



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Commissioners
Butler Metropolitan Housing Authority
4110 Hamilton Middletown Rd
Hamilton, OH 45011

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 28, 2024

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Butler Metropolitan Housing Authority

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INDEPENDENT AUDITOR'S REPORT

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Director and Board of Commissioners

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the of the Butler Metropolitan Housing Authority, Butler County, Ohio as of June 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.

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 opinions 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 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
February 28, 2024

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BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The Butler Metropolitan Housing Authority (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The business-type activity revenue decreased by \$.40 million (2 percent) from FY 2022. Total revenue was \$22.4 million and \$22.0 million for FY 2022 and FY 2023, respectively.
- The total expenses of all Authority programs increased by \$1.2 million (5 percent). Total expenses were \$22.1 million and \$23.3 million for FY 2022 and FY 2023, respectively.

Authority-Wide Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflow of resources, equal Net Position (similar to equity). Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.” The focus of the Statement of Net Position (Unrestricted Net Position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

Net Position is reported in three broad categories:

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

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

Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets” or “Restricted Net Position.”

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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The focus of the Statement of Revenues, Expenses, and Change in Net Position is the “Change in Net Position,” which is similar to Net Income or Loss.

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

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Authority-wide balances rather than individual program balances. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The following is a condensed Statement of Net Position compared to prior year.

Table 1 - Condensed Statement of Net Position

	2023	2022	Change	% Change
<u>Assets</u>				
Current Assets	\$ 11,280,000	\$ 11,447,000	\$ (167,000)	-1%
Capital Assets	7,456,000	8,352,000	(896,000)	-11%
Other Non-current Assets	688,000	1,180,000	(492,000)	-42%
Total Assets	19,424,000	20,979,000	(1,555,000)	-7%
Deferred Outflows	1,798,000	406,000	1,392,000	343%
<u>Liabilities</u>				
Current Liabilities	513,000	471,000	42,000	9%
Non-current Liabilities	4,843,000	1,741,000	3,102,000	178%
Total Liabilities	5,356,000	2,212,000	3,144,000	142%
Deferred Inflows	390,000	2,431,000	(2,041,000)	-84%
<u>Net Position</u>				
Net Investment in Capital	7,237,000	8,293,000	(1,056,000)	-13%
Restricted	565,000	911,000	(346,000)	-38%
Unrestricted	7,674,000	7,538,000	136,000	2%
Total Net Position	\$ 15,476,000	\$ 16,742,000	\$(1,266,000)	-8%

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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Major Factors Affecting the Statement of Net Position

Total assets decreased by \$1,555,000 (or 7%) from the prior fiscal year-end, with the largest changes being to capital assets and other noncurrent assets. The change in capital assets is largely the result of depreciation exceeding additions in the period, while the change in other noncurrent assets is largely due to the change in net pension asset and the net OPEB asset. The other notable change on the assets and deferred outflows of resources side of the statement was to deferred outflows of resources. On the liabilities, deferred inflows and net position side of the statement, large changes were to net investment in capital assets, noncurrent liabilities, and deferred inflows of resources. Net investment in capital assets is the component of net position aligned with total capital assets reduced by liabilities incurred to acquire the assets. So this change corresponds to the change in capital assets on the other side of the statement. All the other changes on the statement mentioned, the changes to the noncurrent assets of net pension asset and net OPEB asset, deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources, are due to changes in balances reported in accordance with GASB 68 and GASB 75 and not due to operational issues at the Authority.

GASB 68 is an accounting standard that essentially requires the Authority to report financial balances for what is estimated to be its share of the unfunded pension liability/asset, the net pension liability (NPL) and net pension asset, and balances caused by changes in the pension liability/asset of the pension system, the Ohio Public Employees Retirement System (OPERS). 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/asset and balances caused by changes in the OPEB liability/asset of the of the pension system, the Ohio Public Employees Retirement System (OPERS). OPEB refers to the healthcare plan of the pension system. The NPL and the OPEB liability are reported as noncurrent liabilities. When the future commitments of the retirement system are estimated to be more than fully funded, the assets are reported as noncurrent assets. Deferred outflows of resources and deferred inflows of resources are balances 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. Changes to balances reported in accordance with GASB 68 and GASB 75 reflect changes of the pension system (OPERS) and are not due to changes in the operations of 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 and OPEB Liabilities are unlike other liabilities the Authority has in that these liabilities do not represent invoices to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future obligations. In Ohio there is no legal means to enforce the unfunded liabilities 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. Similarly, there is no way for an employer like the Authority to access a net pension or OPEB asset.

For this reason, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and other post-employment benefits (OPEB) and their net liabilities to the reported net position, and subtracting their related deferred outflows and the net OPEB and net pension assets. The reporting of the balances in accordance with GASB 68 and GASB 75 has a significant effect on unrestricted net position.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Unrestricted net position at June 30, 2023 was \$7,674,105 and is \$2,438,537 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.

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

	2023	2022	Change	% Change
<u>Revenues</u>				
Tenant Revenues	\$ 1,984,000	\$ 2,342,000	\$ (358,000)	-15%
Subsidies	19,653,000	19,508,000	145,000	1%
Capital Grants	10,000	267,000	(257,000)	-96%
Interest Income	40,000	11,000	29,000	264%
Other Income	339,000	273,000	66,000	24%
Total Revenues	22,026,000	22,401,000	(375,000)	-2%
<u>Expenses</u>				
Administrative	3,219,000	2,288,000	931,000	41%
Tenant Services	11,000	11,000	0	0%
Utilities	1,259,000	1,278,000	(19,000)	-1%
Maintenance and Operation	3,897,000	3,285,000	612,000	19%
General	913,000	1,292,000	(379,000)	-29%
HAP	12,872,000	12,767,000	105,000	1%
Depreciation	1,121,000	1,202,000	(81,000)	-7%
Total Expenses	23,292,000	22,123,000	1,169,000	5%
Change in Net Position	(1,266,000)	278,000		
Total Net Position - Beginning	16,742,000	16,464,000		
Total Net Position - Ending	\$ 15,476,000	\$ 16,742,000		

Major Factors Affecting the Statement of Revenues, Expenses and Change in Net Position

Revenues overall decreased modestly, by about \$375,000 (or 2%). The change in tenant revenues corresponded closely to the change in total revenues. Tenant rents are based on family income and composition, and the utility allowances applied when tenants pay the utilities. HUD's method for calculating tenant rents is intended to make rent plus utilities about 30% of adjusted household income. This reduction in tenant revenues then reflects a drop in average tenant household incomes and an increase in the utility allowance the Authority uses, which was increased due to rising rates being charged by the utilities.

