

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA COUNTY

SINGLE AUDIT

JULY 1, 2022 – JUNE 30, 2023



WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Commissioners
Medina Metropolitan Housing Authority
120 West Washington Street, Suite 1-L
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of Medina Metropolitan Housing Authority, Medina County, prepared by Wilson, Shannon & Snow, 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. Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 14, 2024

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Medina Metropolitan Housing Authority
Medina County
120 W. Washington Street, Suite 1-L
Medina, Ohio 44256

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority), as of and for the fiscal 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 Medina Metropolitan Housing Authority, Medina County, Ohio as of June 30, 2023, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities/assets 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.

Medina Metropolitan Housing Authority
Medina County
Independent Auditor's Report

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules as required by the U.S. Department of Housing and Urban Development 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, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
December 27, 2023

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

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

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

Financial Highlights

- The Authority’s Net Position increased by \$76,701 during the fiscal year 2023. Net Position was \$11,033,016 and \$10,956,315 for 2023 and 2022, respectively.
- Revenues increased by \$613,363 during fiscal year 2023. Total revenue was \$8,111,504 and \$7,498,141 for 2023 and 2022, respectively.
- The total expenses of the Authority’s programs increased by \$1,190,693. Total expenses were \$8,034,803 and \$6,844,110 for 2023 and 2022, respectively.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority’s significant accounting policies and practices.

USING THIS REPORT

The Report includes the “Management’s Discussion and Analysis (MD&A),” “Basic Financial Statements,” “Notes to the Basic Financial Statements,” “Required Supplementary Information,” and “Supplementary Information”. The primary focus of the Authority’s financial statement is on the Authority as a whole.

Basic Financial Statements

The basic 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 outflows of resources, minus liabilities and deferred inflows of resources, equal “Net Position”. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “non-current.”

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the 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 that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Position: This component of Net Position consists of unrestricted assets that do 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 Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as operating grant revenue and rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as interest revenue and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position,” which is like 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.

THE AUTHORITY’S PROGRAMS

Rental Assistance Demonstration Program (RAD) is a voluntary program of the Department of Housing and Urban Development (HUD). RAD seeks to preserve public housing by providing Public Housing Agencies with access to more stable funding to make needed improvements to properties. RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

- Section 8 project-based voucher (PBV); or
- Section 8 project-based rental assistance (PBRA)

On July 1, 2016, Medina Metropolitan Housing Authority converted its public housing units to RAD and selected the PBRA model. Under this model, Medina Metropolitan Housing Authority is the property owner of the building known as North View Manor and HUD removed the declaration of trust.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Management entered into a contract agreement with HUD to subsidize the rent for tenants residing at the units. The contract agreement equals to the operating subsidies and capital improvement funding previously received under the public housing program.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families’ rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set the families’ rent at 30% of household income. During fiscal year 2023, the Authority was selected as a Moving to Work agency under the Housing Choice Voucher Program.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority’s mission. The fee income and operating expenses for those services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers a program for the ADAMH Board that provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness.

The Authority provided management services to a 70-unit residential apartment complex owned by Menwa Apartments, L.P. in Wadsworth, Ohio. The Authority also provided management services to a 54-unit residential apartment complex owned by Southwick Manor Apartments, LLC in Brunswick, Ohio. The Authority also provided management services to a 48-unit residential apartment complex owned by South Court Senior Villas, LLC in Medina, Ohio. The Authority also provided management services to a 50-unit residential townhome complex owned by New Brunswick Apartments, L.P. in Brunswick, Ohio begin October 2019.

In addition, the Authority has an agreement with Battered Women’s Shelter to provide maintenance services.

The fee income and operating expenses for those services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Grants

The Authority administers one state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

Other Rental Units

Wadsworth Villas - The Authority constructed a new five-units, non-subsidized housing development in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

BASIC FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior fiscal year. The Authority is engaged only in Business-Type Activities.

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

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

	<u>2023</u>	<u>2022</u>
Current and Other Noncurrent Assets	\$ 11,747,048	\$ 11,443,627
Capital Assets	4,982,086	5,147,683
Deferred Outflows of Resources	<u>1,240,302</u>	<u>350,931</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 17,969,436</u>	 <u>\$ 16,942,241</u>
 Current Liabilities	 \$ 1,922,185	 \$ 1,810,015
Long-Term Liabilities	4,967,219	2,980,073
Deferred Inflows of Resources	<u>47,016</u>	<u>1,195,838</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>6,936,420</u>	 <u>5,985,926</u>
 Net Positions:		
Net Investment in Capital Assets	4,199,207	4,360,488
Restricted	715,180	789,539
Unrestricted	<u>6,118,629</u>	<u>5,806,288</u>
 Total Net Positions	 <u>11,033,016</u>	 <u>10,956,315</u>
 Total Liabilities, Deferred Inflows and Net Positions	 <u>\$ 17,969,436</u>	 <u>\$ 16,942,241</u>

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

Major Factors Affecting the Statement of Net Positions

Total assets and deferred outflows of resources increased by \$1,027,195 from 2022 to 2023. The increase was due mainly to a change in deferred outflows of resources for pension and OPEB reported by the Authority under GASB Statements No 68 and 75 for the Authority's participation in OPERS.

Total liabilities and deferred inflows of resources increased by \$950,494 due to changes in GASB 68 and 75 as it relates to the Authority's participation in OPERS along with reporting of leases under GASB Statement No. 87.

Capital assets net of accumulated depreciation decreased by \$165,597. The change is due to current fiscal year acquisitions, less depreciation expense for the fiscal year.

