

LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

SINGLE AUDIT

JANUARY 1, 2023 – DECEMBER 31, 2023



WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Licking Metropolitan Housing Authority
144 W. Main St. Admin Office
Newark, OH 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, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2024

This page intentionally left blank.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE BASIC FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	36
SCHEDULE OF THE AUTHORITY’S CONTRIBUTIONS - PENSION	37
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)	38
SCHEDULE OF THE AUTHORITY’S CONTRIBUTIONS – OPEB	39
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	40
SUPPLEMENTARY INFORMATION:	
FINANCIAL DATA SCHEDULES	42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	44
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	45
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	47
SCHEDULE OF FINDINGS – 2 CFR § 200.515	50

This page intentionally left blank.

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules as required by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
June 19, 2024

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 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: FYE12/31/23: \$9,494,644 an increase of \$953,485 over 2022
- Total Expenses: FYE12/31/23: \$9,561,029 an increase of \$1,233,438 over 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 the Basic 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”, similar to equity. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “Non-current.”

The focus of the Statement of Net Position (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).

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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 2023. 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.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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

	2023	2022
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 1,038,795	\$ 1,016,381
Capital Assets	1,336,029	1,440,864
Net OPEB Asset	0	106,775
Other Non-Current Assets	28,893	0
Total Assets	2,403,717	2,564,020
Deferred Outflow of Resources	494,151	147,344
Total Assets and Deferred Outflows of Resources	\$ 2,897,868	\$ 2,711,364
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 79,791	\$ 88,604
Non-current Liabilities	1,173,402	425,695
Total Liabilities	1,253,193	514,299
Deferred Inflow of Resources	13,685	499,690
<u>Net Position</u>		
Net Investment in Capital Assets	1,318,487	1,419,983
Restricted Net Position	21,865	52,099
Unrestricted Net Position	290,638	225,293
Total Net Position	1,630,990	1,697,375
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,897,868	\$ 2,711,364

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

Major Factors Affecting the Statement of Net Position

Current assets and current liabilities changed very modestly from the prior year-end, with current assets increasing \$22,414 (or 2%) and current liabilities decreasing \$8,813 (or 10%). Capital assets decreased \$104,835 (or 7%) with depreciation expense in the period exceeding capital additions of \$69,093. Otherwise, as has been the case in recent years, the other balances that changed by larger amounts, net OPEB asset, deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources, were due to changes in balances reported in accordance with GASB 68 and GASB 75.

GASB 68 is an accounting standard that calls for LMHA to report what is determined to be its estimated share of the unfunded pension liability of the retirement system, the Ohio Public Employees Retirement System (OPERS).

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

GASB 75 is an accounting standard that calls for LMHA to report what is determined to be its estimated share of the unfunded OPEB (healthcare) liability (or OPEB funding surplus asset, at year- end 2022 the Authority reported a net OPEB asset of \$106,775 and none this year-end) of OPERS. Employees of LMHA are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. The net pension and net OPEB liabilities reported as noncurrent liabilities are unlike other liabilities the Authority has in that the liabilities do not represent invoices or debts to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future pension and OPEB obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like LMHA. Some changes in the unfunded pension and OPEB liabilities of the retirement system are amortized over a five-year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. That means the larger changes to these balances also do not represent changes in operations at LMHA but rather reflect changes is the funding of future obligations by the retirement system.

Many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows resources and the net pension/OPEB liabilities to the reported net position, and subtracting the related deferred outflows of resources and the net OPEB asset.

