LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

SINGLE AUDIT

JANUARY 1, 2022 – DECEMBER 31, 2022

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Licking Metropolitan Housing Authority
144 W. Main Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking Metropolitan Housing Authority, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2023

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LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Licking Metropolitan Housing Authority
Licking County
144 W. Main Street
Newark, Ohio 43055

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Licking Metropolitan Housing Authority, Licking County, Ohio (the Authority), as of and for the year ended December 31, 2022, 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 Licking Metropolitan Housing Authority, Licking County, Ohio as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

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[i] our report dated June 19, 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 & Snow, Inc.

Newark, Ohio
June 19, 2023

Licking Metropolitan Housing Authority's (LMHA) *Management Discussion and Analysis* is designed to:

a) Assist the reader in focusing on significant financial issues.
b) Provide an overview of LMHA's financial activity.
c) Identify changes in LMHA's financial position (its ability to address the next and subsequent year challenges).
d) Identify the single enterprise fund issues or concerns.

Financial Highlights

- Total Revenue: FYE12/31/22: $8,541,159 an increase of $404,300 in 2022
- Total Expenses: FYE12/31/22: $8,327,591 an increase of $421,820 in 2022

USING THIS ANNUAL REPORT

The following is an outline of the format of this report:

MD&A
Management Discussion and Analysis

BASIC FINANCIAL STATEMENTS
Statement of Net Position
Statement of Revenues, Expenses and Change in Net Position
Statement of Cash Flows
Notes to Financial Statements

OTHER REQUIRED SUPPLEMENTARY INFORMATION
Pension and OPEB Schedules

This report focuses on LMHA as a single-enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year-to-year) and enhances LMHA's accountability.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business type programs are consolidated into one single-enterprise fund for LMHA.

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 LMHA. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflow of resources, equals "Net Position". Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire LMHA. Net Position (similar to equity) is reported in three broad categories (as applicable).

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

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

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

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

LMHA's programs that are consolidated into a single-enterprise fund are as follows:

Conventional Public Housing (PH) **-** Under the Conventional Public Housing Program, LMHA rents 99 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the LMHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

Capital Fund Program (CFP) - This is the current primary funding source for LMHA's physical and management improvements for PH. HUD uses a formula based on size and age of the Authority's units to determine the funding level for this program.

Housing Choice Voucher Program (HCVP) - Under the Housing Choice Voucher Program, LMHA subsidizes rents to independent landlords who own the properties. LMHA subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable LMHA to subsidize a portion of a tenant's rent so that the tenant typically pays 30 percent of their adjusted gross income toward their rent.

Other Business Activity - LMHA owns an office building/land, which it purchased in 2005 for Section 8 and administrative staff office space. A local health clinic continued to lease a portion of the administrative building throughout 2022. This agreement allows the local health clinic to provide a centralized location for their facility and provided LMHA's business activities with $7,200 income in the period.

Continuum of Care - The Continuum of Care Programs, funded by the McKinney-Vinto Homeless Assistance Act, provide rental assistance, in connection with supportive services to homeless persons with disabilities, (primarily persons who are seriously mentally ill and/or chronic substance abuse) and their families. Through the program, LMHA provides tenant-based rental assistance on behalf of participating families.

Mainstream 5 (MS5) – The Program involves tenant-based vouchers that serve households that include a non-elderly person with a disability. Above and beyond requiring a household member who is disabled and between the ages of 18 and 61, LMHA chose local preferences for this grant to include being homeless, at risk of becoming homeless, and at risk of being institutionalized. Aside from assisting a special population, the MS5 vouchers follow the same program policies as the regular tenant-based voucher program. Funding and financial reporting for MS5 Program are separate from Housing Choice Voucher and other programs.

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

	2022	2021	Change	Percent Change
Assets and Deferred Outflows of Resources				
Assets				
Current Assets	$ 1,016,381	$ 840,879	$ 175,502	20.87%
Capital Assets	1,440,864	1,568,367	(127,503)	-8.13%
Net OPEB Asset	106,775	61,090	45,685	74.78%
Total Assets	2,564,020	2,470,336	93,684	3.79%
Deferred Outflow of Resources	147,344	140,435	6,909	4.92%
Total Assets and Deferred Outflows of Resources	$ 2,711,364	$ 2,610,771	$ 100,593	3.85%
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current Liabilities	$ 88,604	$ 74,515	$ 14,089	18.91%
Non-current Liabilities	425,695	617,062	(191,367)	-31.01%
Total Liabilities	514,299	691,577	(177,278)	-25.63%
Deferred Inflow of Resources	499,690	435,387	64,303	14.77%
Net Position				
Net Investment in Capital Assets	1,419,983	1,568,367	(148,384)	-9.46%
Restricted Net Position	52,099	9,104	42,995	472.26%
Unrestricted Net Position	225,293	(93,664)	318,957	-340.53%
Total Net Position	1,697,375	1,483,807	213,568	14.39%
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,711,364	$ 2,610,771	$ 100,593	3.85%

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

Major Factors Affecting the Statement of Net Position

A notable change is LMHA ended the year with $164,809 more in cash. The corresponding increase is in net position. Cash for restricted net position, funding provided by HUD to be used by LMHA to make rental assistance payments under the MS5 & HCVP Programs that had not yet been spent at the year-end, increased $42,995. HCVP Restricted Net Position increased by $16,366. The MS5 program ended with $35,733 in restricted net position, versus $9,104 in 2021. Unrestricted cash increased $107,886. At $533,889, there was an increase of $67,119 in unrestricted cash in the HCVP. Public Housing unrestricted cash at $264,135 increased by $37,625 in 2022. And Business Activity program cash at $73,227 increased a modest $1,258.