Expenses overall increased about \$1,169,000 (or 5%). The largest increases were noted in administrative expenses and maintenance expenses. The increase in administrative expenses and maintenance expenses is partly related to normal increases in salaries, and the increase in pension and OPEB expense. Pension and OPEB expense is what is realized when the changes in balances reported in accordance with GASB 68 and GASB 75 are recorded. The balances reported in accordance with GASB 68 and GASB 75 were addressed in the section following the presentation of Table 1 in this MD&A. Pension and OPEB expense increased \$1,042,533 over fiscal year-end 2022. The change in this expense is not an indication of changes in operations at the Authority, but rather reflect changes in the estimated funding of future pension and healthcare commitments by the retirement system.

**BUTLER METROPOLITAN HOUSING AUTHORITY
 BUTLER COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 UNAUDITED**

One expense line where a larger reduction in expense is noted is general expense. Bad debt expense is one general expense that was decreased, down about \$249,000 from the last fiscal year-end. Last year a larger increase in bad debt expense was realized, so this is seen as more of a return to normal levels. Other is another general expense that was decreased. RAD predevelopment costs are recorded as other general expense (RAD is an acronym used in the Public Housing industry for Rental Assistance Demonstration program). All predevelopment costs are being reimbursed to BMHA in Fiscal Year 2024. HUD created RAD to provide opportunities for Housing Authorities and other owners of publicly assisted housing properties to convert how the properties are funded that permits the owners to leverage value in the properties and increase opportunities to finance making improvements to the properties. Butler MHA is exploring RAD conversion opportunities for its Public Housing program properties, and costs related to the exploring being done by the Authority in the period were reduced compared to the prior fiscal period.

The following summarizes the change in Capital Assets.

Table 3 - Condensed Changes in Capital Assets

<u>Capital Assets</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 3,147,000	\$ 3,147,000	\$ 0	0%
Buildings and Improvements	78,472,000	78,461,000	11,000	0%
Equipment	1,401,000	1,221,000	180,000	15%
Accumulated Depreciation	<u>(75,564,000)</u>	<u>(74,477,000)</u>	<u>(1,087,000)</u>	1%
Total Capital Assets	<u><u>\$ 7,456,000</u></u>	<u><u>\$ 8,352,000</u></u>	<u><u>\$ (896,000)</u></u>	-11%

Capital Assets are presented in detail in Note D.

Debt

The Authority has no debt outstanding at June 30, 2023, however, the Authority has an equipment lease liability at June 30, 2023. The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability - June 30, 2022	\$ 59,205
Additions in Period	141,282
Retirement in Period	<u>(39,843)</u>
Equipment Lease Liability - June 30, 2023	<u><u>\$ 160,644</u></u>

Long-term liabilities are presented in detail in Note G.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The likelihood of full improvements in the level of funding from DHUD for Authority programs is not favorable. Cuts in HUD funding for Authority programs eventually means cuts in what the Authority can do for its clients.

FINANCIAL CONTACT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Butler Metropolitan Housing Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding these financial statements or supplemental information, you may contact Benjamin Jones, Executive Director, at (513) 623-0353 or by writing: Butler Metropolitan Housing Authority, 4110 Hamilton-Middletown Road, Hamilton, Ohio 45011-6218.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 8,915,343
Cash and Cash Equivalents - Restricted	886,178
Accounts Receivable, Net	1,086,299
Prepaid Expenses	249,405
Inventories	143,068
Total Current Assets	11,280,293

Noncurrent Assets

Capital Assets:

Non-depreciable Capital Assets	3,147,250
Depreciable Capital Assets, Net	4,308,588
Total Capital Assets	7,455,838
Notes Receivable	578,068
Lease Receivable, Net of Current	76,861
Net Pension Asset	32,942
Total Noncurrent Assets	8,143,709

Deferred Outflows of Resources

Pension	1,546,461
OPEB	251,138
Total Deferred Outflows of Resources	1,797,599

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$ 21,221,601**

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$ 171,789
Accrued Liabilities	99,347
Compensated Absences	10,000
Tenant Security Deposits	86,984
Lease Payable	40,603
Unearned Revenue	103,684
Total Current Liabilities	512,407

Noncurrent Liabilities

Lease Payable, Net of Current	120,041
Accrued Compensated Absences, Net of Current	509,451
Net Pension Liability	4,129,107
Net OPEB Liability	84,540
Total Noncurrent Liabilities	4,843,139
TOTAL LIABILITIES	5,355,546

Deferred Inflows of Resources

Pension	51,629
OPEB	38,024
Prepaid Ground Lease	188,207
Other Leases	112,028
Total Deferred Inflows of Resources	389,888

Net Position

Net Investment in Capital Assets	7,236,931
Restricted Net Position	565,131
Unrestricted Net Position	7,674,105
Total Net Position	15,476,167