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

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 375,497	\$ 338,370
Operating Subsidies	8,913,293	8,059,733
Capital Grants	51,900	0
Investment Income	6,541	793
Other Revenues	147,413	142,263
Total Revenues	<u>9,494,644</u>	<u>8,541,159</u>
<u>Expenses</u>		
Administrative	1,098,456	967,088
Tenant Services	1,035	1,142
Utilities	146,592	132,479
Maintenance and Casualty Loss	266,944	277,121
General and Interest	72,177	75,393
Pension and OPEB	44,641	(214,819)
Housing Assistance Payments	7,652,923	6,821,621
Port in HAP	106,568	91,436
Depreciation	171,693	176,130
Total Expenses	<u>9,561,029</u>	<u>8,327,591</u>
Change in Net Position	(66,385)	213,568
Beginning Net Position	<u>1,697,375</u>	<u>1,483,807</u>
Ending Net Position	<u>\$ 1,630,990</u>	<u>\$ 1,697,375</u>

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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

Total revenues increased \$953,485 (or 11%), with the change in HUD funding for the Housing Choice Voucher (HCV) program almost matching the increase in total revenues, increasing \$948,540. Funding for the HCV program is a part of what is reported as operating subsidies, which is where the large majority of the increase in revenues is noted.

Funding for the HCV program is provided in two components. A portion of the funding HUD provides for the HCV program is restricted for use by the Authority to be used for making rental assistance payments (or HAP payments) on behalf of clients of the program. Then HUD also provides a separate stream of HCV program funding that pays the Authority to administer the program. HUD generally provides the HAP funding based on what the Authority reports it spends for this purpose. HAP expense is incurred when the Authority makes the rental assistance payments, so as expected HAP expense also increased. The increase in admin funding is largely due to HUD paying admin fees in calendar year 2023 at 97% of eligibility compared to 88% in calendar year 2022.

Expenses overall increased \$1,233,438 (or 15%). The larger increases were to HAP expense, pension and OPEB expense, and administrative expense. HAP is provided to make the rent burden affordable for families being assisted by the Voucher programs. As rental rates in the area increase, that often means more rental assistance is needed by families on the program, and rental rates in Licking County are in a notable upward trend leading to Licking MHA experiencing the increase in HAP expense.

Pension and OPEB expense is the expense incurred when the Authority records changes in balances reported in accordance with GASB 68 and GASB 75 addressed in the section following Table 1 in this MD&A. This expense then is a non-cash expense unrelated to operations of the Authority, and instead related to changes in the funding levels held by the retirement system to pay future retirement and healthcare commitments. And pension and OPEB expense is only \$44,641 this year, but the change is so large (an increase of \$259,460) because last year the changes in the balance reported in accordance with GASB 68 & GASB 75 were such that the pension/OPEB expense was negative \$214,819.

And the increase in administrative expense of \$131,368 (or 14%) was largely due to routine increases in staffing costs, and increases in the costs of supplies and systems, and professional services, related to a restructuring of staff performing the work to administer the Authority’s Voucher programs intended to increase and maintain lease up in the programs to ensure the number of families provided rental assistance under them continues to be maximized.

DEBT

The Authority has no outstanding debt at December 31, 2023. However, the Authority has an equipment lease liability at year-end 2023. The following summarizes the change in the lease liability from last fiscal year-end.

Intangible Right to Use Equipment Lease Liability, December 31, 2022	\$ 20,881
Additions in Period	-
Deletions in period	<u>(3,339)</u>
Intangible Right to Use Equipment Lease Liability, December 31, 2023	<u>\$ 17,542</u>

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

CAPITAL ASSETS

As of 2023 year end, LMHA had \$1,336,029 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions, and depreciation) of \$104,835 from year end 2022. More information related to capital assets is presented in detail in Note 3 to the basic financial statements.

Table 3 - Condensed Statement of Changes in Capital Assets

	2023	2022
Land	\$ 276,250	\$ 276,250
Buildings	6,270,720	6,429,616
Equipment	331,507	286,847
Accumulated Depreciation	(5,542,448)	(5,551,849)
Total Capital Assets, Net	\$ 1,336,029	\$ 1,440,864

Table 4 - Changes in Capital Assets

Beginning Balance - December 31, 2022	\$ 1,440,864
Current Year Additions	69,093
Current Year Disposals, Net of Depreciation	(2,235)
Current Year Depreciation Expense	(171,693)
Ending Balance - December 31, 2023	\$ 1,336,029

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.

