$77,880	-$77,880	$0
91400 Advertising and Marketing	$87					$3,841	$3,928		$3,928
91500 Employee Benefit contributions - Administrative	$42,855				$132,013	$85,259	$260,127		$260,127
91600 Office Expenses	$94,553				$37,789	$53,768	$186,110		$186,110
91700 Legal Expense	$15,884					$1,575	$17,459		$17,459
91800 Travel	$10,895				$2,738	$18,074	$31,707		$31,707
91810 Allocated Overhead									
91900 Other	$62,133				$33,797	$30,303	$126,233		$126,233
91000 Total Operating - Administrative	$811,824	$0	$0	$0	$466,259	$431,212	$1,709,295	-$600,020	$1,109,275
92000 Asset Management Fee	$46,320						$46,320	-$46,320	$0
92100 Tenant Services - Salaries	$20,507		$65,718				$86,225		$86,225

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services	$11,685		$42,972				$54,657		$54,657
92400 Tenant Services - Other			$737				$737		$737
92500 Total Tenant Services	$32,192	$0	$109,427	$0	$0	$0	$141,619	$0	$141,619
93100 Water	$84,077					$505	$84,582		$84,582
93200 Electricity	$175,227					$11,866	$187,093		$187,093
93300 Gas	$24,762					$3,124	$27,886		$27,886
93400 Fuel									
93500 Labor									
93600 Sewer	$86,513					$400	$86,913		$86,913
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	$370,579	$0	$0	$0	$0	$15,895	$386,474	$0	$386,474
94100 Ordinary Maintenance and Operations - Labor	$187,004						$187,004		$187,004
94200 Ordinary Maintenance and Operations - Materials and Other	$143,827					$1,585	$145,412		$145,412
94300 Ordinary Maintenance and Operations Contracts	$596,543					$27,097	$623,640		$623,640
94500 Employee Benefit Contributions - Ordinary Maintenance	$83,826						$83,826		$83,826
94000 Total Maintenance	$1,011,200	$0	$0	$0	$0	$28,682	$1,039,882	$0	$1,039,882
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	$70,934						$70,934		$70,934
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	$70,934	$0	$0	$0	$0	$0	$70,934	$0	$70,934
96110 Property Insurance	$111,539					$4,038	$115,577		$115,577
96120 Liability Insurance									
96130 Workmen's Compensation	$3,216					$2,763	$5,979		$5,979
96140 All Other Insurance									
96100 Total insurance Premiums	$114,755	$0	$0	$0	$0	$6,801	$121,556	$0	$121,556
96200 Other General Expenses					$6,874		$6,874		$6,874
96210 Compensated Absences					$297		$297		$297
96300 Payments in Lieu of Taxes	$53,359						$53,359		$53,359
96400 Bad debt - Tenant Rents	$56,017						$56,017		$56,017
96500 Bad debt - Mortgages									
96600 Bad debt - Other									

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
96800 Severance Expense									
96000 Total Other General Expenses	$109,376	$0	$0	$0	$7,171	$0	$116,547	$0	$116,547
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$2,567,180	$0	$109,427	$0	$473,430	$482,590	$3,632,627	-$646,340	$2,986,287
97000 Excess of Operating Revenue over Operating Expenses	$2,070,364	$15,702	$0	$0	$2,991,734	$164,146	$5,241,946	$0	$5,241,946
97100 Extraordinary Maintenance	$302,132						$302,132		$302,132
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments					$3,105,533		$3,105,533		$3,105,533
97350 HAP Portability-In									
97400 Depreciation Expense	$495,486			$27,743		$27,551	$550,780		$550,780
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	$3,364,798	$0	$109,427	$27,743	$3,578,963	$510,141	$7,591,072	-$646,340	$6,944,732
10010 Operating Transfer In	$275,595						$275,595	-$275,595	$0
10020 Operating transfer Out	-$275,595						-$275,595	$275,595	$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$1,272,746	$15,702	$0	-$27,743	-$113,799	$136,595	$1,283,501	$0	$1,283,501

Chillicothe Metropolitan Housing Authority (OH024)
CHILLICOTHE, OH
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	8 Other Federal Program 1	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$5,245,249	$0	$0	$739,301	$272,240	$825,958	$7,082,748		$7,082,748
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0						$0		$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity					$158,441		$158,441		$158,441
11180 Housing Assistance Payments Equity					$0		$0		$0
11190 Unit Months Available	4596				6732	0	11328		11328
11210 Number of Unit Months Leased	4415				5970	0	10385		10385
11270 Excess Cash	$1,932,146						$1,932,146		$1,932,146
11610 Land Purchases	$0					$0	$0		$0
11620 Building Purchases	$1,360,001					$0	$1,360,001		$1,360,001
11630 Furniture & Equipment - Dwelling Purchases	$0					$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$13,995					$0	$13,995		$13,995
11650 Leasehold Improvements Purchases	$0					$0	$0		$0
11660 Infrastructure Purchases	$0					$0	$0		$0
13510 CFFP Debt Service Payments	$0					$0	$0		$0
13901 Replacement Housing Factor Funds	$0					$0	$0		$0

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
ROSS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs		
Public and Indian Housing	14.850	1,534,071
Public Housing Capital Fund	14.872	2,202,828
Section 8 Housing Choice Vouchers	14.871	3,443,550
Total Direct Programs		7,180,449
Total Expenditures of Federal Awards		**7,180,449**

The accompanying notes are an integral part of this Schedule.

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Chillicothe Metropolitan Housing Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chillicothe Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Chillicothe Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

NOTE 3: **INDIRECT COST RATE**

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

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CERTIFIED PUBLIC ACCOUNTANTS

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

Chillocothe Metropolitan Housing Authority
Ross County
175 W. Fourth Street
Chillocothe, Ohio 45601

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 the Chillocothe Metropolitan Housing Authority, Ross County, (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 1, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
April 1, 2024

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

Chillicothe Metropolitan Housing Authority
Ross County
175 W. Fourth Street
Chillicothe, Ohio 45601

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Chillicothe Metropolitan Housing Authority's, Ross County, (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 Chillicothe Metropolitan Housing Authority's major federal program for the year ended September 30, 2023. Chillicothe 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, Chillicothe 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 September 30, 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.

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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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
April 1, 2024

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 weakness 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 Choice Voucher Cluster, ALN 14.871
(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?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Chillicothe Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
2 CFR § 200.515
September 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Procurement Policy Failure, Procurement	Fully Corrected	
2022-002	Lack of Purchase Order: Activities Allowed or Unallowed, Allowable Cost Principles	Fully Corrected	

OHIO AUDITOR OF STATE
KEITH FABER

CHILLICOTHE METROPOLITAN HOUSING AUTHORITY

ROSS 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 5/7/2024

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