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION **\$ 21,221,601**

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

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Operating Revenue</u>	
Tenant Revenue	\$ 1,983,596
Governmental Grants and Subsidy	19,653,359
Other Income	338,610
Total Operating Revenue	<u>21,975,565</u>
<u>Operating Expenses</u>	
Administration	3,219,137
Tenant Services	10,640
Utilities	1,259,474
Maintenance and Operation	3,896,921
Protective Services	94,447
General Expense	818,839
Housing Assistance Payments	12,872,054
Depreciation	1,120,934
Total Operating Expenses	<u>23,292,446</u>
Net Operating Income (Loss)	<u>(1,316,881)</u>
<u>Nonoperating Revenues/(Expenses)</u>	
Investment Income	<u>40,341</u>
Net Nonoperating Revenues	<u>40,341</u>
Net Income/(Loss) before Capital Grants	<u>(1,276,540)</u>
Capital Grants	<u>10,548</u>
Decrease in Net Position	<u>(1,265,992)</u>
Total Net Position - Beginning	<u>16,742,159</u>
Total Net Position - Ending	<u>\$ 15,476,167</u>

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

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Cash Flows from Operating Activities

Operating Grants Received	\$ 19,028,990
Tenant Revenue Received	1,864,272
Other Revenue Received	344,166
Administrative and Other Operating Paid	(9,228,205)
Housing Assistance Payments	(12,880,449)
Net Cash Provided Used for Operating Activities	<u>(871,226)</u>

Cash Flows from Capital and Related Financing Activities

Capital Grants Received	10,548
Property and Equipment Purchased	(222,247)
Lease Liability Incurred	141,282
Payments on Lease Liability	(39,843)
Interest Paid on Lease Liability	(3,584)
Net Cash Used for Capital and Related Financing Activities	<u>(113,844)</u>

Cash Flows from Investing Activities

Interest Earned	40,341
Net Cash Provided from Investing Activities	<u>40,341</u>
Net Decrease in Cash	(944,729)

Cash and Cash Equivalents at Beginning of Year	10,746,250
Cash and Cash Equivalents at End of Year	<u>\$ 9,801,521</u>

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Net Operating Income (Loss)	\$ (1,316,881)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	1,120,934
Lease Interest Expense	3,584
Decrease (Increase) in:	
Accounts Receivable	(728,961)
Prepaid and Other Assets	466,595
Inventory	(25,781)
Deferred Outflows	(1,391,357)
Increase (Decrease) in:	
Unearned Revenue	(1,316)
Accounts Payable	(6,335)
Accrued Expenses	48,471
Tenant Security Deposits	(8,250)
Compensated Absence	25,744
Net Pension and OPEB Liabilities	2,987,847
Deferred Inflows	(2,041,495)
Other Liabilities	(4,025)
Net Cash Provided from Operating Activities	<u>\$ (871,226)</u>

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY

1. Introduction

The financial statements of the Butler Metropolitan Housing Authority (“the Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

2. Organization

The Authority is a public body and a body corporate and politic organized under the laws of the State of Ohio by the City of Hamilton for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Board is appointed pursuant to the Ohio Revised Code, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (“HUD”) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

3. Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board* and the Financial Accounting Standards Board and GASB Statement Number 14, *The Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City or County and is entitled to all surpluses. No separate Authority receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – the Board of Commissioners of the Authority is appointed to five-year terms by the Mayor of the City of Hamilton, Probate Court, Commons Pleas Court, and the Butler County Commissioners, but the Authority designates its own management. The City and County provide no financial support to the Authority and are not responsible for the debts or entitled to the assets of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the officials of the City of Hamilton and Butler County appoint the governing board of the Authority, no other criteria established by Government Accounting Standards Board for inclusion of the Authority in the financial reports of those entities are met. Therefore, a separate financial report is prepared for the Authority.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

3. Reporting Entity (Continued)

Imposition of Will - The County has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to oversee the Authority's operations. This includes, but is not limited to, hiring the Executive Director, adopting budgets, deciding which programs are to be provided, and the Board retains sole title to, and residual interest in all assets (including facilities and properties) of the Authority.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Hamilton's or Butler County's financial reports, therefore, the Authority reports independently. The Authority operated the following programs under Annual Contributions Contract:

- A. *Public Housing Program*** – The Authority rents units it owns to low-income households. The Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to rent the units based on 30% of household income.
- B. *Housing Voucher Cluster Programs*** – The objective of this Program is to provide rental assistance for eligible low-income families that rent housing units from private landlords.
- C. *Capital Fund Program*** - The objective of this Program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the Program.
- D. *Business Activities*** – Various other activities of the Authority.

4. Basis of Presentation, Basis of Accounting and Measurement Focus

Basis of Accounting - The Authority uses the accrual basis of accounting for all funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. The Authority uses the following fund:

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

4. Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)

Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority's net position is reported in three components:

1. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings and liabilities that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use by external groups including HUD, creditors, grantors, contributors, or laws and regulations of other governments.
3. Unrestricted Net Position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

5. Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when a Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transaction as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes, and other assessments on earnings or consumption).
- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

5. Accounting and Reporting for Non-Exchange Transactions (Continued)

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used, (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

6. Revenues and Expenses

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

7. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

8. Budgets

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners and submitted to HUD when required.

9. Inventories

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

10. Capital Assets and Depreciation

Capital assets are stated at historical cost. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City of Hamilton for maintenance and repairs. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Assets. The Authority has established a capitalization threshold of \$2,000 for equipment, buildings and improvements.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and Improvements	10-20 years
Furniture, Fixtures and Equipment	3-10 years
Vehicles	5 years

11. Collection Losses

Collection losses on accounts receivable are expensed, in the appropriate fund, using the specific write-off method.

12. Insurance

The Authority purchases insurance policies to protect the Authority from commercial business risks. The Authority had the required coverage in force.

13. Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

14. Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

15. Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant revenue is recorded as non-operating revenue.

16. 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 statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note H and Note I, respectively.