The following table presents details on the change in Net Position.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Table 2 - Change in Net Position

	<u>Unrestricted</u>	Net Investment in <u>Capital Assets</u>	<u>Restricted</u>
Beginning Net Position	\$ 5,806,288	\$ 4,360,488	\$ 789,539
Results from Operation	151,060	-	(74,359)
Adjustment:			
Current Year Depreciation Expense	304,369	(304,369)	-
Current Year Capital Expenditures	(138,772)	138,772	-
Net Change in Debt Balance	(31,626)	31,626	-
Net Change in Lease Liability	<u>27,310</u>	<u>(27,310)</u>	<u>-</u>
Ending Net Positions	<u>\$ 6,118,629</u>	<u>\$ 4,199,207</u>	<u>\$ 715,180</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Positions provides a clearer change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Positions compared to prior fiscal year.

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Table 3 - Statement of Revenues, Expenses & Changes in Net Position

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,672,387	\$ 1,619,183
Operating Subsidies Grants	5,156,670	4,714,652
Interest Revenue	174,173	135,656
Other Revenue	<u>1,108,274</u>	<u>1,028,650</u>
Total Revenues	<u>8,111,504</u>	<u>7,498,141</u>
<u>Expenses</u>		
Administrative	1,600,900	1,463,887
Utilities	239,895	221,442
Maintenance	854,212	794,498
General and Insurance	488,318	361,270
Housing Assistance Payments	4,202,955	3,914,668
Pension and OPEB Expenses	226,462	(375,355)
Interest expense	117,692	119,243
Depreciation/Amortization	<u>304,369</u>	<u>344,457</u>
Total Expenses	<u>8,034,803</u>	<u>6,844,110</u>
Change in Net Position	76,701	654,031
Beginning Net Position	<u>10,956,315</u>	<u>10,302,284</u>
Total Net Position - Ending	<u>\$ 11,033,016</u>	<u>\$ 10,956,315</u>

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

Total revenues increased by \$613,363 in comparison with last fiscal year. The change was mainly due to the HUD grant funding received for the fiscal year.

Total expenses increased \$1,190,693. The increase in expenses is due to increase in housing assistance payments and change in GASB Statement No. 68 and 75 balances reflected in pension and OPEB expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had \$4,982,086 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions less disposals and depreciation) of \$165,597 from the end of last fiscal year.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2023</u>	<u>2022</u>
Land	\$ 754,190	\$ 754,590
Building & Improvements	6,180,640	6,132,049
Equipment	1,501,113	1,438,551
Construction in Progress	1,710,084	1,717,563
Intangible Right-To-Use: Leased Equipment	32,061	-
Accumulated Depreciation/Amortization	<u>(5,196,002)</u>	<u>(4,895,070)</u>
Total	<u>\$ 4,982,086</u>	<u>\$ 5,147,683</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the Note 8.

Table 5 - Change in Capital Assets

Beginning Balance	\$ 5,147,683
Current year purchases	138,772
Less Depreciation/Amortization Expense	<u>(304,369)</u>
Ending Balance	<u>\$ 4,982,086</u>

Current year purchases are summarized as follows:

- Leasehold Improvements at various properties	\$ 44,149
- Equipment/Furniture at various properties	62,562
- Intangible Right-To-Use: Leased Equipment	<u>32,061</u>
Total Current Additions	<u>\$ 138,772</u>

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2023
UNAUDITED**

Debt Outstanding

The following is a summary of the change in outstanding debt:

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 2,275,559	\$ 796,746
Current year debt issued	-	1,510,439
Current year debt issued - Lease liability	32,061	-
Current year debt retired	(31,626)	(31,626)
Current year debt retired - Lease liability	<u>(4,751)</u>	<u>-</u>
Ending Balance	<u><u>\$ 2,271,243</u></u>	<u><u>\$ 2,275,559</u></u>

Debt is presented in detail in Note 10.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wages rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program.
- Inflationary pressure on utility rates, supplies and other costs.
- Decreased rates of return on investments which affect investment income.
- Unknown financial and operational impacts as well as impacts to federal programs because of the COVID-19 pandemic.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 120 West Washington Street, Suite 1-L; Medina, Ohio 44256 or skip@mmha.org. His telephone number is 330-725- 7531.

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Fund
June 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 1,402,240
Restricted cash and cash equivalents	810,890
Receivables, net	250,801
Prepaid expenses	<u>84,517</u>
Total current assets	<u>2,548,448</u>

Noncurrent assets

Capital assets:

Nondepreciable Capital Assets	2,464,274
Depreciable / Amortized Capital Assets	7,713,814
Accumulated Depreciation/Amortization	<u>(5,196,002)</u>

Total capital assets

4,982,086

Other noncurrent assets:

Note Receivable	<u>9,198,600</u>
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Total noncurrent assets

14,180,686

Total Assets

\$ 16,729,134

Deferred Outflows of Resources:

Deferred Outflows of Resources - Pension	\$ 1,072,511
Deferred Outflows of Resources - OPEB	<u>167,791</u>
Total Deferred Outflows of Resources	<u>\$ 1,240,302</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 95,805
Accrued liabilities	300,880
Intergovernmental payables	2,801
Tenant security deposits	95,710
Unearned revenue	1,388,441
Current Portion of Long-term Debt	31,626
Current Portion of Lease Liability	6,836
Other current liabilities	<u>86</u>
Total current liabilities	<u>\$ 1,922,185</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Position (Continued)
Proprietary Fund
June 30, 2023

Noncurrent liabilities	
Loan Liability	\$ 2,212,307
Lease Liability	20,474
Net Pension Liability	2,677,805
Net OPEB Liability	<u>56,633</u>
<i>Total noncurrent liabilities</i>	<i><u>4,967,219</u></i>
Total Liabilities	<u>\$ 6,889,404</u>
Deferred Inflows of Resources	
Deferred Inflows of Resources - OPEB	<u>\$ 47,016</u>
<i>Total Deferred Inflows of Resources</i>	<i><u>\$47,016</u></i>
 <i>Net Position</i>	
Net Investment in Capital Assets	\$ 4,199,207
Restricted Net Position	715,180
Unrestricted Net Position	<u>6,118,629</u>
Total Net Position	<u>\$ 11,033,016</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