Other significant changes were to net pension liability reported as part of noncurrent liabilities, the net OPEB asset, deferred outflows of resources and deferred inflows of resources, balances reported in accordance with GASB Statements No. 68 and No. 75. The net pension liability decreased $226,528. The net OPEB asset increased $45,685. The pension system actuaries estimate the system's OPEB (healthcare) obligations are more than fully funded resulting in Licking MHA reporting an OPEB asset of $106,775 this year-end.

The accounting standard GASB 68 requires LMHA to report on its financial statements the amount determined to be its estimated share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). The very large Net Pension Liability reported by LMHA is unlike other liabilities in that there are no invoices in that amount to be paid. And similarly, GASB 75 requires LMHA to report its estimated share of the retirement system's funding surplus of the OPEB (healthcare) obligations, and there is no means for Licking MHA to access the net OPEB asset. The concept behind the standard is ultimately for OPERS to resolve any unfunded pension commitment, it will need to impose an additional funding burden on the entities contributing to it. Ohio State Law mandates employees of LMHA to participate in OPERS. Likewise, LMHA is mandated to make retirement contributions to OPERS on behalf of all its employees.

It should be noted, in Ohio, because members and employers pre-fund pension benefits for active employees through their regular contributions required by Ohio statute, current retiree liabilities are 100 percent funded, which makes default by OPERS very remote. The majority of systems in the news more recently for facing default did not deposit the required contributions over time needed to fund their members' pension benefits. To monitor the health of OPERS funding status, OPERS retains an external actuary to estimate the unfunded liabilities annually. OPERS informs its contributors that should OPERS funding levels begin to trend downward, OPERS will work with the General Assembly to pass legislation increasing statutory contributions or decreasing benefits for its members. As evidence, this action was taken in 2012, when the General Assembly and OPERS adjusted the cost of benefits to maintain the funding necessary to meet long-term pension obligations.

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

	2022	2021	Change	Percent Change
Revenues				
Total Tenant Revenues	$ 338,370	$ 324,298	$ 14,072	4.34%
Operating Subsidies	8,059,733	7,711,088	348,645	4.52%
Capital Grants	0	0	0	0.00%
Investment Income	793	365	428	117.26%
Other Revenues	142,263	101,108	41,155	40.70%
Total Revenues	8,541,159	8,136,859	404,300	4.97%
Expenses				
Administrative	967,088	798,257	168,831	21.15%
Tenant Services	1,142	105,138	(103,996)	-98.91%
Utilities	132,479	110,470	22,009	19.92%
Maintenance	277,121	186,053	91,068	48.95%
General	75,393	56,830	18,563	32.66%
Pension and OPEB	(214,819)	(445,360)	230,541	-51.77%
Housing Assistance Payments	6,821,621	6,833,966	(12,345)	-0.18%
Port in HAP	91,436	80,588	10,848	13.46%
Depreciation	176,130	179,829	(3,699)	-2.06%
Total Expenses	8,327,591	7,905,771	421,820	5.34%
Change in Net Position	213,568	231,088	(17,520)	-7.58%
Beginning Net Position	1,483,807	1,252,719		
Ending Net Position	$ 1,697,375	$ 1,483,807		

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

In 2022, an increase of $348,645 in operating subsidies revenue can be broken down by program as follows:

- Low-Rent Public Housing received $9,063 less;
- Capital Fund Program increased $68,692;
- HCVP received $691,824 more;
- HCV CARES decreased $375,485. All CARES funding had to be expended by December 31, 2021;
- MS5 received $6,840 more;
- Mainstream CARES decreased $6,490. All CARES funding had to be expended by December 31, 2021;
- Continuum of Care Programs received $27,673 less;

There was $68,682 drawn for operations from the Capital Fund Program, and no funds were drawn for capital improvements from the Capital Fund Program. LMHA is moving forward with its pursuit of a RAD conversion of its 99-unit public housing building, Terrace Gardens Apartments. Management has made the decision to hold off on spending funds from its capital fund program until after a final determination has been made with the conversion. Although no funds were drawn again in 2022, the funds are still available to LMHA and are currently earmarked for capital fund expenditures in HUD's REAC system to be utilized in future periods.

Other revenues in 2022 for HCVP includes $94,821 port in HAP and $9,017 port in administrative fees received, as well as $14,719 for insurance reimbursement for flood damage remediation at LMHA's administrative office building. Low-Rent Public Housing other income included $10,918 for insurance reimbursement for flood damage that occurred at LMHA's Terrace Gardens.

Administrative expense increased by $168,831, but in 2021 CARES admin expense was reported as tenant services expense, which is reduced by $103,996 in 2022. Combined administrative and tenant services increased a $64,835 (7.18 percent). Contributing to this increase was annual pay increases, and overtime costs for HCVP staff, additional costs for temporary staffing, and increases in other supply and postage costs related to a push to increase lease up in the program.