FINANCIAL CONTACT

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

ASSETS

Current Assets

Cash and Cash Equivalents:	\$ 929,502
Restricted Cash and Cash Equivalents	43,321
Accounts Receivable	29,306
Prepaid Expenses	36,666
Total Current Assets	1,038,795

Non-Current Assets

Capital Assets:	
Non-Depreciable Capital Assets, Net	276,250
Depreciable Capital Assets, Net	1,059,779
Total Capital Assets	1,336,029
Other Non-Current Assets	28,893
Total Non-Current Assets	1,364,922

Deferred Outflows of Resources

Deferred Outflow of Resources - Pension	431,234
Deferred Outflow of Resources - OPEB	62,917
Total Deferred Outflows of Resources	494,151

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 2,897,868

LIABILITIES

Current Liabilities

Accounts Payable	\$ 27,666
Accrued Wages - Payroll Taxes	1,279
Tenant Security Deposits	14,728
Intergovernmental Payable	23,251
Unearned Revenue	2,357
Lease Payable	3,782
Other Current Liability	6,728
Total Current Liabilities	79,791

Non-Current Liabilities

Accrued Compensated Absences	70,238
Lease Payable, Net of Current	13,760
Net Pension Liability	1,068,168
Net OPEB Liability	21,236
Total Non-Current Liabilities	1,173,402

TOTAL LIABILITIES

1,253,193

Deferred Inflows of Resources

Deferred Inflow of Resources - Pension	5,749
Deferred Inflow of Resources - OPEB	7,936
Total Deferred Inflows of Resources	13,685

Net Position

Net Investment in Capital Assets	1,318,487
Restricted	21,865
Unrestricted	290,638
Total Net Position	1,630,990

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 2,897,868

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, 2023**

<u>Operating Revenue</u>	
Government Grants	\$ 8,913,293
Tenant Revenue	375,497
Other Revenue	<u>125,145</u>
Total Operating Revenue	<u>9,413,935</u>
 <u>Operating Expenses</u>	
Administrative	1,098,456
Tenant Services	1,035
Utilities	146,592
Maintenance	235,864
General	71,467
Pension and OPEB Expense	44,641
Housing Assistance Payments	<u>7,759,491</u>
Total Operating Expenses	<u>9,357,546</u>
Income Before Depreciation	<u>56,389</u>
 Depreciation	 <u>171,693</u>
Operating Income (Loss)	(115,304)
 <u>Non-Operating Revenues (Expenses)</u>	
Capital Grant Revenue	51,900
Interest and Investment Revenue	6,541
Lease Interest Expense	(710)
Casualty Loss Revenue	24,503
Casualty Loss Expense, Non-Capital	(31,080)
Loss on Disposition	<u>(2,235)</u>
Total Non-Operating Revenues (Expenses)	<u>48,919</u>
Change In Net Position	(66,385)
 Total Net Position - Beginning of Year	 <u>1,697,375</u>
 Total Net Position - End of Year	 <u>\$ 1,630,990</u>

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, 2023**

Cash Flows from Operating Activities

Cash Received from Government Grants	\$ 8,913,012
Cash Received from Tenants	380,688
Cash Received - Other Revenue	134,957
Cash Payments for Housing Assistance	(7,766,711)
Cash Payments for Other Operating Expenses	<u>(1,603,902)</u>
Net Cash Provided by Operating Activities	<u>58,044</u>

Cash Flows from Non-Capital and Related Financing Activities

Casualty Loss Expenditures - Non-Capital	<u>(31,080)</u>
Net Cash Used by Non-Capital and Related Financing Activities	<u>(31,080)</u>

Cash Flows from Capital and Related Financing Activities

Acquisition of Capital Assets	(69,093)
Capital Grants Received	51,900
Lease Liability Retired	(3,339)
Lease Interest Paid	(710)
Net Cash Used by Capital and Related Financing Activities	<u>(21,242)</u>

Cash Flows from Investing Activities

Interest and Investment Income Received	<u>6,541</u>
Net Cash Provided by Investing Activities	<u>6,541</u>
Net Increase in Cash and Cash Equivalents	12,263

Cash and Cash Equivalents - Beginning of Year	960,560
Cash and Cash Equivalents - End of Year	<u>\$ 972,823</u>