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 are reported on the statement of net position for pension, OPEB, a prepaid ground lease, and other leases. The deferred inflows of resources related to pension and OPEB are explained in Note H and Note I, respectively. The deferred inflows of resources related to the prepaid ground lease is explained in Note N. See Note F regarding other leases.

Deferred Outflows

Pension	\$ 1,546,461
OPEB	251,138
Total Deferred Outflows	<u><u>\$ 1,797,599</u></u>

Deferred Inflows

Pension	\$ 51,629
OPEB	38,024
Prepaid Ground Lease	188,207
Other Leases	112,028
Total Deferred Inflows	<u><u>\$ 389,888</u></u>

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

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

18. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. Change in Accounting Principle

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

NOTE B: CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2023, the Authority's deposits had a carrying amount of \$9,801,521 (including \$1,200 of petty cash) and a bank balance of \$10,182,177. Of the bank balances, \$250,000 was covered by Federal Depository Insurance and the remainder was collateralized by securities pledged in the name of the Authority.

Interest Rate Risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE B: CASH AND CASH EQUIVALENTS (Continued)

Credit Risk - The Authority has no policy regarding credit risk.

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no funds that were considered to be investments and as such all funds were classified as cash & cash equivalents. The Authority has no policy on custodial credit risk.

Concentration of Credit Risk - The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk.

Cash and cash equivalents at June 30, 2023, consisted of the following:

<u>Cash and Cash Equivalents</u>	
Checking - Unrestricted	\$ 8,914,143
Cash - Restricted	886,178
Petty Cash	1,200
Total Cash and Cash Equivalents	<u><u>\$ 9,801,521</u></u>
<u>Restricted Cash and Cash Investments</u>	
Tenant Security Deposits	\$ 86,984
Restricted for Development	695,075
Unearned EHV Funding Advanced	103,684
Due to Beacon Pointe, LP	435
Total Restricted Cash and Cash Investments	<u><u>\$ 886,178</u></u>

NOTE C: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, consisted of the following:

Tenants (Net of Allowance of \$39,645)	\$ 203,638
Accounts Receivable - Other PHAs - HCV Port Cases	166,497
Accounts Recievable - HUD	676,552
Lease Receivable - Current Portion	39,612
	<u><u>\$ 1,086,299</u></u>

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE D: CAPITAL ASSETS

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2023:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Capital Assets Not Being Depreciated				
Land	\$ 3,147,250	\$ 0	\$ 0	\$ 3,147,250
Total Capital Assets Not Being Depreciated	<u>3,147,250</u>	<u>0</u>	<u>0</u>	<u>3,147,250</u>
Capital Assets Being Depreciated				
Buildings and Improvements	78,461,074	10,549	0	78,471,623
Furniture and Equipment	1,132,286	70,416	0	1,202,702
Intangible Right-to-Use Equipment	89,072	143,242	(34,166)	198,148
Subtotal Capital Assets Being Depreciated	<u>79,682,432</u>	<u>224,207</u>	<u>(34,166)</u>	<u>79,872,473</u>
Accumulated Depreciation				
Buildings and Improvements	(73,313,513)	(1,071,665)	0	(74,385,178)
Furniture and Equipment	(1,130,438)	(8,832)	0	(1,139,270)
Intangible Right-to-Use Equipment	(33,166)	(40,437)	34,166	(39,437)
Subtotal Accumulated Depreciation	<u>(74,477,117)</u>	<u>(1,120,934)</u>	<u>34,166</u>	<u>(75,563,885)</u>
Depreciable Assets, Net	<u>5,205,315</u>	<u>(896,727)</u>	<u>0</u>	<u>4,308,588</u>
Total Capital Assets, Net	<u>\$ 8,352,565</u>	<u>\$ (896,727)</u>	<u>\$ 0</u>	<u>\$ 7,455,838</u>

NOTE E: NOTE RECEIVABLE

Mixed Finance Construction Loan

The Authority is loaning to a development partner in conjunction with a multi-lender mixed finance arrangement for construction of the Beacon Pointe development. Repayment is based on cash flows realized by the Project. A lump sum payment of outstanding principal and interest is due at maturity, which is 40 years. The loan is secured by the property. The note receivable balance was \$578,068 and \$585,787 at June 30, 2023 and June 30, 2022, respectively.

Allowance

No allowance for an uncollectible amount is deemed necessary against the receivable. No facts are currently known that would lead the Authority to believe that default on the loan is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

Interest Income

Due to the length of time preceding the required payment of interest, interest earned on the note receivable has been deferred and is not recognized in the Statements of Revenues, Expenses, and Change in Net Position.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE F: LEASE RECEIVABLES

The Authority entered into a five-year lease for use of space for cell phone towers calling for monthly payments to be made to the Authority of \$3,629.17 beginning May 2021. The interest rate on the lease is estimated to be 4 percent.

A summary of future principal and interest to be received is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,612	\$ 3,938	\$ 43,550
2025	41,226	2,324	43,550
2026	35,635	643	36,278
	<u>\$ 116,473</u>	<u>\$ 6,905</u>	<u>\$ 123,378</u>

NOTE G: NON-CURRENT LIABILITIES

The Authority entered into a sixty-month lease for postage machine equipment calling for quarterly payments of \$834.09 beginning June 2021. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

The Authority entered into a sixty-month lease for phone equipment calling for monthly payments of \$1,090.43 beginning January 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

The Authority entered into a sixty-three-month lease for copiers and printing equipment calling for monthly payments of \$2,490 beginning March 2023. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

Lease commitments for the fiscal years ending June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,603	\$ 5,698	\$ 46,301
2025	35,660	4,096	39,756
2026	29,339	2,889	32,228
2027	28,191	1,689	29,880
2028	26,851	539	27,390
	<u>\$ 160,644</u>	<u>\$ 14,911</u>	<u>\$ 175,555</u>

A summary of changes in long-term liabilities is as follows:

	July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion
Compensated Absences	\$ 493,707	\$ 180,502	\$ (154,758)	\$ 519,451	\$ 10,000
Net Pension Liability	1,225,800	2,903,307	0	4,129,107	0
OPEB Liability	0	84,540	0	84,540	0
Lease Liability	59,205	141,282	(39,843)	160,644	40,603
Total	<u>\$ 1,778,712</u>	<u>\$ 3,309,631</u>	<u>\$ (194,601)</u>	<u>\$ 4,893,742</u>	<u>\$ 50,603</u>

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE H: DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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.