Total Housing Assistance Payments, excluding port in HAP, decreased by $12,345, of which the following is to be noted.

In 2021 LMHA had been provided HCV HAP CARES funding, a temporary funding stream HUD provided to help LMHA address the rental assistance needs of families due to the emergence of the pandemic. The CARES funding had to be fully expended by year-end 2021. HCVP HAP increased in 2022 by $32,164 over the combined HCVP and HCV CARES HAP in 2021, despite 359 fewer unit months leased in 2022. Average HAP cost in the HCV program increased in 2022 by $18.40 per unit in 2022 over the combined average per unit HAP cost paid for using HCVP HAP and CARES HAP in 2021, from $500.07 to $518.47. The last three years have seen an overall increase of $81.85 per unit, which is considered by management to be a significant trend. This trend LMHA expects to continue through 2023 and beyond in large part due to the relocation to the LMHA jurisdiction of an intel multinational corporation and tech company.

Continuum of Care HAP decreased $23,711 with 46 fewer unit months leased in 2022. And the MS5 Program decreased $20,798 with 1 more unit-month leased in 2022. Interestingly the same increase in per unit rental assistance cost was not realized in these programs serving the special needs populations. Management feels one reason for that is families assisted by these programs do not move as often as families assisted by the HCVP.

Pension and OPEB expense, the expense incurred due to changes in balances reported in accordance with GASB 68 and GASB 75, was a negative expense of $214,819, a change of $230,541 from 2021.

A comparison of 2022 and 2021 utilities for the LMHA's programs is as follows:

HCVP Utility	2022	2021
Water	$ 306	$ 762
Electric	4,829	4,229
Gas	2,296	1,787
Total	$ 7,431	$ 6,778

HCVP: An increase of $653 was seen in utility expenses from 2021 to 2022.

A comparison of 2022 and 2021 utility expense for the Public Housing Program is as follows:

Low Rent Public Housing Utility	2022	2021
Water	$ 28,796	$ 26,958
Electric	72,410	58,676
Gas	23,842	18,058
Total	$ 125,048	$ 103,692

Low-Rent PH: A 20.59 percent increase of $21,356 was seen in utility expenses in 2022 from 2021. When LMHA reviewed data from its gas utility bills, it found that the average temperature from 2022 was 54.44 degrees versus a 54.69 average in 2021. These increases stemmed from utility rate increases from LMHA's electricity and gas providers.

DEBT

The Authority has no outstanding debt at December 31, 2022. However, due to the implementation of GASB Statement No. 87, the Authority has an equipment lease liability at year-end 2022. The following summarizes the change in the lease liability from last fiscal year-end.

Intangible Right to Use Equipment Lease Liability, December 31, 2021	$ 0
Additions in Period	20,881
Deletions in period	0
Intangible Right to Use Equipment Lease Liability, December 31, 2022	$ 20,881

Intangible right to use equipment lease liabilities are presented in detail in Note 7.

CAPITAL ASSETS

As of 2022 year end, LMHA had $1,440,864 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions, and depreciation) of $127,503 from the end of 2021 year-end balances. See tables 3 and 4.

Table 3 - Condensed Statement of Changes in Capital Assets

	2022	2021	Change	Percent Change
Land	$ 276,250	$ 276,250	$ 0	0.00%
Buildings	6,429,616	6,418,448	11,168	0.17%
Equipment	286,847	263,820	23,027	8.73%
Accumulated Depreciation	(5,551,849)	(5,390,151)	(161,698)	3.00%
Total Capital Assets, Net	$ 1,440,864	$ 1,568,367	$ (127,503)	-8.13%

Table 4 - Changes in Capital Assets

Beginning Balance - December 31, 2021	$ 1,568,367
Current Year Additions	50,042
Current Year Deductions, Net of Depreciation	(1,415)
Current Year Depreciation Expense	(176,130)
Ending Balance - December 31, 2022	$ 1,440,864

HCVP capital assets in the amount of $41,380 added in 2022 are listed below:

- 6 new Dell PC including installation & software - $13,259
- SonicWall renewal - $1,249
- New, additional electrical outlets in admin building - $1,233
- 3 new outdoor awnings for administrative office - $ 2,392
- Added additional flood lights & additional light poles - $4,500
- New backflow and expansion tank at administrative office - $3,200
- Intangible right-to-use copier with lease value of $15,547

Additions in capital assets in the amount of $8,662 for the Public Housing Hi-Rise included the following purchases:

- New Burner #4 on boiler system - $2,079
- SonicWall renewal - $1,249
- Intangible right-to-use copier with lease value of $5,334

More information related to capital assets is presented in detail in Note 3.

ECONOMIC FACTORS

Significant economic factors affecting LMHA are as follows:

- Federal funding from the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- Looking forward it should be noted that Jersey Township (located within LMHA's Licking County jurisdiction) has been slated to be the future of Intel's 20-billion-dollar semiconductor manufacturing site, which will be Ohio's largest economic development to date. Dubbed the silicon "Heartland in Ohio" plans for a mini city within the area may have significant impact on LMHA going forward. Ground has been broken for the project and construction is well underway. Per unit costs have inflated significantly over the last three years, with landlords requesting rent increases each year. How these huge changes will trickle down through the housing market in Licking County has yet to be seen, but it is currently being discussed by township officials with consultants on steps to take to guide land use, housing, infrastructure, and policy decisions over the next few decades.