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating Loss	\$ (115,304)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	171,693
(Increase) Decrease in:	
Accounts Receivable	11,860
Prepaid Expenses	2,492
Net OPEB Asset	106,775
Other Non-Current Assets	(28,893)
Deferred Outflows of Resources	(346,807)
Increase (Decrease) in:	
Accounts Payable	3,498
Accrued Wages and Payroll Taxes	(10,316)
Accrued Compensated Absences	(19,218)
Intergovernmental Payable	1,919
Security Deposits	505
Net Pension / Net OPEB Liabilities	770,708
Other Liabilities	(4,863)
Deferred Inflows of Resources	<u>(486,005)</u>
Net Cash Provided by Operating Activities	<u>\$ 58,044</u>

See accompanying notes to the basic financial statements.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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.

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.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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 GAAP 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.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2023, the carrying amount of LMHA’s deposits was \$972,823 (including) \$43,321 of restricted funds and \$100 of petty cash).

At December 31, 2023, the bank balance of LMHA’s cash deposits was \$988,568. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2023, cash deposits in the amount of \$701,299 were covered by Federal Depository Insurance. The remaining deposits of \$287,269 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, 2023, LMHA had no investments.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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 \$43,321 on the financial statements represents the following:

Unspent cash advanced by HUD for:	
MS5 Housing Assistance Payments	\$ 5,937
HCV Housing Assistance Programs	15,928
HAP Payments due to Landlords	6,728
Tenant Security Deposits Liability	<u>14,728</u>
Total Restricted Cash	<u>\$ 43,321</u>

NOTE 3: **CAPITAL ASSETS**

Following is a summary of capital assets:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 276,250	\$ 0	\$ 0	\$ 276,250
Total Capital Assets Not Being Depreciated	<u>276,250</u>	<u>0</u>	<u>0</u>	<u>276,250</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	6,429,616	9,130	(168,026)	6,270,720
Furniture, Equipment, and Machinery	265,966	59,963	(15,303)	310,626
Intangible Right-to-use Asset - Equipment	<u>20,881</u>	<u>0</u>	<u>0</u>	<u>20,881</u>
Subtotal Capital Assets Being Depreciated	<u>6,716,463</u>	<u>69,093</u>	<u>(183,329)</u>	<u>6,602,227</u>
Accumulated Depreciation -				
Buildings and Improvements	(5,327,489)	(136,930)	165,791	(5,298,628)
Furniture and Equipment	(224,360)	(31,117)	15,303	(240,174)
Intangible Right-to-use Asset - Equipment	0	(3,646)	0	(3,646)
Total Accumulated Depreciation	<u>(5,551,849)</u>	<u>(171,693)</u>	<u>181,094</u>	<u>(5,542,448)</u>
Depreciable Assets, Net	<u>1,164,614</u>	<u>(102,600)</u>	<u>(2,235)</u>	<u>1,059,779</u>
Total Capital Assets, Net	<u>\$ 1,440,864</u>	<u>\$ (102,600)</u>	<u>\$ (2,235)</u>	<u>\$ 1,336,029</u>

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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 Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

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

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

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

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

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

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

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

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
 Employee	 10.0 %

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

** These pension and employer health care rates are for the traditional plan. Beginning July 1, 2022, the employer contribution rate for the combined plan is allocated 2 percent health care with the remainder going to pension. The employer contributions rate for the member-directed plan allocated 4 percent for health care with remainder going to pension.

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

For fiscal year ending December 31, 2023, the Authority's contractually required contributions used to fund pension benefits was \$80,009 for the traditional plan.

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Pension Plan</u>
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.003663%
Current Measurement Date	<u>0.003616%</u>
Change in Proportionate Share	<u><u>-0.000047%</u></u>
Proportionate Share of the Net Pension Liability	\$ 1,068,168
Pension Expense	\$ 157,867

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS Traditional Pension Plan</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 304,461
Differences between expected and actual experience	35,480
Changes of assumptions	11,284
Authority contributions subsequent to the measurement date	<u>80,009</u>
Total Deferred Outflows of Resources	<u><u>\$ 431,234</u></u>
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>5,749</u>
Total Deferred Inflows of Resources	<u><u>\$ 5,749</u></u>

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

\$80,009 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2024	\$ 37,215
2025	69,494
2026	89,619
2027	149,148
Total	\$ 345,476

Actuarial Assumptions - OPERS

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions - OPERS (Continued)

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:	2.75 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wageinflation
Prior Measurement Date:	2.75 to 10.75 percent including wageinflation
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 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	6.9 percent
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.