OPERATING REVENUES

Tenant Revenue	\$ 1,672,387
Government operating grants	5,156,670
Other revenue	1,108,274
Total operating revenues	<u>7,937,331</u>

OPERATING EXPENSES

Administrative	1,600,900
Utilities	239,895
Maintenance	854,212
General and Insurance	488,318
Housing assistance payment	4,202,955
Pension and OPEB Expenses	226,462
Depreciation / Amortization	304,369
Total operating expenses	<u>7,917,111</u>
Operating income	<u>20,220</u>

NON-OPERATING REVENUES (EXPENSES)

Interest revenue	174,173
Interest expense	(117,692)
Total nonoperating revenues (expenses)	<u>56,481</u>
Change in Net Position	76,701
Beginning Net Position	10,956,315
Total Net Position - Ending	<u><u>\$ 11,033,016</u></u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating grants	\$ 5,068,350
Cash received from tenants	1,664,761
Cash received from other sources	1,255,543
Cash payment for general and administrative services	(3,070,606)
Cash payments for housing assistance payments	<u>(4,202,955)</u>
Net cash provided by operating activities	<u>715,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	174,173
Net change in Note receivable	<u>(66,632)</u>
Net cash provided by investing activities	<u>107,541</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Proceeds from Debt Issued - Lease	32,061
Principal Debt Retired	(36,377)
Payment of interest	(117,692)
Acquisition of capital assets	<u>(138,772)</u>
Net cash used by capital and related activities	<u>(260,780)</u>
Net increase in cash	561,854
Cash and cash equivalents - Beginning of year	<u>1,651,276</u>
Cash and cash equivalents - End of year	<u>\$ 2,213,130</u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income	\$ 20,220
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities	
- Depreciation / Amortization	304,369
(Increases) Decreases in:	
- Accounts Receivables	51,323
- Prepaid Assets	7,384
- Net OPEB assets	266,358
- Deferred Outflows of Resources	(889,371)
Increases (Decreases) in:	
- Accounts Payable	55,768
- Intergovernmental Payable	2,801
- Accrued Liabilities Payable	30,899
- Unearned Revenue	19,424
- Tenant Security Deposits	(3,644)
- Other current liabilities	86
- Deferred Inflows of Resources	(1,148,822)
- Net Pension and OPEB liabilities	<u>1,998,298</u>
Net cash provided by operating activities	<u>\$ 715,093</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 61 to be included in the Authority's reporting entity.

Description of Programs

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

A. Housing Choice Voucher Program

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

B. Shelter Plus Care Program

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

C. State and Local Grants

The Authority administers a state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.

D. Business Activity

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

E. Rental Assistance Demonstration Program

The Authority volunteer converted the Low Rent Public Housing Program known as Northview Manor to a Section 8 (PBRA) platform with a long-term contract with HUD to provide a project based rental assistance. Residents continue to pay 30% of their income toward the rent, HUD subsidizes the remaining balance of the contract rent.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary, and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Accounting and Reporting for Non-exchange Transactions

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

Unearned Revenues

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Restricted Cash and Investments

Restricted cash and investments represent money required by the RAD Project and the lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements - Money set aside each month to cover the cost for property repairs and replacements.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund - Funds set aside to cover the cost of taxes and insurance.

Tenant Security Deposit – Funds on deposited by the tenants as a requirement of their lease agreement.

Property and Equipment

Property and equipment are stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable include amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding tenant accounts receivable) to be collected in full. On June 30, 2023, allowance for doubtful accounts in tenant accounts receivable was \$38,656 and for fraud receivable was \$39,519.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could vary from those estimates.

Net Position

Net Position represents the difference between all other elements of the statements of net position. Net Position – net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position are recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted Net Position is available, the Authority first applies restricted Net Position.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

Operating Revenues and Expenses

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

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

At fiscal year end June 30, 2023, the carrying balance was \$2,213,130 (including \$1,750 of petty cash and advances) and the bank balance was \$2,303,021 the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2023, \$2,053,021 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 102% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3 – RELATED PARTY TRANSACTIONS

**Brunswick Housing Development Corporation
Wadsworth Housing Development Corporation**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(C)(3). Both entities operate autonomously, and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Jefferson Place, Manhattan Place, and Home Place. Jefferson Place, and Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a group of scattered-site rental single-family units located in Medina County.

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in Note 5, below.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 – INSURANCE COVERAGE

As of June 30, 2023, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$500,000 per occurrence. There is also coverage of \$4,000,000 in Excess Liability over the underlying \$2,000,000 liability coverage. Coverage also includes basic Cyber, Crime and Professional liability associated with lead paint assessment inspections. Insurance settlements have not exceeded available coverage limits during each of the fiscal years ended June 30, 2023, 2022, and 2021.