MANAGEMENT NOTES AND CONCLUSIONS:

LMHA ended the year with $164,809 more in cash.

Per unit HAP costs for the HCV program continue to increase.

HCVP unit months leased totaled 11,501, of the allowable 12,420, which represents a 92.60 percent lease-up rate for 2022, down from 95.49 percent in 2021. Contributing to the fall in the lease up rate for the program were staffing shortages, and the continuing trend of a reduction in availability of affordable rental units for program participants.

Public Housing staff were successful again in managing unit turnover to minimize vacancies. Of the 1,188 unit-months available for the Public Housing Program, 1,180 were leased in 2022, resulting in a 99.33 percent occupancy rate. Effective management of the process, and maintaining a strong waiting list for the Authority-owned units are to be credited for the success rate.

In reviewing the per unit HAP costs for the HCVP, in 2022, LMHA saw another increase of $18.40. The last four years have yielded an increase of $81.85 to the HCVP per unit costs. With the rising housing costs, and the increased demand for housing due to the new Silicon Heartland being built within LMHA's jurisdiction, it is becoming increasingly more difficult for voucher seekers to find affordable housing in our jurisdiction.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jody Hull-Arthur, Executive Director of the Licking Metropolitan Housing Authority at 740-349-8069 Ext. 224.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents:	$ 880,290
Restricted Cash and Cash Equivalents	80,270
Accounts Receivable	16,663
Prepaid Expenses	39,158
Total Current Assets	1,016,381
Non-Current Assets	
Capital Assets:	
Non-Depreciable Capital Assets, Net	276,250
Depreciable Capital Assets, Net	1,164,614
Total Capital Assets	1,440,864
Net OPEB Asset	106,775
Total Non-Current Assets	1,547,639
Deferred Outflows of Resources	
Deferred Outflow of Resources - Pension	142,374
Deferred Outflow of Resources - OPEB	4,970
Total Deferred Outflows of Resources	147,344
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$ 2,711,364
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 24,168
Accrued Wages - Payroll Taxes	11,595
Tenant Security Deposits	14,223
Intergovernmental Payable	21,332
Other Current Liability	17,286
Total Current Liabilities	88,604
Non-Current Liabilities	
Accrued Compensated Absences	89,456
Net Pension Liability	318,696
Other Non-Current Liabilities	17,543
Total Non-Current Liabilities	425,695
TOTAL LIABILITIES	514,299
Deferred Inflows of Resources	
Deferred Inflow of Resources - Pension	388,503
Deferred Inflow of Resources - OPEB	111,187
Total Deferred Inflows of Resources	499,690
Net Position	
Net Investment in Capital Assets	1,419,983
Restricted	52,099
Unrestricted	225,293
Total Net Position	1,697,375
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$2,711,364

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Operating Revenue	
Government Grants	$ 8,059,733
Tenant Revenue	338,370
Other Revenue	142,678
Total Operating Revenue	8,540,781
Operating Expenses	
Administrative	967,088
Tenant Services	1,142
Utilities	132,479
Maintenance	277,121
General	75,393
Pension and OPEB Expense	(214,819)
Housing Assistance Payments	6,913,057
Total Operating Expenses	8,151,461
Income Before Depreciation	389,320
Depreciation	176,130
Operating Income	213,190
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	793
Loss on Disposition	(415)
Total Non-Operating Revenues (Expenses)	378
Change In Net Position	213,568
Total Net Position - Beginning of Year	1,483,807
Total Net Position - End of Year	$ 1,697,375

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 8,063,749
Cash Received from Tenants	339,743
Cash Payments for Housing Assistance	(6,903,232)
Cash Payments for Administrative Expenses	(966,891)
Cash Payments for Other Operating Expenses	(472,138)
Cash Received - Other Revenue	130,946
Net Cash Provided by Operating Activities	192,177
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(50,042)
Lease Liability Incurred	20,881
Proceeds from Disposition of Assets	1,000
Net Cash Used by Capital and Related Financing Activities	(28,161)
Cash Flows from Investing Activities	
Interest and Investment Income Received	793
Net Cash Provided by Investing Activities	793
Net Increase in Cash and Cash Equivalents	164,809
Cash and Cash Equivalents - Beginning of Year	795,751
Cash and Cash Equivalents - End of Year	$ 960,560
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	$ 213,190
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	176,130
(Increase) Decrease in:	
Accounts Receivable	(6,343)
Deferred Outflows of Resources	(6,909)
Net OPEB Asset	(45,685)
Prepaid Expenses	(4,350)
Increase (Decrease) in:	
Accounts Payable	7,278
Net Pension Liability	(226,528)
Accrued Compensated Absences	11,798
Intergovernmental Payable	(729)
Accrued Wages and Payroll Taxes	197
Other Liabilities	9,825
Deferred Inflows of Resources	64,303
Net Cash Provided by Operating Activities	$ 192,177

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 - as amended by GASB Statement No. 61, is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. LMHA is a political subdivision with no component units.

Basis of Presentation

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

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

LMHA's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

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

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

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

Description of Programs
LMHA's programs that are consolidated into a single enterprise fund are as follows:

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

Capital Fund Program (CFP) - The CFP provides funds annually, via a formula, to PH agencies for capital and management activities, including modernization and development housing.