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions - OPERS (Continued)

The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

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.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions - OPERS (Continued)

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 1,600,080	\$ 1,068,168	\$ 625,713

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

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

Net OPEB Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

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

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

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

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

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

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022 and 2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

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

The Authority’s contractually required contribution allocated to health care was \$0 for the fiscal year ending December 31, 2023.

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.003409%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.003368%
Change in Proportionate Share	-0.000041%
Proportionate Share of the Net OPEB Liability	\$ 21,236
OPEB Expense	\$ (33,187)

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

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

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 42,176
Changes of assumptions	20,741
Total Deferred Outflows of Resources	\$ 62,917
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 5,296
Changes of assumptions	1,707
Changes in proportion and differences between Authority contributions and proportionate share of contributions	933
Total Deferred Inflows of Resources	\$ 7,936

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

	<u>OPERS</u>
Year Ending December 31:	
2024	\$ 6,248
2025	15,205
2026	13,153
2027	20,375
Total	\$ 54,981

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.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

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

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability/(asset)	\$ 72,277	\$ 21,236	\$ (20,882)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 19,905	\$ 21,236	\$ 22,734

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.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 7: **NON-CURRENT LIABILITIES** (Continued)

Lease commitments for years ending December 31 are as follows:

	Principal	Interest	Total
2024	\$ 3,782	\$ 634	\$ 4,416
2025	3,938	478	4,416
2026	4,098	318	4,416
2027	4,264	152	4,416
2028	1,460	12	1,472
Total	\$ 17,542	\$ 1,594	\$ 19,136

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

	Balance 1/1/2023	Additions	Used	Balance 12/31/2023	Current Portion
Compensated Absences	\$ 89,456	\$ 47,467	\$ (66,685)	\$ 70,238	\$ 0
Net Pension Liability	318,696	749,472	0	1,068,168	0
Net OPEB Liability	0	21,236	0	21,236	0
Intangible Right-to-use Lease	20,881	0	(3,339)	17,542	3,782
Total Non-Current Liabilities	\$ 429,033	\$ 818,175	\$ (70,024)	\$ 1,177,184	\$ 3,782

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.

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, 2023.

Litigations and Claims

In the normal course of operations, LMHA may be subject to litigations and claims. At December 31, 2023, 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 TEN FISCAL YEARS**

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.003616%	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	\$ 1,068,168	\$ 318,696	\$ 545,224	\$ 694,368	\$ 1,009,247	\$ 599,127	\$ 877,222	\$ 665,831	\$ 483,893	\$ 472,963
Authority's Covered Payroll	\$ 560,514	\$ 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	190.57%	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	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information.

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

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 80,009	\$ 78,472	\$ 74,429	\$ 72,594	\$ 69,192	\$ 69,675	\$ 65,612	\$ 59,925	\$ 57,409	\$ 59,020
Contributions in Relation to the Contractually Required Contribution	<u>\$ (80,009)</u>	<u>\$ (78,472)</u>	<u>\$ (74,429)</u>	<u>\$ (72,594)</u>	<u>\$ (69,192)</u>	<u>\$ (69,675)</u>	<u>\$ (65,612)</u>	<u>\$ (59,925)</u>	<u>\$ (57,409)</u>	<u>\$ (59,020)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered Payroll	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375	\$ 478,408	\$ 491,833
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

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 SEVEN FISCAL YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.003368%	0.003409%	0.003429%	0.003271%	0.003431%	0.003560%	0.003610%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 21,236	\$ (106,775)	\$ (61,090)	\$ 451,810	\$ 447,321	\$ 386,590	\$ 364,622
Authority's Covered Payroll	\$ 560,514	\$ 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	3.79%	20.08%	11.78%	91.42%	89.88%	76.60%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