NOTE 5 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2023:

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open-end Mortgage on Southwick Place property. Interest accrued on this note is \$515,000 which is included in the balance outstanding.	\$ 2,515,000
Mortgage note receivable from New Brunswick Apts., L.P. (NBALP) \$ 1,291,928 with interest at 2.5% per annum, to be received by the Authority as the income and cash flow of NBALP permits, with the entire remaining outstanding balance payable to the Authority due with a balloon payment for the principle on December 31, 2059; secured by an open-end mortgage on Southwick Place property. Interest accrued on this note is \$90,368 which is included in the balance outstanding.	1,382,296
Mortgage note receivable from New Brunswick Apts., L.P. (NBALP) \$ 1,851,102 with interest at 1.5% per annum, to be received by the Authority as the income and cash flow of NBALP permits, with the entire remaining outstanding balance payable to the Authority due with a balloon payment for the principle on December 31, 2059; secured by an open-end mortgage on Southwick Place property. Interest accrued on this note is \$53,405 which is included in the balance outstanding.	1,904,507
Mortgage note receivable Brunswick Housing Development Corporation for \$565,000 with interest at 4% per annum; interest only monthly payments in the amount of \$1,882.44 is due with a balloon payment for the principle in February 2024; secured by New Manhattan Place property.	565,000
Mortgage note receivable Brunswick Housing Development Corporation with interest at 4% per annum; payable in monthly installment of \$1,118.12 through February 2024 secured by Jefferson Place Apartments.	335,438

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Mortgage note receivable Southwick Manor Apartments, Inc. with interest at 2% per annum on the unpaid balance. In fiscal year 2014, the Authority entered an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. The outstanding balance of interest accrued on this note as of June 30, 2023 is \$4,000 which is included in the balance outstanding.	404,000
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single-family properties.	140,000
Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in 120 monthly interest only payments with a balloon payment due in December 2029. This note is secured by Home Place scattered-site rental single-family properties.	291,496
Developer fee earned but not received as of June 30, 2023 New Brunswick Apts., L.P. (NBALP).	292,209
Mortgage note receivable from Menwa Apartments, L.P. for \$100,000 with interest at 2.5% per annum. Principal and interest due and payable on December 2060. The note is secured by a mortgage on Menwa Apartments, a 70-unit multi-family dwelling. Interest accrued on the note as of June 30, 2023 is \$18,654.	118,654
Note receivable from New Brunswick Apts., LP. To offset the note payable to OHFA for the development and construction of Southwick Place Townhomes. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the property to provide low-income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, no amortization schedules are provided.	<u>1,250,000</u>
Total Note Receivable	<u>\$ 9,198,600</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms, or the way 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 proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in *accrued liabilities* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ ACFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 5 years of service credit or Age 57 with 25 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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	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

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

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), 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.

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

	State and Local
The Statutory Maximum Contribution Rates:	
- Employer	14.00%
- Employee	10.00%

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2022-2023.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was \$198,404 for fiscal year ending June 30, 2023. Of this amount \$16,444 is reported with accrued liabilities.

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
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	Traditional Plan
Proportionate Share of Net Pension Liability	<u>\$2,677,805</u>
Proportion of the Net Pension Liability	
- Prior Measurement Date	0.008461%
- Current Measurement Date	0.009065%
Change in Proportion from Prior	<u>0.000604%</u>
Pension Expense (Offset)	\$328,326

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

	Traditional Plan
Deferred Outflows of Resources	
Net Difference between projected and actual earning on pension plan investments	\$763,259
Assumption Changes	28,289
Difference between expected and actual experience	88,945
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	100,537
Authority contributions subsequent to the measurement date	<u>91,481</u>
Total Deferred Outflows of Resources	<u>\$1,072,511</u>

\$91,481 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan
Fiscal Year Ending June 30:	
2024	\$183,640
2025	198,828
2026	224,664
2027	<u>373,898</u>
Total	<u>\$981,030</u>

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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 was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Information	Traditional Plan
Measurement and Valuation Date	December 31, 2022
Experience Study	5-year ended 12/31/2020
Actuarial Cost Method	Individual entry age
Actuarial Assumption:	
Investment Rate of Return	6.9%
Wage Inflation	2.75%
Future Salary Increases, including inflation 2.75%	2.75 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3.0% Simple through 2022, then 2.05% Simple

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 discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as

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actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The best estimates of geometric real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation as of December 31, 2022	Weighted Average Long- Term Expected Real Rate of Return
Fixed Income	22.00%	2.62%
Domestic Equities	22.00%	4.60%
Real Estate	13.00%	3.27%
Private Equity	15.00%	7.53%
International Equities	21.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	<u>5.00%</u>	3.27%
TOTAL	<u><u>100.00%</u></u>	

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

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The following table presents the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$4,011,263	\$2,677,805	\$1,568,608

NOTE 7 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

The net OPEB liability / asset represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability / 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 these estimates annually.

The 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 OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB. GASB 75 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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability / asset. Resulting adjustments to the net OPEB liability / asset would be effective when the changes are legally enforceable.

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The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability / asset on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the fiscal year is included in accrued liabilities on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

To qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information. 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 the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the

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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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2022 remained at 0 percent for both plans. 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 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 was \$3,120 for the fiscal year ending June 30, 2023.

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

The total OPEB liability 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/asset 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:

	Health Care Plan
Proportionate Share of Net OPEB Liability	\$56,633
Proportion of the Net OPEB Liability	
- Prior Measurement Date	0.008504%
- Current Measurement Date	<u>0.008982%</u>
Change in Proportion from Prior	<u>0.000478%</u>
OPEB Expense (Offset)	(\$101,864)

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

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	Health Care Plan
Deferred Outflows of Resources	
Net Difference between projected and actual earning on pension plan investments	\$112,476
Assumption Changes	55,315
Total Deferred Outflows of Resources	<u>\$167,791</u>
Deferred Inflows of Resources	
Assumption Changes	\$4,552
Difference between expected and actual experience	14,127
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	28,337
Total Deferred Inflows of Resources	<u>\$47,016</u>

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

	Health Care Plan
Fiscal Year Ending June 30:	
2024	(\$2,557)
2025	33,924
2026	35,074
2027	<u>54,334</u>
Total	<u>\$120,775</u>

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 (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System 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.

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The actuarial valuation used the following key actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Information	
Actuarial Valuation Date	December 31, 2021
Rolled-Forward Measurement Date	December 31, 2022
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Single Discount Rate	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate	4.05%
Wage Inflation	2.75%
Future Salary Increases, including inflation 2.75%	2.75 - 10.75%
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2036

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 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 these tables.