Housing Choice Voucher Program (HCVP) - The HCVP 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.

Continuum of Care - The Continuum of Care Program provides rental assistance, in connection with supportive services funded from sources other than this program to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The Program provides assistance through Tenant-Based Rental Assistance (TBRA).

Business Activities (BA) - Business Activities represents operations of LMHA other than HUD funded programming. Business Activities owns an office building and generates leasing revenue for space leased to other LMHA programs and a local health clinic. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

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

Mainstream 5 (MS5) – The MS5 Program involves tenant-based vouchers that serve households that include a non-elderly person with a disability. Aside from assisting a special population, the MS5 vouchers follow the same program policies as the regular tenant-based voucher program. Funding and financial reporting for MS5 Program are separate from HCVP and other programs.

Cash and Cash Equivalents

LMHA considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to non-negotiable certificates of deposit and money market investments. At December 31, 2022, LMHA had no investments.

Restricted Assets

Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include yet to be expended funding provided to make HCVP and MS5 housing assistance payments and security deposits collected from residents of LMHA's housing units.

Property and Equipment

Property and equipment are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. LMHA's capitalization threshold is $1,000. Depreciation is recorded on the straight-line method under the following lives:

Buildings	27.5 years
Building Improvements	15 years
Equipment	7 years
Autos	5 years

Compensated Absences

LMHA accounts for compensated absences in accordance with the GASB Statement No. 16 vesting method. Compensated absences 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 employees, and 2) it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. All permanent employees earn vacation hours accumulated based on length of service. Unused vacation time may be accumulated up to 240 hours. All vacation time accumulated will be paid to an employee upon separation of employment. All permanent employees earn 5 hours of sick leave for 86.66 hours of service. Unused sick leave may be accumulated without limit. Accrued sick time is payable to an employee only upon their retirement at a rate of 55 percent. The Authority records a liability for unused sick leave based on the retirement probability for each employee.

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

Compensated Absences (Continued)
In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability.

Net Position
The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used or other liabilities incurred for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LMHA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes what is known as HAP Equity in the HCVP and MS5 Voucher programs. That is funding provided to the Agency by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended.

LMHA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Accounting
LMHA annually prepares funding requests as prescribed by HUD. Operating budgets are adopted for all Authority's programs by LMHA's Board.

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

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 LMHA, deferred outflows of resources are reported on the statement of net position for pension, and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 5 and 6.

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

Deferred Outflows/Inflows of Resources (Continued)
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 LMHA, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. Deferred inflows of resources related to pension and OPEB are explained in Notes 5 and 6.

Implement New Accounting Standards
GASB Statement No. 87, *Leases*, enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand
At December 31, 2022, the carrying amount of LMHA's deposits was $960,560 (including $80,270 of restricted funds and $200 of petty cash).

At December 31, 2022, the bank balance of LMHA's cash deposits was $966,343. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2022, cash deposits in the amount of $852,733 were covered by Federal Depository Insurance. The remaining deposits of $113,610 were fully collateralized by the Federal Reserve Bank in the name of Licking MHA.

Custodial credit is the risk that, in the event of a bank failure, LMHA's deposits may not be returned. LMHA's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at 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 a Federal Reserve bank in the name of LMHA.

Investments
LMHA complies with HUD regulations that provide a list of financial instruments in which PHAs are permitted to invest. Investments are valued at market value. At December 31, 2022, LMHA had no investments.

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

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, LMHA's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, LMHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. LMHA has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Restricted Cash
The restricted cash balance of $80,270 on the financial statements represents the following:

Unspent cash advanced by HUD for:	
MS5 Housing Assistance Payments	$ 35,733
HCV Housing Assistance Programs	16,366
HAP Payments due to Landlords	13,948
Tenant Security Deposits Liability	14,223
Total Restricted Cash	$ 80,270

NOTE 3: **CAPITAL ASSETS**

Following is a summary of capital assets:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Capital Assets Not Being Depreciated				
Land	$ 276,250	$ 0	$ 0	$ 276,250
Total Capital Assets Not Being Depreciated	276,250	0	0	276,250
Capital Assets Being Depreciated				
Buildings and Improvments	6,418,448	13,404	(2,236)	6,429,616
Furniture, Equipment, and Machinery	263,820	15,757	(13,611)	265,966
Intangible Right-to-use Lease - Equipment	0	20,881	0	20,881
Subtotal Capital Assets Being Depreciated	6,682,268	50,042	(15,847)	6,716,463
Accumulated Depreciation -				
Buildings and Improvements	(5,181,664)	(146,645)	820	(5,327,489)
Furniture and Equipment	(208,487)	(29,485)	13,612	(224,360)
Intangible Right-to-use Lease - Equipment	0	0	0	0
Total Accumulated Depreciation	(5,390,151)	(176,130)	14,432	(5,551,849)
Depreciable Assets, Net	1,292,117	(126,088)	(1,415)	1,164,614
Total Capital Assets, Net	$ 1,568,367	$ (126,088)	$ (1,415)	$ 1,440,864

NOTE 4: **ALLOCATION OF COSTS**

LMHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
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.

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired 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 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the Traditional pension plan (defined benefit plan) and the Combined plan will no longer be available for new hires beginning in 2022.