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NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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:

	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 health care with remainder going to pension.

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(CONTINUED)

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

For fiscal year ending June 30, 2023, the Authority's contractually required contributions used to fund pension benefits was \$314,340 for the traditional plan and \$9,200 for the combined plan.

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Prior Measurement Date	0.014089%	0.013819%	
Current Measurement Date	0.013978%	0.013977%	
Change in Proportionate Share	<u>-0.000111%</u>	<u>0.000158%</u>	
Proportionate Share of the:			
Net Pension Liability	\$ 4,129,107	\$ 0	\$ 4,129,107
Net Pension Asset	\$ 0	\$ 32,942	\$ 32,942
Pension Expense	\$ 529,508	\$ 5,519	\$ 535,027

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE H: DEFINED BENEFIT PENSION PLANS (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	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 1,176,925	\$ 12,007	\$ 1,188,932
Differences between expected and actual experience	137,151	2,026	139,177
Changes of assumptions	43,622	2,184	45,806
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	8,600	8,600
Authority contributions subsequent to the measurement date	159,954	3,992	163,946
Total Deferred Outflows of Resources	<u>\$ 1,517,652</u>	<u>\$ 28,809</u>	<u>\$ 1,546,461</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 0	\$ 4,705	\$ 4,705
Changes in proportion and differences between Authority contributions and proportionate share of contributions	44,585	2,339	46,924
Total Deferred Inflows of Resources	<u>\$ 44,585</u>	<u>\$ 7,044</u>	<u>\$ 51,629</u>

\$163,946 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 or increase to the net pension asset 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	OPERS Combined Plan	Total
Year Ending June 30:			
2024	\$ 119,097	\$ 1,782	\$ 120,879
2025	271,047	3,488	274,535
2026	346,428	9,198	355,626
2027	576,541	771	577,312
2028	0	735	735
Thereafter	0	1,799	1,799
Total	<u>\$ 1,313,113</u>	<u>\$ 17,773</u>	<u>\$ 1,330,886</u>

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NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
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

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NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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:

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

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(CONTINUED)

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 6,185,265	\$ 4,129,107	\$ 2,418,753
Combined Plan	\$ (17,192)	\$ (32,942)	\$ (45,425)

NOTE I: DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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(CONTINUED)

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Net OPEB Liability (Continued)

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

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NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022 and 2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 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 \$1,314 for the fiscal year ending June 30, 2023.

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NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.013516%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.013408%
Change in Proportionate Share	-0.000108%
Proportionate Share of the Net OPEB Liability	\$ 84,540
OPEB Expense	\$ (159,528)

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on	
OPEB plan investments	\$ 167,901
Changes of assumptions	82,572
Authority contributions subsequent to the measurement date	
measurement date	665
Total Deferred Outflows of Resources	\$ 251,138
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 21,087
Changes of assumptions	6,795
Changes in proportion and differences between Authority	
contributions and proportionate share of contributions	10,142
Total Deferred Inflows of Resources	\$ 38,024

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(CONTINUED)

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

\$251,138 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 June 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 June 30:	OPERS
2024	\$ 18,304
2025	60,677
2026	52,357
2027	81,111
Total	\$ 212,449

Actuarial Assumptions - OPERS

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

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

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

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(CONTINUED)

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY
 BUTLER COUNTY, OHIO
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NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority’s proportionate share of the net OPEB liability	\$ 287,736	\$ 84,540	\$ (83,130)

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.

**BUTLER METROPOLITAN HOUSING AUTHORITY
 BUTLER COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 (CONTINUED)**

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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	\$ 79,241	\$ 84,540	\$ 90,504

NOTE J: RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE K: RESTRICTED NET POSITION

Restricted for Development - AMP 51	\$ 97,286
Disposition Proceeds - AMP 56	467,845
	\$ 565,131

NOTE L: ECONOMIC DEPENDENCY

The Authority's Housing Program and the Section 8 Housing Programs are economically dependent on annual contributions and grants from HUD. These programs operate at a loss prior to receiving the contributions and grants.

NOTE M: CONTINGENCIES

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

NOTE N: PREPAID GROUND LEASE

On June 24, 2011, the Authority entered into a ground lease with Beacon Pointe LP to lease a parcel of land owned by the Authority. The Authority received a pre-payment of \$212,000 in fiscal year 2011 which is being amortized over the 98-year lease term. The income recognized each year is \$2,163, and the balance at June 30, 2023 was \$188,207.

NOTE O: SUBSEQUENT EVENTS

The Butler Metropolitan Housing Authority is participating in the Residential Assistance Demonstration Program (RAD) and will be converting approximately 700 Low Income Public Housing Units to the RAD Project Based Voucher System. This conversion will include comprehensive modernization of 585 units and 108 units of new construction. This RAD project will be funded by:

- Approximately \$62,050,000 in Bond financing;
- Approximately \$72,974,599 in Low Income Housing tax credits;
- Approximately \$5,317,706 in Housing Authority Funds (Capital Funds, Operating Reserves);
- Approximately \$41,929,749 in notes from the Housing Authority (Seller take back financing, loans from sale surplus);
- Approximately \$9,106,380 in deferred developer fees.
- 154 units converted to Middletown Phase One in August 2023, and 207 units converted to Middletown Phase Two in September 2023. Management anticipates 179 units converting to Hamilton Phase Two in December 2023, and 153 units converting to Hamilton Phase One sometime after the new year (this phase includes the 108 units of new construction at Riverside).