A single discount rate of 5.22% was used to measure the total 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%. 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) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health costs after that date.

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The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The best estimates of geometric real rates of return were provided by the Board’s investment consultant.

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

Asset Class	Target Allocation as of December 31, 2022	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00%	2.56%
Domestic Equities	26.00%	4.60%
REITs	7.00%	4.70%
International Equities	25.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	<u>6.00%</u>	1.84%
TOTAL	<u>100.00%</u>	

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 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 invested, for the Health Care portfolio was a gain of 15.6% for 2022.

The following table presents the net OPEB liability or asset calculated using the single discount rate of 5.22%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

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	1% Decrease (4.22%)	Single Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability/(asset)	\$192,754	\$56,633	(\$55,688)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$53,084	\$56,633	\$60,629

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 care 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% in the most recent valuation.

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NOTE 8 - CAPITAL ASSETS

The following is a summary of the capital assets activities during the fiscal year:

	Balance 6/30/2022	Increases	Adjust / Decreases	Balance 6/30/2023
Capital Assets Not Depreciated:				
Land	\$754,590	\$0	(\$400)	\$754,190
Construction in Process	1,717,563	1,645	(9,124)	1,710,084
Total Capital Assets Not Depreciated	2,472,153	1,645	(9,524)	2,464,274
Capital Assets Depreciated:				
Building	5,083,730	17,200	0	5,100,930
Furniture, Mach & Equip	1,438,551	62,562	0	1,501,113
Leasehold Improvement	1,048,319	25,304	6,087	1,079,710
Intangible Right-To-Use: Leased Equipment	0	32,061	0	32,061
Total Assets Depreciated	7,570,600	137,127	6,087	7,713,814
Accumulated Depreciation:				
Building	(3,036,845)	(113,569)	0	(3,150,414)
Furniture, Mach & Equip	(1,254,313)	(62,742)	0	(1,317,055)
Leasehold Improvement	(603,912)	(123,307)	3,437	(723,782)
Intangible Right-To-Use: Leased Equipment	0	(4,751)	0	(4,751)
Total Accumulated Depreciation	(4,895,070)	(304,369)	3,437	(5,196,002)
Total Assets Depreciated, Net	2,675,530	(167,242)	9,524	2,517,812
Total Capital Assets, Net	\$5,147,683	(\$165,597)	\$0	\$4,982,086

NOTE 9 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2023, the liability for compensated absences totaled \$115,825 and has been included in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year and is reported within accrued liabilities.

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2023:

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Direct Borrowings:	Balance 6/30/2022	Additions	Deletion	Balance 6/30/2023	Due Within One Year
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	22,728	0	(9,740)	12,988	9,740
Promissory Note – MCBDD	35,999	0	(5,333)	30,666	5,333
Promissory Note – MCBDD	165,528	0	(16,553)	148,975	16,553
Promissory Note – MCBDD	260,440	0	0	260,440	0
Promissory Note – OHFA	302,500	0	0	302,500	0
Promissory Note – OHFA	1,250,000	0	0	1,250,000	0
Lease Payables	0	32,061	(4,751)	27,310	6,836
Total Promissory Notes and Leases	\$2,275,559	\$32,061	(\$36,377)	\$2,271,243	\$38,462

	Balance 6/30/2022	Additions	Deletion	Balance 6/30/2023	Due Within One Year
Compensated Leave Liability	\$47,042	\$68,783	\$0	\$115,825	\$115,825
Net Pension Liability	736,140	1,941,665	0	2,677,805	0
Net OPEB Liability	0	56,633	0	56,633	0
Total Compensated Leave and Net Pension/OPEB Liabilities	\$783,182	\$2,067,081	\$0	\$2,850,263	\$115,825

On December 8, 2009, the Authority entered a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180-month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2023 is \$12,988.

On May 13, 2014, the Authority entered a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180-month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2023 is \$30,666.

On July 31, 2017, The Authority entered a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$31,092. On July 3, 2017, the Authority entered a no interest promissory note with the Ohio Board of Development and Disability in the amount of \$217,200. Both loans were used for the purchase of the Birch Hill property in Medina. The notes are forgiven over 180-month period. The note shall become due on the sale or transfer of the property securing the notes and upon the specific events as detailed in the agreement. The outstanding balance a of June 30, 2023 is \$148,975.

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The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On July 9, 2010, the Authority entered a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2023, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

On September 1, 2021, the Authority entered a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$37,480 and a note with Ohio Department of Developmental Disabilities in the amount of \$222,960; the combined funding is to be used for a construction of a single home. The note is forgiven over 180-month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2023 is \$260,440.

During the fiscal year the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$1,250,000 for the development and construction of Southwick Place Townhomes. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the South Oak Place for low-income housing, as detailed in the agreement; as of June 30, 2023, the Authority continues to use the property to provide low-income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, no amortization schedules are provided.

Below is the amortization of the promissory note schedule:

<u>Fiscal Years</u>	<u>Principal</u>
2024	\$31,626
2025	25,135
2026	21,886
2027	21,886
2028	21,885
2029-After	<u>2,121,515</u>
Total	<u>\$2,243,933</u>

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NOTE 11: LEASES

GASB Statement No. 87, *Leases* (GASB 87), is a comprehensive change by the governmental accounting standards board for lease arrangements. Previous GASB lease guidance, including GASB 13 and GASB 62, did not require all leases to be recognized on the statement of financial position. Instead, only those classified as capital leases were recognized and disclosed as assets and liabilities in the financial statements.

To improve the consistency and transparency of accounting and financial reporting for leases by governments, GASB 87 requires lessees to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases and establishes a single classification model for leases going forward.