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

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

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

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

The Authority's contractually required contributions used to fund pension benefits was $78,472 for fiscal year ending December 31, 2022.

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

The net pension liability for OPERS was measured as of December 31, 2021, 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:

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability: Prior Measurement Date	0.003682%
Proportion of the Net Pension Liability: Current Measurement Date	0.003663%
Change in Proportionate Share	-0.000019%
Proportionate Share of the Net Pension Liability	$ 318,696
Pension Expense	$ (47,772)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 16,247
Changes of assumptions	39,853
Changes in proportion and differences between Authority contributions and proportionate share of contributions	7,802
Authority contributions subsequent to the measurement date	78,472
Total Deferred Outflows of Resources	$ 142,374
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 379,079
Differences between expected and actual experience	6,990
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,434
Total Deferred Inflows of Resources	$ 388,503

$78,472 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2023	$ (44,072)
2024	(131,089)
2025	(89,136)
2026	(60,304)
Total	$ (324,601)

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

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

	Traditional Pension Plan
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

Actuarial Assumptions – OPERS (Continued)

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 840,256	$ 318,696	$ 115,311

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

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

The net OPEB asset represents the Authority's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan's fiduciary net position. The net OPEB 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.

Ohio Revised Code limits the Authority's obligation related to this asset 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.

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

Net OPEB Asset (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement 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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. None of the Authority's contractually required contributions were allocated to health care for the fiscal year ending December 31, 2022.

Net OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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 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:

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

Net OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.003429%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.003409%
Change in Proportionate Share	-0.000020%
Proportionate Share of the Net OPEB Asset	$ 106,775
OPEB Expense	$ (88,575)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 4,970
Total Deferred Outflows of Resources	$ 4,970
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 50,905
Differences between expected and actual experience	16,196
Changes of assumptions	43,222
Changes in proportion and differences between Authority contributions and proportionate share of contributions	864
Total Deferred Inflows of Resources	$ 111,187

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

	OPERS
Year Ending December 31:	
2023	$ (63,826)
2024	(23,959)
2025	(11,120)
2026	(7,312)
Total	$ (106,217)

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following 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:

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

Actuarial Assumptions – OPERS (Continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2021.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

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

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 62,794	$ 106,775	$ 143,280

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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

Actuarial Assumptions – OPERS (Continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 107,929	$ 106,775	$ 105,406

NOTE 7: **NON-CURRENT LIABILITIES**

In November 2022, the Authority entered into a sixty-three month lease for two copier/printer/scanners calling for monthly payments of $368 beginning February 1, 2023. The equipment is being amortized over the life of the lease. The annual interest rate on the lease is estimated to be 4 percent.

Lease commitments for fiscal years ending December 31 are as follows:

	Principal	Interest	Total
2023	$ 3,338	$ 342	$ 3,680
2024	3,783	633	4,416
2025	3,938	478	4,416
2026	4,098	318	4,416
2027	4,264	152	4,416
Thereafter	1,460	12	1,472
Total	$ 20,881	$ 1,935	$ 22,816

A summary of changes in non-current liabilities is as follows:

	Balance 1/1/2022	Additions	Used	Balance 12/31/2022	Current Portion
Compensated Absence	$ 77,658	$ 78,768	$ (66,970)	$ 89,456	$ 0
Net Pension Liability	545,224	0	(226,528)	318,696	0
Intangible Right-to-use Lease	0	20,881	0	20,881	3,338
Total Non-Current Liabilities	$ 622,882	$ 99,649	$ (293,498)	$ 429,033	$ 3,338

NOTE 8: **RISK MANAGEMENT**

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

NOTE 8: **RISK MANAGEMENT** (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company.

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

NOTE 9: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to LMHA are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of LMHA at December 31, 2022.

Litigations and Claims

In the normal course of operations, LMHA may be subject to litigations and claims. At December 31, 2022, LMHA was not aware of any such matters.

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

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.003663%	0.003682%	0.003513%	0.003685%	0.003819%	0.003863%	0.003844%	0.004012%	0.004012%
Authority's Proportionate Share of the Net Pension Liability	$ 318,696	$ 545,224	$ 694,368	$ 1,009,247	$ 599,127	$ 877,222	$ 665,831	$ 483,893	$ 472,963
Authority's Covered Payroll	$ 531,636	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.15%	140.50%	202.79%	118.71%	175.66%	139.18%	98.39%	100.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

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

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 78,472	$ 74,429	$ 72,594	$ 69,192	$ 69,675	$ 65,612	$ 59,925	$ 57,409	$ 59,020	$ 60,898
Contributions in Relation to the Contractually Required Contribution	$ (78,472)	$ (74,429)	$ (72,594)	$ (69,192)	$ (69,675)	$ (65,612)	$ (59,925)	$ (57,409)	$ (59,020)	$ (60,898)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 560,514	$ 531,636	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See accompanying notes to the required supplementary information.