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER 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	0.013978%	0.014089%	0.015003%	0.014600%	0.015504%	0.015384%	0.015168%	0.015430%	0.013959%	0.013959%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,129,107	\$ 1,225,800	\$ 2,221,618	\$ 2,885,789	\$ 4,246,230	\$ 2,413,451	\$ 3,444,395	\$ 2,672,670	\$ 1,683,612	\$ 1,645,585
Authority's Covered Payroll	2,166,789	2,044,709	2,113,088	2,054,180	2,094,126	2,032,957	2,053,136	1,982,818	1,760,869	1,961,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.14%	140.48%	202.77%	118.72%	167.76%	134.79%	95.61%	83.88%
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%
Combined Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension (Asset)	0.013977%	0.013819%	0.018152%	0.015996%	0.016117%	0.017704%	0.016977%	0.025380%	0.026619%	0.026619%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (32,942)	\$ (54,448)	\$ (52,398)	\$ (33,356)	\$ (18,021)	\$ (24,101)	\$ (9,449)	\$ (12,350)	\$ (10,248)	\$ (2,793)
Authority's Covered Payroll	64,854	63,000	79,998	71,209	68,933	72,508	69,196	95,370	95,570	121,708
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	50.79%	86.43%	65.50%	46.84%	26.14%	33.24%	13.66%	12.95%	10.72%	2.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

See accompanying notes to the required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 314,340	\$ 292,701	\$ 289,881	\$ 295,315	\$ 299,482	\$ 276,015	\$ 243,185	\$ 232,780	\$ 218,705	\$ 235,427
Combined Plan	<u>7,886</u>	<u>8,947</u>	<u>9,889</u>	<u>10,992</u>	<u>9,688</u>	<u>9,844</u>	<u>8,196</u>	<u>9,867</u>	<u>10,736</u>	<u>14,605</u>
Total Required Contributions	322,226	301,648	299,770	306,307	309,170	285,859	251,381	242,647	229,441	250,032
Contributions in Relation to the Contractually Required Contribution	<u>(322,226)</u>	<u>(301,648)</u>	<u>(299,770)</u>	<u>(306,307)</u>	<u>(309,170)</u>	<u>(285,859)</u>	<u>(251,381)</u>	<u>(242,647)</u>	<u>(229,441)</u>	<u>(250,032)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 2,245,286	\$ 2,090,721	\$ 2,070,579	\$ 2,109,393	\$ 2,139,157	\$ 2,049,217	\$ 1,945,480	\$ 1,939,833	\$ 1,822,542	\$ 1,961,892
Combined Plan	65,714	63,907	70,636	78,514	69,200	73,088	65,568	82,225	89,467	121,708
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%
Combined Plan	12.00%	14.00%	14.00%	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/(Asset)	0.013408%	0.013516%	0.014781%	0.014609%	0.015613%	0.015560%	0.015330%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 84,540	\$ (423,342)	\$ (263,335)	\$ 2,017,882	\$2,035,568	\$ 1,689,701	\$ 1,548,382
Authority's Covered Payroll	\$ 2,231,643	\$ 2,107,709	\$ 2,235,343	\$ 2,207,070	\$2,264,597	\$ 2,204,108	\$ 2,119,018
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	91.43%	89.89%	76.66%	73.07%
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

**BUTLER METROPOLITAN HOUSING AUTHORITY
 BUTLER COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST NINE FISCAL YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 0	\$ 0	\$ 486	\$ 2,408	\$ 4,221	\$ 15,219	\$ 33,837	\$ 42,302	\$ 38,605
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(486)</u>	<u>(2,408)</u>	<u>(4,221)</u>	<u>(15,219)</u>	<u>(33,837)</u>	<u>(42,302)</u>	<u>(38,605)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 2,310,999	\$ 2,154,628	\$ 2,153,361	\$ 2,248,097	\$ 2,313,879	\$ 2,221,737	\$ 2,088,887	\$ 2,107,627	\$ 2,635,386
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.02%	0.11%	0.18%	0.69%	1.62%	2.01%	1.46%

(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

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2023.

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%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2023.

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. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036.

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$6,188,933	\$183,902	\$246,041	\$17,834	\$2,278,633	\$8,915,343		\$8,915,343
112 Cash - Restricted - Modernization and Development	\$467,845					\$467,845		\$467,845
113 Cash - Other Restricted	\$227,230			\$103,684		\$330,914		\$330,914
114 Cash - Tenant Security Deposits	\$86,984					\$86,984		\$86,984
115 Cash - Restricted for Payment of Current Liabilities	\$435					\$435		\$435
100 Total Cash	\$6,971,427	\$183,902	\$246,041	\$121,518	\$2,278,633	\$9,801,521	\$0	\$9,801,521
121 Accounts Receivable - PHA Projects			\$166,497			\$166,497		\$166,497
122 Accounts Receivable - HUD Other Projects			\$624,774	\$23,330	\$28,448	\$676,552		\$676,552
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	\$39,612					\$39,612		\$39,612
126 Accounts Receivable - Tenants	\$218,638					\$218,638		\$218,638
126.1 Allowance for Doubtful Accounts - Tenants	-\$17,500					-\$17,500		-\$17,500
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$2,500					\$2,500		\$2,500
128 Fraud Recovery			\$22,145			\$22,145		\$22,145
128.1 Allowance for Doubtful Accounts - Fraud			-\$22,145			-\$22,145		-\$22,145
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$243,250	\$0	\$791,271	\$23,330	\$28,448	\$1,086,299	\$0	\$1,086,299
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$160,361		\$50,075		\$38,969	\$249,405		\$249,405
143 Inventories	\$162,068					\$162,068		\$162,068
143.1 Allowance for Obsolete Inventories	-\$19,000					-\$19,000		-\$19,000
144 Inter Program Due From					\$632,773	\$632,773	-\$632,773	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$7,518,106	\$183,902	\$1,087,387	\$144,848	\$2,978,823	\$11,913,066	-\$632,773	\$11,280,293
161 Land	\$3,111,825				\$35,425	\$3,147,250		\$3,147,250
162 Buildings	\$76,998,771				\$1,472,852	\$78,471,623		\$78,471,623
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	\$1,152,487		\$18,286		\$88,795	\$1,259,568		\$1,259,568
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$73,977,181		-\$18,286		-\$1,559,448	-\$75,554,915		-\$75,554,915
167 Construction in Progress								