GASB 87 requires lessees to recognize a lease asset associated with their lease agreements. Therefore, one of the newly required quantitative disclosures is to disclose the total amount of lease assets and the related accumulated amortization, summarized by the major classifications of the underlying assets:

<u>PURPOSE</u>	<u>LEASE COMMENCEMENT DATE</u>	<u>TERM (YEARS)</u>	<u>LEASE END DATE</u>	<u>PAYMENT METHOD</u>
Copier	October 25, 2022	5	October 25, 2027	Monthly

The table below report projects the undiscounted cash flows to be made in the future:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2024	\$6,836	\$424	\$7,260
June 30, 2025	6,503	757	7,260
June 30, 2026	6,187	1,073	7,260
June 30, 2027	5,886	1,374	7,260
June 30, 2028	<u>1,898</u>	<u>523</u>	<u>2,421</u>
Total	<u>\$27,310</u>	<u>\$4,151</u>	<u>\$31,461</u>

NOTE 12 - CONTINGENT LIABILITIES

A. Grants

The amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority on June 30, 2023.

B. Litigation

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year 2023, the Medina Metropolitan Housing Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).

GASB Statement 96 will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The Authority did not have any contracts that met the GASB 96 definition of a Subscription-Based Information Technology Arrangements; there was no effect on beginning net position.

Medina Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.009065%	0.008461%	0.007424%	0.007358%	0.007349%	0.006473%	0.006251%	0.005936%	0.005978%
Authority's Proportionate Share of the Net Pension Liability	\$2,677,805	\$736,140	\$1,099,333	\$1,454,359	\$2,012,742	\$1,015,490	\$1,419,496	\$1,028,190	\$721,014
Authority's Covered-Employee Payroll	\$1,414,274	\$1,331,462	\$1,237,367	\$1,035,209	\$1,095,770	\$968,899	\$875,477	\$738,806	\$732,870
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	189.34%	55.29%	88.84%	140.49%	183.68%	104.81%	162.14%	139.17%	98.39%
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%

See accompanying notes to the required supplementary information.

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
- 2) Information prior to 2014 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Medina Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability/Asset
Last Seven Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.008982%	0.008504%	0.007963%	0.008046%	0.007924%	0.007080%	0.007080%
Authority's Proportionate Share of the Net OPEB Liability(Asset)	\$56,633	(\$266,358)	(\$141,867)	\$1,111,362	\$1,033,103	\$768,836	\$715,104
Authority's Covered-Employee Payroll	\$1,414,274	\$1,233,334	\$1,237,367	\$1,035,209	\$1,095,770	\$968,899	\$875,477
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	4.00%	21.60%	11.47%	107.36%	94.28%	79.35%	81.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	68.52%

See accompanying notes to the required supplementary information.

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
- 2) Information prior to 2016 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Medina Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Authority's Contributions - Pension
 Ohio Public Employees Retirement System
 For the Last Ten Fiscal Years

<u>Traditional Plan</u>	<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>
Contractually Required Contribution Pension	\$198,404	\$183,285	\$150,901	\$141,072	\$148,247	\$123,232	\$117,904	\$110,413	\$104,799	\$109,180
Contributions in Relation to the Contractually Required Contribution	<u>\$198,404</u>	<u>\$183,285</u>	<u>\$150,901</u>	<u>\$141,072</u>	<u>\$148,247</u>	<u>\$123,232</u>	<u>\$117,904</u>	<u>\$110,413</u>	<u>\$104,799</u>	<u>\$109,180</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's Covered-Employee Payroll	\$1,417,169	\$1,309,181	\$1,077,868	\$1,007,656	\$1,095,770	\$968,899	\$982,534	\$920,109	\$873,325	\$873,440
Contributions as a Percentage of Covered-Employee Payroll Pension	14.00%	14.00%	14.00%	14.00%	13.53%	12.72%	12.00%	12.00%	12.00%	12.50%

See accompanying notes to the required supplementary information.

Medina Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - OPEB
Ohio Public Employees Retirement System
For the 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>
Contractually Required Contribution OPEB	\$3,120	\$3,404	\$5,315	\$5,853	\$5,161	\$4,447	\$17,503	\$18,393	\$17,416	\$13,125
Contributions in Relation to the Contractually Required Contribution	<u>3,120</u>	<u>3,404</u>	<u>5,315</u>	<u>5,853</u>	<u>5,161</u>	<u>4,447</u>	<u>17,503</u>	<u>18,393</u>	<u>17,416</u>	<u>13,125</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's Covered-Employee Payroll	\$1,495,175	\$1,331,462	\$1,237,367	\$1,185,248	\$1,095,770	\$968,899	\$982,534	\$920,109	\$873,325	\$873,440
Contributions as a Percentage of Covered-Employee Payroll OPEB	0.21%	0.26%	0.43%	0.49%	0.47%	0.46%	1.78%	2.00%	1.99%	1.50%

See accompanying notes to the required supplementary information.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Ohio Public Employees' Retirement System

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.

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.

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY-WIDE BALANCE SHEET SUMMARY - FDS SUBMITTED TO HUD
 JUNE 30, 2023

	1 Business Activities	2 State/Local	14.195 Section 8 Housing Assistance Payments Program - Special	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$755,581		\$53,709		\$142,950		\$952,240		\$952,240
113 Cash - Other Restricted	\$534,595		\$167,077	\$13,508			\$715,180		\$715,180
114 Cash - Tenant Security Deposits	\$71,140		\$24,570				\$95,710		\$95,710
100 Total Cash	\$1,361,316	\$0	\$245,356	\$13,508	\$142,950	\$0	\$1,763,130	\$0	\$1,763,130
122 Accounts Receivable - HUD Other Projects					\$46,430		\$46,430		\$46,430
124 Accounts Receivable - Other Government	\$8,561	\$56,483					\$65,044		\$65,044
125 Accounts Receivable - Miscellaneous	\$114,582	\$400			\$3,169	\$5,022	\$123,173		\$123,173
126 Accounts Receivable - Tenants	\$53,737		\$6,095				\$59,832		\$59,832
126.1 Allowance for Doubtful Accounts - Tenants	-\$34,876		-\$3,780				-\$38,656		-\$38,656
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0	-\$5,022	-\$5,022		-\$5,022
128 Fraud Recovery					\$39,519		\$39,519		\$39,519
128.1 Allowance for Doubtful Accounts - Fraud					-\$39,519		-\$39,519		-\$39,519
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$142,004	\$56,883	\$2,315	\$0	\$49,599	\$0	\$250,801	\$0	\$250,801
131 Investments - Unrestricted	\$200,000				\$250,000		\$450,000		\$450,000
142 Prepaid Expenses and Other Assets	\$66,866		\$6,137		\$11,514		\$84,517		\$84,517
144 Inter Program Due From	\$0					\$2,801	\$2,801	-\$2,801	\$0
150 Total Current Assets	\$1,770,186	\$56,883	\$253,808	\$13,508	\$454,063	\$2,801	\$2,551,249	-\$2,801	\$2,548,448
161 Land	\$602,515		\$151,675				\$754,190		\$754,190
162 Buildings	\$2,300,325		\$2,800,605				\$5,100,930		\$5,100,930
163 Furniture, Equipment & Machinery - Dwellings	\$16,880		\$526,901				\$543,781		\$543,781
164 Furniture, Equipment & Machinery - Administration	\$547,580		\$391,451		\$50,362		\$989,393		\$989,393
165 Leasehold Improvements	\$1,079,710						\$1,079,710		\$1,079,710
166 Accumulated Depreciation	-\$1,906,006		-\$3,258,399		-\$31,597		-\$5,196,002		-\$5,196,002
167 Construction in Progress	\$1,710,084						\$1,710,084		\$1,710,084
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,351,088	\$0	\$612,233	\$0	\$18,765	\$0	\$4,982,086	\$0	\$4,982,086
171 Notes, Loans and Mortgages Receivable - Non-Current	\$9,198,600						\$9,198,600		\$9,198,600
180 Total Non-Current Assets	\$13,549,688	\$0	\$612,233	\$0	\$18,765	\$0	\$14,180,686	\$0	\$14,180,686
200 Deferred Outflow of Resources	\$451,912		\$321,719		\$466,671		\$1,240,302		\$1,240,302
290 Total Assets and Deferred Outflow of Resources	\$15,771,786	\$56,883	\$1,187,760	\$13,508	\$939,499	\$2,801	\$17,972,237	-\$2,801	\$17,969,436
312 Accounts Payable <= 90 Days	\$69,601	\$449	\$13,642		\$12,113		\$95,805		\$95,805
321 Accrued Wage/Payroll Taxes Payable	\$55,207		\$6,833		\$13,478		\$75,518		\$75,518
322 Accrued Compensated Absences - Current Portion	\$82,345		\$5,925		\$17,508		\$105,778		\$105,778
325 Accrued Interest Payable	\$119,584						\$119,584		\$119,584
331 Accounts Payable - HUD PHA Programs						\$2,801	\$2,801		\$2,801
341 Tenant Security Deposits	\$71,140		\$24,570				\$95,710		\$95,710
342 Unearned Revenue	\$1,330,760	\$56,434	\$1,247				\$1,388,441		\$1,388,441
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$38,462						\$38,462		\$38,462
345 Other Current Liabilities	\$86						\$86		\$86
347 Inter Program - Due To					\$2,801		\$2,801	-\$2,801	\$0
310 Total Current Liabilities	\$1,767,185	\$56,883	\$52,217	\$0	\$45,900	\$2,801	\$1,924,986	-\$2,801	\$1,922,185
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$744,417		\$612,233		\$18,765		\$1,375,415		\$1,375,415
355 Loan Liability - Non Current	\$1,488,364						\$1,488,364		\$1,488,364
357 Accrued Pension and OPEB Liabilities	\$1,155,721		\$631,804		\$946,913		\$2,734,438		\$2,734,438
350 Total Non-Current Liabilities	\$3,388,502	\$0	\$631,804	\$0	\$946,913	\$0	\$4,967,219	\$0	\$4,967,219
300 Total Liabilities	\$5,155,687	\$56,883	\$684,021	\$0	\$992,813	\$2,801	\$6,892,205	-\$2,801	\$6,889,404
400 Deferred Inflow of Resources	\$16,791		\$11,661		\$18,564		\$47,016		\$47,016
508.4 Net Investment in Capital Assets	\$3,568,209		\$612,233		\$18,765		\$4,199,207		\$4,199,207
511.4 Restricted Net Position	\$534,595		\$167,077	\$13,508			\$715,180		\$715,180
512.4 Unrestricted Net Position	\$6,496,504	\$0	-\$287,232	\$0	-\$90,643	\$0	\$6,118,629		\$6,118,629
513 Total Equity - Net Assets / Position	\$10,599,308	\$0	\$492,078	\$13,508	-\$71,878	\$0	\$11,033,016	\$0	\$11,033,016
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,771,786	\$56,883	\$1,187,760	\$13,508	\$939,499	\$2,801	\$17,972,237	-\$2,801	\$17,969,436