**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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,047	\$ 9,988	\$ 9,568	\$ 9,837
Contributions in Relation to the Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,047)	\$ (9,988)	\$ (9,568)	\$ (9,837)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375	\$ 478,408	\$ 491,833
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%

See accompanying notes to the required supplementary information.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2023. 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) wage inflation changed from 3.25% to 2.75% (b) future salary increases changed from 3.25% - 10.75% to 2.75% - 10.75% (c) the cost-of-living adjustments for post-1/7/2013 retirees was increase from 0.5% simple though 2021, then 2.15% simple to 3.0% simple through 2022 then 2.05% simple (d) Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub- 2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020 and 2022-2023.

The 2021, the following change was reflected: on January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, like the program for Medicare retirees.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.00% (c) the healthcare cost trend rate changed from 5.5% initial, 3.5% ultimate in 2034 to 5.5% initial, 3.5% ultimate in 2036.

Licking Metropolitan Housing Authority
 Entity Wide Balance Sheet Summary - FDS Schedule Submitted to HUD
 December 31, 2023

	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	\$271,152	\$73,041		\$9,039	\$576,270	\$929,502		\$929,502
113 Cash - Other Restricted				\$5,937	\$15,928	\$21,865		\$21,865
114 Cash - Tenant Security Deposits	\$14,728					\$14,728		\$14,728
115 Cash - Restricted for Payment of Current Liabilities					\$6,728	\$6,728		\$6,728
100 Total Cash	\$285,880	\$73,041	\$0	\$14,976	\$598,926	\$972,823	\$0	\$972,823
122 Accounts Receivable - HUD Other Projects			\$4,803			\$4,803		\$4,803
125 Accounts Receivable - Miscellaneous	\$24,503					\$24,503		\$24,503
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$24,503	\$0	\$4,803	\$0	\$0	\$29,306	\$0	\$29,306
142 Prepaid Expenses and Other Assets	\$19,635				\$17,031	\$36,666		\$36,666
144 Inter Program Due From		\$4,803				\$4,803	-\$4,803	\$0
150 Total Current Assets	\$330,018	\$77,844	\$4,803	\$14,976	\$615,957	\$1,043,598	-\$4,803	\$1,038,795
161 Land	\$201,250	\$75,000				\$276,250		\$276,250
162 Buildings	\$5,613,027	\$589,278			\$68,415	\$6,270,720		\$6,270,720
163 Furniture, Equipment & Machinery - Dwellings	\$56,498					\$56,498		\$56,498
164 Furniture, Equipment & Machinery - Administration	\$30,480	\$5,913			\$217,735	\$254,128		\$254,128
165 Leasehold Improvements	\$5,334				\$15,547	\$20,881		\$20,881
166 Accumulated Depreciation	\$4,930,060	\$382,350			-\$230,038	\$5,542,448		\$5,542,448
160 Total Capital Assets, Net of Accumulated Depreciation	\$976,529	\$287,841	\$0	\$0	\$71,659	\$1,336,029	\$0	\$1,336,029
174 Other Assets	\$28,893					\$28,893		\$28,893
180 Total Non-Current Assets	\$1,005,422	\$287,841	\$0	\$0	\$71,659	\$1,364,922	\$0	\$1,364,922
200 Deferred Outflow of Resources	\$175,917				\$318,234	\$494,151		\$494,151
290 Total Assets and Deferred Outflow of Resources	\$1,511,357	\$365,685	\$4,803	\$14,976	\$1,005,850	\$2,902,671	-\$4,803	\$2,897,868
312 Accounts Payable <= 90 Days	\$7,645				\$20,021	\$27,666		\$27,666
321 Accrued Wage/Payroll Taxes Payable					\$1,279	\$1,279		\$1,279
333 Accounts Payable - Other Government	\$23,251					\$23,251		\$23,251
341 Tenant Security Deposits	\$14,728					\$14,728		\$14,728
342 Unearned Revenue	\$2,357					\$2,357		\$2,357
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$966				\$2,816	\$3,782		\$3,782
345 Other Current Liabilities					\$6,728	\$6,728		\$6,728
347 Inter Program - Due To			\$4,803			\$4,803	-\$4,803	\$0
310 Total Current Liabilities	\$48,947	\$0	\$4,803	\$0	\$30,844	\$84,594	-\$4,803	\$79,791
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,515				\$10,245	\$13,760		\$13,760
354 Accrued Compensated Absences - Non Current	\$13,824				\$56,414	\$70,238		\$70,238
357 Accrued Pension and OPEB Liabilities	\$387,828				\$701,576	\$1,089,404		\$1,089,404
350 Total Non-Current Liabilities	\$405,167	\$0	\$0	\$0	\$768,235	\$1,173,402	\$0	\$1,173,402
300 Total Liabilities	\$454,114	\$0	\$4,803	\$0	\$799,079	\$1,257,996	-\$4,803	\$1,253,193
400 Deferred Inflow of Resources					\$8,813	\$13,685		\$13,685
508.4 Net Investment in Capital Assets	\$972,048	\$287,841	\$0		\$58,598	\$1,318,487		\$1,318,487
511.4 Restricted Net Position	\$0		\$0	\$5,937	\$15,928	\$21,865		\$21,865
512.4 Unrestricted Net Position	\$80,323	\$77,844	\$0	\$9,039	\$123,432	\$290,638		\$290,638
513 Total Equity - Net Assets / Position	\$1,052,371	\$365,685	\$0	\$14,976	\$197,958	\$1,630,990	\$0	\$1,630,990
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,511,357	\$365,685	\$4,803	\$14,976	\$1,005,850	\$2,902,671	-\$4,803	\$2,897,868