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

	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.003409%	0.003429%	0.003271%	0.003431%	0.003560%	0.003610%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (106,775)	$ (61,090)	$ 451,810	$ 447,321	$ 386,590	$ 364,622
Authority's Covered Payroll	$ 531,636	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	20.08%	11.78%	91.42%	89.88%	76.60%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,047	$ 9,988	$ 9,568	$ 9,837	$ 4,685
Contributions in Relation to the Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ (5,047)	$ (9,988)	$ (9,568)	$ (9,837)	$ (4,685)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 560,514	$ 531,636	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,466
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

LICKING METROPOLITAN HOUSING AUTHORITY

FINANCIAL DATA SCHEDULES

ENTITY WIDE BALANCE SHEET SUMMARY

DECEMBER 31, 2022

	Project Total	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	$264,135	$73,227		$9,039	$533,889	$880,290		$880,290
113 Cash - Other Restricted				$35,733	$16,366	$52,099		$52,099
114 Cash - Tenant Security Deposits	$14,223					$14,223		$14,223
115 Cash - Restricted for Payment of Current Liabilities					$13,948	$13,948		$13,948
100 Total Cash	$278,358	$73,227	$0	$44,772	$564,203	$960,560		$960,560
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects			$4,522	$0		$4,522		$4,522
125 Accounts Receivable - Miscellaneous	$9,812					$9,812		$9,812
126 Accounts Receivable - Tenants	$2,329					$2,329		$2,329
128 Fraud Recovery					$3,625	$3,625		$3,625
128.1 Allowance for Doubtful Accounts - Fraud					-$3,625	-$3,625		-$3,625
120 Total Receivables, Net of Allowances for Doubtful Accounts	$12,141	$0	$4,522	$0	$0	$16,663		$16,663
142 Prepaid Expenses and Other Assets	$18,978				$20,180	$39,158		$39,158
144 Inter Program Due From					$4,522	$4,522	-$4,522	$0
150 Total Current Assets	$309,477	$73,227	$4,522	$44,772	$588,905	$1,020,903	-$4,522	$1,016,381
161 Land	$201,250	$75,000				$276,250		$276,250
162 Buildings	$5,774,153	$589,278			$66,185	$6,429,616		$6,429,616
163 Furniture, Equipment & Machinery - Dwellings	$11,498					$11,498		$11,498
164 Furniture, Equipment & Machinery - Administration	$36,667	$20,363			$218,319	$275,349		$275,349
166 Accumulated Depreciation	-$4,976,096	-$374,894			-$200,859	-$5,551,849		-$5,551,849
160 Total Capital Assets, Net of Accumulated Depreciation	$1,047,472	$309,747	$0	$0	$83,645	$1,440,864		$1,440,864
174 Other Assets	$38,012				$68,763	$106,775		$106,775
180 Total Non-Current Assets	$1,085,484	$309,747	$0	$0	$152,408	$1,547,639		$1,547,639
200 Deferred Outflow of Resources	$52,454				$94,890	$147,344		$147,344
290 Total Assets and Deferred Outflow of Resources	$1,447,415	$382,974	$4,522	$44,772	$836,203	$2,715,886	-$4,522	$2,711,364
312 Accounts Payable <= 90 Days	$12,764				$11,404	$24,168		$24,168
321 Accrued Wage/Payroll Taxes Payable					$11,595	$11,595		$11,595
333 Accounts Payable - Other Government	$21,332					$21,332		$21,332
341 Tenant Security Deposits	$14,223					$14,223		$14,223
345 Other Current Liabilities					$13,948	$13,948		$13,948
346 Accrued Liabilities - Other	$853				$2,485	$3,338		$3,338
347 Inter Program - Due To			$4,522			$4,522	-$4,522	$0
310 Total Current Liabilities	$49,172	$0	$4,522	$0	$39,432	$93,126	-$4,522	$88,604
353 Non-current Liabilities - Other	$4,481				$13,062	$17,543		$17,543
354 Accrued Compensated Absences - Non Current	$32,689				$56,767	$89,456		$89,456
357 Accrued Pension and OPEB Liabilities	$113,456				$205,240	$318,696		$318,696
350 Total Non-Current Liabilities	$150,626	$0	$0	$0	$275,069	$425,695		$425,695
300 Total Liabilities	$199,798	$0	$4,522	$0	$314,501	$518,821	-$4,522	$514,299
400 Deferred Inflow of Resources	$177,890				$321,800	$499,690		$499,690
508.4 Net Investment in Capital Assets	$1,042,138	$309,747	$0		$68,098	$1,419,983		$1,419,983
511.4 Restricted Net Position	$0		$0	$35,733	$16,366	$52,099		$52,099
512.4 Unrestricted Net Position	$27,589	$73,227	$0	$9,039	$115,438	$225,293		$225,293
513 Total Equity - Net Assets / Position	$1,069,727	$382,974	$0	$44,772	$199,902	$1,697,375		$1,697,375
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,447,415	$382,974	$4,522	$44,772	$836,203	$2,715,886	-$4,522	$2,711,364

LICKING METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Project Total	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$337,658					$337,658		$337,658
70400 Tenant Revenue - Other	$712					$712		$712
70500 Total Tenant Revenue	$338,370	$0	$0	$0	$0	$338,370	$0	$338,370
70600 HUD PHA Operating Grants	$298,199		$381,193	$596,561	$6,783,780	$8,059,733		$8,059,733
70800 Other Government Grants								
71100 Investment Income - Unrestricted	$417	$49		$11	$316	$793		$793
71400 Fraud Recovery					$1,920	$1,920		$1,920
71500 Other Revenue	$13,731	$7,200			$119,828	$140,759		$140,759
71600 Gain or Loss on Sale of Capital Assets					-$416	-$416		-$416
72000 Investment Income - Restricted								
70000 Total Revenue	$650,717	$7,249	$381,193	$596,572	$6,905,428	$8,541,159	$0	$8,541,159
91100 Administrative Salaries	$116,902		$28,967	$61,659	$279,164	$486,692		$486,692
91200 Auditing Fees	$2,120				$9,695	$11,815		$11,815
91400 Advertising and Marketing	$79				$518	$597		$597
91500 Employee Benefit contributions - Administrative	-$4,591				$28,228	$23,637		$23,637
91600 Office Expenses	$29,416				$200,582	$229,998		$229,998
91700 Legal Expense	$10,073				$10,779	$20,852		$20,852
91800 Travel	$651				$4,376	$5,027		$5,027
91900 Other	$1,535				$4,235	$5,770		$5,770
91000 Total Operating - Administrative	$156,185	$0	$28,967	$61,659	$537,577	$784,388	$0	$784,388
92400 Tenant Services - Other	$1,142					$1,142		$1,142
92500 Total Tenant Services	$1,142	$0	$0	$0	$0	$1,142	$0	$1,142
93100 Water	$28,796				$306	$29,102		$29,102
93200 Electricity	$72,410				$4,829	$77,239		$77,239
93300 Gas	$23,842				$2,296	$26,138		$26,138
93000 Total Utilities	$125,048	$0	$0	$0	$7,431	$132,479	$0	$132,479
94100 Ordinary Maintenance and Operations - Labor	$83,893				$4,706	$88,599		$88,599
94200 Ordinary Maintenance and Operations - Materials and Other	$19,785					$19,785		$19,785
94300 Ordinary Maintenance and Operations Contracts	$87,293				$23,757	$111,050		$111,050
94500 Employee Benefit Contributions - Ordinary Maintenance	-$3,295				$706	-$2,589		-$2,589
94000 Total Maintenance	$187,676	$0	$0	$0	$29,169	$216,845	$0	$216,845
95200 Protective Services - Other Contract Costs	$1,975					$1,975		$1,975
95000 Total Protective Services	$1,975	$0	$0	$0	$0	$1,975	$0	$1,975
96110 Property Insurance	$13,151					$13,151		$13,151
96120 Liability Insurance					$9,741	$9,741		$9,741
96130 Workmen's Compensation	$925				$2,441	$3,366		$3,366
96140 All Other Insurance								
96100 Total insurance Premiums	$14,076	$0	$0	$0	$12,182	$26,258	$0	$26,258
96200 Other General Expenses	$104	$5,991			$5,668	$11,763		$11,763
96210 Compensated Absences	$3,842				$7,957	$11,799		$11,799
96300 Payments in Lieu of Taxes	$21,332					$21,332		$21,332
96400 Bad debt - Tenant Rents	$2,266					$2,266		$2,266
96000 Total Other General Expenses	$27,544	$5,991	$0	$0	$13,625	$47,160	$0	$47,160
96900 Total Operating Expenses	$513,646	$5,991	$28,967	$61,659	$599,984	$1,210,247	$0	$1,210,247
97000 Excess of Operating Revenue over Operating Expenses	$137,071	$1,258	$352,226	$534,913	$6,305,444	$7,330,912	$0	$7,330,912
97200 Casualty Losses - Non-capitalized	$13,438				$14,719	$28,157		$28,157
97300 Housing Assistance Payments			$352,226	$506,420	$5,962,975	$6,821,621		$6,821,621
97350 HAP Portability-In					$91,436	$91,436		$91,436
97400 Depreciation Expense	$126,542	$22,733			$26,855	$176,130		$176,130
90000 Total Expenses	$653,626	$28,724	$381,193	$568,079	$6,695,969	$8,327,591	$0	$8,327,591
10010 Operating Transfer In	$68,682					$68,682	-$68,682	$0
10020 Operating transfer Out	-$68,682					-$68,682	$68,682	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$2,909	-$21,475	$0	$28,493	$209,459	$213,568	$0	$213,568
11030 Beginning Equity	$1,072,636	$404,449	$0	$16,279	-$9,557	$1,483,807		$1,483,807
11170 Administrative Fee Equity					$183,536	$183,536		$183,536
11180 Housing Assistance Payments Equity					$16,366	$16,366		$16,366
11190 Unit Months Available	1188		609	960	12420	15177		15177
11210 Number of Unit Months Leased	1180		609	871	11501	14161		14161

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Funding:			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	$ 6,783,780
Mainstream Vouchers	N/A	14.879	596,561
Total Housing Voucher Cluster			7,380,341
Continuum of Care Program	N/A	14.267	381,193
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	229,517
Public Housing Capital Fund Program	N/A	14.872	68,682
Total Federal Award Expenditures			$ 8,059,733

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 Licking Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2022. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE
The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Licking Metropolitan Housing Authority
Licking County
144 W. Main Street
Newark, Ohio 43055

To the Board of Directors:

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 Licking Metropolitan Housing Authority, Licking County, (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 19, 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.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 19, 2023

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

Licking Metropolitan Housing Authority
Licking County
144 W. Main Street
Newark, Ohio 43055

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Licking 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 year ended December 31, 2022.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 Licking Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

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.

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 19, 2023

LICKING METROPOLITAN HOUSING AUTHROITY
LICKING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/31/2023

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