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY-WIDE REVENUE AND EXPENSE SUMMARY - FDS SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	1 Business Activities	2 State/Local	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Total
70300 Net Tenant Rental Revenue	\$1,380,856		\$291,531				\$1,672,387
70500 Total Tenant Revenue	\$1,380,856	\$0	\$291,531	\$0	\$0	\$0	\$1,672,387
70600 HUD PHA Operating Grants			\$254,463	\$273,732	\$4,140,481	\$379,026	\$5,047,702
70800 Other Government Grants	\$10,593	\$98,375					\$108,968
71100 Investment Income - Unrestricted	\$81,704		\$571		\$1,421		\$83,696
71200 Mortgage Interest Income	\$90,477						\$90,477
71400 Fraud Recovery					\$20,268	\$619	\$20,887
71500 Other Revenue	\$1,080,170		\$7,217				\$1,087,387
70000 Total Revenue	\$2,643,800	\$98,375	\$553,782	\$273,732	\$4,162,170	\$379,645	\$8,111,504
91100 Administrative Salaries	\$515,603		\$100,979	\$66,057	\$191,654		\$874,293
91200 Auditing Fees	\$21,251						\$21,251
91400 Advertising and Marketing	\$937		\$173		\$1,395		\$2,505
91500 Employee Benefit contributions - Administrative	\$50,526		\$93,485		\$305,553		\$449,564
91600 Office Expenses	\$33,764		\$2,474		\$28,271		\$64,509
91700 Legal Expense	\$24,024		\$3,459		\$9,797		\$37,280
91800 Travel	\$9,529		\$103		\$1,163		\$10,795
91900 Other	\$142,350	\$13,150	\$24,887		\$150,254	\$36,524	\$367,165
91000 Total Operating - Administrative	\$797,984	\$13,150	\$225,560	\$66,057	\$688,087	\$36,524	\$1,827,362
93100 Water	\$33,321		\$8,795				\$42,116
93200 Electricity	\$77,556		\$44,192				\$121,748
93300 Gas	\$26,199		\$17,724				\$43,923
93600 Sewer	\$21,965		\$10,143				\$32,108
93000 Total Utilities	\$159,041	\$0	\$80,854	\$0	\$0	\$0	\$239,895
94100 Ordinary Maintenance and Operations - Labor	\$143,881		\$83,918		\$31,468		\$259,267
94200 Ordinary Maintenance and Operations - Materials and Other	\$190,094		\$28,634		\$15,261		\$233,989
94300 Ordinary Maintenance and Operations Contracts	\$160,566		\$63,904				\$224,470
94500 Employee Benefit Contributions - Ordinary Maintenance	\$49,081		\$80,907		\$6,498		\$136,486
94000 Total Maintenance	\$543,622	\$0	\$257,363	\$0	\$53,227	\$0	\$854,212
96110 Property Insurance	\$20,805		\$6,991		\$2,658		\$30,454
96120 Liability Insurance	\$17,664		\$4,521		\$1,529		\$23,714
96130 Workmen's Compensation	\$4,225		\$1,432		\$11,379		\$17,036
96100 Total insurance Premiums	\$42,694	\$0	\$12,944	\$0	\$15,566	\$0	\$71,204
96200 Other General Expenses	\$239,538	\$85,225	\$38,725				\$363,488
96210 Compensated Absences	\$176		\$304		\$5,660		\$6,140
96300 Payments in Lieu of Taxes	\$7,576						\$7,576
96400 Bad debt - Tenant Rents	\$33,867		\$6,043				\$39,910
96000 Total Other General Expenses	\$281,157	\$85,225	\$45,072	\$0	\$5,660	\$0	\$417,114
96710 Interest of Mortgage (or Bonds) Payable	\$117,692						\$117,692
96700 Total Interest Expense and Amortization Cost	\$117,692	\$0	\$0	\$0	\$0	\$0	\$117,692
96900 Total Operating Expenses	\$1,942,190	\$98,375	\$621,793	\$66,057	\$762,540	\$36,524	\$3,527,479
97000 Excess of Operating Revenue over Operating Expenses	\$701,610	\$0	-\$68,011	\$207,675	\$3,399,630	\$343,121	\$4,584,025
97300 Housing Assistance Payments				\$194,167	\$3,665,667	\$343,121	\$4,202,955
97400 Depreciation Expense	\$210,389		\$88,619		\$5,361		\$304,369
90000 Total Expenses	\$2,152,579	\$98,375	\$710,412	\$260,224	\$4,433,568	\$379,645	\$8,034,803
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$491,221	\$0	-\$156,630	\$13,508	-\$271,398	\$0	\$76,701
11020 Required Annual Debt Principal Payments	\$50,595	\$0	\$0	\$0	\$0	\$0	\$50,595
11030 Beginning Equity	\$10,108,087	\$0	\$648,708	\$0	\$199,520	\$0	\$10,956,315
11170 Administrative Fee Equity					-\$71,878		-\$71,878
11180 Housing Assistance Payments Equity					\$0		\$0
11190 Unit Months Available	1911		1008	480	7716	658	11773
11210 Number of Unit Months Leased	1873		968	468	7135	658	11102

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

<u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u>	<u>Pass- Through Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Funding</i>			
Section 8 Project Based Cluster:			
Section 8 Housing Assistance Payments Program	N/A	14.195	\$ 254,463
Total Section 8 Project Based Cluster			<u>254,463</u>
Shelter Plus Care	N/A	14.238	379,026
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	4,140,481
Mainstream Vouchers	N/A	14.879	<u>273,732</u>
Total Housing Voucher Cluster			<u>4,414,213</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,047,702</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years.

NOTE C – 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***

Medina Metropolitan Housing Authority
Medina County
120 W. Washington Street, Suite 1-L
Medina, Ohio 44256

To the Board of Commissioners:

We have audited, in accordance with 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, the financial statements of the Medina Metropolitan Housing Authority, Medina County, (the Authority) as of and for the fiscal 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 December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 27, 2023

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

Medina Metropolitan Housing Authority
Medina County
120 W. Washington Street, Suite 1-L
Medina, Ohio 44256

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Medina Metropolitan Housing Authority's (the 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 the Authority's major federal program for the fiscal year ended June 30, 2023. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Medina Metropolitan Housing Authority
Medina County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
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.



Newark, Ohio
December 27, 2023

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA 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 2/27/2024

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