Licking Metropolitan Housing Authority
 Entity Wide Revenue and Expense Summary - FDS Schedule Submitted to HUD
 For the Year Ended December 31, 2023

	Project Total	1 Business Activities	4,267 Continuum of Care Program	14,879 Mainstream Vouchers	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$372,014					\$372,014		\$372,014
70400 Tenant Revenue - Other	\$3,483					\$3,483		\$3,483
70500 Total Tenant Revenue	\$375,497	\$0	\$0	\$0	\$0	\$375,497	\$0	\$375,497
70600 HUD PHA Operating Grants	\$289,549		\$393,795	\$497,629	\$7,732,320	\$8,913,293		\$8,913,293
70610 Capital Grants	\$51,900					\$51,900		\$51,900
71100 Investment Income - Unrestricted	\$4,833				\$1,708	\$6,541		\$6,541
71400 Fraud Recovery					\$1,166	\$1,166		\$1,166
71500 Other Revenue	\$24,503	\$7,255			\$116,724	\$148,482		\$148,482
71600 Gain or Loss on Sale of Capital Assets	-\$2,235					-\$2,235		-\$2,235
70000 Total Revenue	\$744,047	\$7,255	\$393,795	\$497,629	\$7,851,918	\$9,494,644	\$0	\$9,494,644
91100 Administrative Salaries	\$110,118		\$18,892	\$28,837	\$364,214	\$522,061		\$522,061
91200 Auditing Fees	\$2,421				\$9,813	\$12,234		\$12,234
91500 Employee Benefit contributions - Administrative	\$40,707		\$9,950	\$15,185	\$218,009	\$283,851		\$283,851
91600 Office Expense	\$23,727				\$17,873	\$264,879		\$264,879
91700 Legal Expense	\$1,763				\$10,409	\$12,172		\$12,172
91800 Travel	\$1,786				\$6,619	\$8,405		\$8,405
91900 Other	\$11,800				\$21,652	\$33,452		\$33,452
91000 Total Operating - Administrative	\$192,322	\$0	\$28,842	\$61,895	\$853,995	\$1,137,054	\$0	\$1,137,054
92400 Tenant Services - Other	\$1,035					\$1,035		\$1,035
92500 Total Tenant Services	\$1,035	\$0	\$0	\$0	\$0	\$1,035	\$0	\$1,035
93100 Water	\$29,767				\$640	\$30,407		\$30,407
93200 Electricity	\$90,523				\$4,622	\$95,145		\$95,145
93300 Gas	\$19,215				\$1,825	\$21,040		\$21,040
93000 Total Utilities	\$23,727				\$7,087	\$46,592		\$46,592
94100 Ordinary Maintenance and Operations - Labor	\$66,556					\$66,556		\$66,556
94200 Ordinary Maintenance and Operations - Materials and Other	\$25,131				\$6,905	\$32,036		\$32,036
94300 Ordinary Maintenance and Operations Contracts	\$112,418				\$6,293	\$118,711		\$118,711
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,604					\$24,604		\$24,604
94000 Total Maintenance	\$228,709	\$0	\$0	\$0	\$13,198	\$241,907	\$0	\$241,907
96110 Property Insurance	\$16,742				\$13,347	\$30,089		\$30,089
96130 Workmen's Compensation	\$626				\$3,150	\$3,776		\$3,776
96100 Total Insurance Premiums	\$17,368	\$0	\$0	\$0	\$16,497	\$33,865	\$0	\$33,865
96200 Other General Expenses	\$1,844	\$2,638	\$746		\$3,624	\$6,852		\$6,852
96300 Payments in Lieu of Taxes	\$23,251					\$23,251		\$23,251
96400 Bad debt - Tenant Rents						\$5,499		\$5,499
96000 Total Other General Expenses	\$30,594	\$2,638	\$746	\$0	\$3,624	\$37,602	\$0	\$37,602