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,285,902	\$0	\$0	\$0	\$37,624	\$7,323,526	\$0	\$7,323,526
171 Notes, Loans and Mortgages Receivable - Non-Current	\$578,068					\$578,068		\$578,068
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets	\$110,337		\$7,902		\$8,853	\$127,092		\$127,092
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$7,974,307	\$0	\$7,902	\$0	\$46,477	\$8,028,686	\$0	\$8,028,686
200 Deferred Outflow of Resources	\$883,358		\$431,215		\$483,026	\$1,797,599		\$1,797,599
290 Total Assets and Deferred Outflow of Resources	\$16,375,771	\$183,902	\$1,526,504	\$144,848	\$3,508,326	\$21,739,351	-\$632,773	\$21,106,578
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$95,780		\$40,062		\$35,947	\$171,789		\$171,789
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$41,343		\$20,292		\$37,277	\$98,912		\$98,912
322 Accrued Compensated Absences - Current Portion					\$10,000	\$10,000		\$10,000
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government								
341 Tenant Security Deposits	\$86,984					\$86,984		\$86,984
342 Unearned Revenue				\$103,684		\$103,684		\$103,684
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	\$435					\$435		\$435
346 Accrued Liabilities - Other	\$15,595					\$15,595		\$15,595
347 Inter Program - Due To			\$632,773			\$632,773	-\$632,773	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$240,137	\$0	\$693,127	\$103,684	\$83,224	\$1,120,172	-\$632,773	\$487,399
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	\$11,884					\$11,884		\$11,884

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$206,118		\$80,698		\$222,635	\$509,451		\$509,451
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$2,070,628		\$1,010,785		\$1,132,234	\$4,213,647		\$4,213,647
350 Total Non-Current Liabilities	\$2,288,630	\$0	\$1,091,483	\$0	\$1,354,869	\$4,734,982	\$0	\$4,734,982
300 Total Liabilities	\$2,528,767	\$0	\$1,784,610	\$103,684	\$1,438,093	\$5,855,154	-\$632,773	\$5,222,381
400 Deferred Inflow of Resources	\$344,291		\$21,506		\$24,091	\$389,888		\$389,888
508.4 Net Investment in Capital Assets	\$7,200,160				\$37,624	\$7,237,784		\$7,237,784
511.4 Restricted Net Position	\$565,131					\$565,131		\$565,131
512.4 Unrestricted Net Position	\$5,737,422	\$183,902	-\$279,612	\$41,164	\$2,008,518	\$7,691,394		\$7,691,394
513 Total Equity - Net Assets / Position	\$13,502,713	\$183,902	-\$279,612	\$41,164	\$2,046,142	\$15,494,309	\$0	\$15,494,309
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,375,771	\$183,902	\$1,526,504	\$144,848	\$3,508,326	\$21,739,351	-\$632,773	\$21,106,578

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,963,479					\$1,963,479		\$1,963,479
70400 Tenant Revenue - Other	\$20,117					\$20,117		\$20,117
70500 Total Tenant Revenue	\$1,983,596	\$0	\$0	\$0	\$0	\$1,983,596	\$0	\$1,983,596
70600 HUD PHA Operating Grants	\$5,872,685		\$13,509,260	\$271,414		\$19,653,359		\$19,653,359
70610 Capital Grants	\$10,548					\$10,548		\$10,548
70710 Management Fee					\$1,057,953	\$1,057,953	-\$1,057,953	\$0
70720 Asset Management Fee					\$135,600	\$135,600	-\$135,600	\$0
70730 Book Keeping Fee					\$82,223	\$82,223	-\$82,223	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$1,275,776	\$1,275,776	-\$1,275,776	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$10,607	\$1,042	\$26,230			\$37,879		\$37,879
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery			\$61,770			\$61,770		\$61,770
71500 Other Revenue	\$91,417		\$81,182		\$104,110	\$276,709		\$276,709
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$2,462					\$2,462		\$2,462
70000 Total Revenue	\$7,971,315	\$1,042	\$13,678,442	\$271,414	\$1,379,886	\$23,302,099	-\$1,275,776	\$22,026,323
91100 Administrative Salaries	\$383,806		\$572,702	\$9,655	\$652,330	\$1,618,493		\$1,618,493
91200 Auditing Fees	\$10,235		\$5,004		\$2,559	\$17,798		\$17,798
91300 Management Fee	\$857,953		\$200,000			\$1,057,953	-\$1,057,953	\$0
91310 Book-keeping Fee	\$82,223					\$82,223	-\$82,223	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$163,858		\$261,995	\$4,817	\$206,285	\$636,955		\$636,955
91600 Office Expenses	\$142,715		\$95,811		\$184,238	\$422,764		\$422,764
91700 Legal Expense	\$61,011		\$28,843		\$49,652	\$139,506		\$139,506
91800 Travel	\$15,379		\$48		\$13,047	\$28,474		\$28,474
91810 Allocated Overhead								
91900 Other	\$173,019	\$5,469	\$185,389		\$1,230	\$365,107		\$365,107
91000 Total Operating - Administrative	\$1,890,199	\$5,469	\$1,349,792	\$14,472	\$1,109,341	\$4,369,273	-\$1,140,176	\$3,229,097