96720 Interest on Notes Payable (Short and Long Term)	\$181				\$529	\$710		\$710
96700 Total Interest Expense and Amortization Cost	\$181	\$0	\$0	\$0	\$529	\$710	\$0	\$710
96900 Total Operating Expenses	\$609,714	\$2,638	\$29,588	\$61,895	\$894,930	\$1,598,765	\$0	\$1,598,765
97000 Excess of Operating Revenue over Operating Expenses	\$134,333	\$4,617	\$364,207	\$435,734	\$6,956,988	\$7,895,879	\$0	\$7,895,879
97200 Casualty Losses - Non-capitalized	\$31,080					\$31,080		\$31,080
97300 Housing Assistance Payments			\$364,207	\$465,530	\$6,823,186	\$7,652,923		\$7,652,923
97350 HAP Portability-In					\$106,568	\$106,568		\$106,568
97400 Depreciation Expense	\$120,609	\$21,906			\$29,178	\$171,693		\$171,693
90000 Total Expenses	\$761,403	\$24,544	\$393,795	\$527,425	\$7,853,862	\$9,561,029	\$0	\$9,561,029
10010 Operating Transfer In	\$35,671					\$35,671	-\$35,671	\$0
10020 Operating transfer Out	-\$35,671					-\$35,671	\$35,671	\$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	-\$17,356	-\$17,289	\$0	-\$29,796	-\$1,944	-\$66,385	\$0	-\$66,385
11030 Beginning Equity	\$1,069,727	\$362,974	\$0	\$44,772	\$199,902	\$1,697,375		\$1,697,375
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0
11170 Administrative Fee Equity					\$182,030	\$182,030		\$182,030
11180 Housing Assistance Payments Equity					\$15,928	\$15,928		\$15,928
11190 Unit Months Available	1188		600	960	12516	15264		15264
11210 Number of Unit Months Leased	1176		600	801	12113	14690		14690

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Funding:</i>			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 7,732,320
Mainstream Vouchers	N/A	14.879	497,629
Total Housing Voucher Cluster			<u>8,229,949</u>
Continuum of Care Program	N/A	14.267	393,795
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	253,878
Public Housing Capital Fund Program	N/A	14.872	<u>87,571</u>
Total Federal Award Expenditures			<u>\$ 8,965,193</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Licking Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

**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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 19, 2024

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

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, 2023. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the 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, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

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

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

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

Wilson, Shannon E Snow, Inc.

Newark, Ohio
June 19, 2024

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



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 8/1/2024

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

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