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	\$135,600					\$135,600	-\$135,600	\$0
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other	\$6,472				\$4,168	\$10,640		\$10,640
92500 Total Tenant Services	\$6,472	\$0	\$0	\$0	\$4,168	\$10,640	\$0	\$10,640
93100 Water	\$156,894				\$245	\$157,139		\$157,139
93200 Electricity	\$452,019				\$21,503	\$473,522		\$473,522
93300 Gas	\$292,138					\$292,138		\$292,138
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense	\$336,504				\$171	\$336,675		\$336,675
93000 Total Utilities	\$1,237,555	\$0	\$0	\$0	\$21,919	\$1,259,474	\$0	\$1,259,474
94100 Ordinary Maintenance and Operations - Labor	\$809,176					\$809,176		\$809,176
94200 Ordinary Maintenance and Operations - Materials and Other	\$291,637					\$291,637		\$291,637
94300 Ordinary Maintenance and Operations Contracts	\$2,294,919		\$1,582		\$374,099	\$2,670,600		\$2,670,600
94500 Employee Benefit Contributions - Ordinary Maintenance	\$342,331					\$342,331		\$342,331
94000 Total Maintenance	\$3,738,063	\$0	\$1,582	\$0	\$374,099	\$4,113,744	\$0	\$4,113,744
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$93,386				\$1,061	\$94,447		\$94,447
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$93,386	\$0	\$0	\$0	\$1,061	\$94,447	\$0	\$94,447
96110 Property Insurance	\$322,334				\$38,548	\$360,882		\$360,882
96120 Liability Insurance			\$24,595			\$24,595		\$24,595
96130 Workmen's Compensation								
96140 All Other Insurance								
96100 Total Insurance Premiums	\$322,334	\$0	\$24,595	\$0	\$38,548	\$385,477	\$0	\$385,477
96200 Other General Expenses	\$9,392		\$6,186	\$2,588		\$18,166		\$18,166
96210 Compensated Absences	\$8,613		\$9,563		\$10,206	\$28,382		\$28,382

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	\$53,794					\$53,794		\$53,794
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$71,799	\$0	\$15,749	\$2,588	\$10,206	\$100,342	\$0	\$100,342
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
96900 Total Operating Expenses	\$7,495,408	\$5,469	\$1,391,718	\$17,060	\$1,559,342	\$10,468,997	-\$1,275,776	\$9,193,221
97000 Excess of Operating Revenue over Operating Expenses	\$475,907	-\$4,427	\$12,286,724	\$254,354	-\$179,456	\$12,833,102	\$0	\$12,833,102
97100 Extraordinary Maintenance	\$89,844					\$89,844		\$89,844
97200 Casualty Losses - Non-capitalized	\$7,090					\$7,090		\$7,090
97300 Housing Assistance Payments			\$12,381,737	\$418,352		\$12,800,089		\$12,800,089
97350 HAP Portability-In			\$71,965			\$71,965		\$71,965
97400 Depreciation Expense	\$1,106,821		\$1,844		\$3,299	\$1,111,964		\$1,111,964
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$8,699,163	\$5,469	\$13,847,264	\$435,412	\$1,562,641	\$24,549,949	-\$1,275,776	\$23,274,173
10010 Operating Transfer In	\$1,108,127					\$1,108,127	-\$1,108,127	\$0
10020 Operating transfer Out	-\$1,108,127					-\$1,108,127	\$1,108,127	\$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	\$1,119,000					\$1,119,000	-\$1,119,000	\$0
10092 Inter Project Excess Cash Transfer Out	-\$1,119,000					-\$1,119,000	\$1,119,000	\$0

Butler Metropolitan Housing Authority (OH015)
HAMILTON, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$727,848	-\$4,427	-\$168,822	-\$163,998	-\$182,755	-\$1,247,850	\$0	-\$1,247,850
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$14,230,561	\$188,329	-\$110,790	\$205,162	\$2,228,897	\$16,742,159		\$16,742,159
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			-\$279,612			-\$279,612		-\$279,612
11180 Housing Assistance Payments Equity			\$0			\$0		\$0
11190 Unit Months Available	11952		29076	732		41760		41760
11210 Number of Unit Months Leased	9784		19063	547		29394		29394
11270 Excess Cash	\$5,691,765					\$5,691,765		\$5,691,765
11610 Land Purchases	\$0				\$0	\$0		\$0
11620 Building Purchases	\$10,548				\$0	\$10,548		\$10,548
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0		\$0
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

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

Federal Grantor/ Program Title	Assistance Listing Number	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs</i>		
Public and Indian Housing	14.850	<u>\$ 4,239,391</u>
Public Housing Capital Fund	14.872	<u>1,643,842</u>
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	13,509,260
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871	<u>271,414</u>
Total Housing Voucher Cluster		<u>13,780,674</u>
Total U.S. Department of Housing and Urban Development		<u>19,663,907</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 19,663,907</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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



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

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Director and 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 Butler Metropolitan Housing Authority, Butler County, (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
February 28, 2024



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

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Butler Metropolitan Housing Authority's, Butler 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 each of Butler Metropolitan Housing Authority's major federal programs for the year ended June 30, 2023. Butler Metropolitan Housing Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *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 each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Butler Metropolitan Housing Authority
Butler County

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal
Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
February 28, 2024

Butler Metropolitan Housing Authority

Schedule of Findings

2 CFR § 200.515

June 30, 2023

1. SUMMARY OF AUDITOR’S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material 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):	Public and Indian Housing, ALN 14.850 Public Housing Capital Fund, ALN 14.872
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

Butler Metropolitan Housing Authority

Schedule of Findings

2 CFR § 200.515

June 30, 2023

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

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OHIO AUDITOR OF STATE KEITH FABER



BUTLER COUNTY METROPOLITAN HOUSING AUTHORITY

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/9/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov