LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Members of the Board
Lorain Metropolitan Housing Authority
1600 Kansas Ave
Lorain, OH 44052

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 28, 2023

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LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Zupka & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Lorain Metropolitan Housing Authority
Lorain County
1600 Kansas Avenue
Lorain, Ohio 44052

To the Members of the Board:

Report on the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lorain Metropolitan Housing Authority as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules and the Schedule of Units Under LMHA Management are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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, and is also 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, the Schedule of Units Under LMHA Management 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 November 16, 2023, on our consideration of the Authority's internal control over financial reporting and on 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.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

November 16, 2023

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The Lorain Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority's financial activity, **c)** identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and **d)** identify individual issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The net position decreased by $313,340 or 1.1 percent, during 2023. Since the Authority engages in only business-type activities, the decrease is all in the category of business-type net position. Net position was $28,316,063 and $28,629,403 for 2023 and 2022, respectively.

- The business-type activities' revenue increased by $4,181,755 or 11.55 percent, during 2023 and was $40,379,037 and $36,197,282 for 2023 and 2022, respectively.

- The total expenses increased by $6,493,501 or 18.99 percent. Total expenses were $40,692,377 and $34,198,876 for 2023 and 2022, respectively.

Financial Statements

The Authority's financial 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 of the Authority. The Statement is presented in a format where assets plus deferred outflows of resources minus liabilities and deferred inflows of resources equal Net Position. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible into cash within one year) and "non-current".

The focus of the Statement of Net Position (the "unrestricted" net position) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net position is reported in three broad categories.

> <u>Net Investment in Capital Assets</u>: This component of net position consists of capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> <u>Restricted Net Position</u>: 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.
>
> <u>Unrestricted Net Position</u>: Consists of net position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The financial statements include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an income statement. This Statement includes Operating Revenues, such as rental income; Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as grant revenue, investment income, and interest expense.

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

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

The Authority's Programs

Conventional Public Housing - Under the Conventional Public Housing Program, the Authority rents 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 operating subsidy and capital grant funding (previously known as Comprehensive Grant funding) to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher (HCV) Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a housing assistance payment made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

HCV Emergency Housing Vouchers (EHV) - This is an award under the HCV program that provides additional vouchers to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Capital Fund Program (CFP) - This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of the Authority's units.

Family Self-Sufficiency Program Coordinators - This grant program, funded by the U.S. Department of Housing and Urban Development, is intended to assist residents to become economically self-sufficient by providing supportive services and resident empowerment activities.

Component Unit - The Lorain County Elderly Housing Corporation (LCEHC), an Ohio non-profit corporation, was organized for the purpose of providing housing for elderly persons of low to moderate income in the Lorain County area of northeastern Ohio. LCEHC consists of two 100-unit apartment complexes located in Elyria and Lorain and four homes located in Sheffield Village.

Business Activities - These non-HUD resources were developed from a variety of activities.

AUTHORITY STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged in only business-type activities.

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

	2023	2022
Assets and Deferred Outflows of Resources		
Assets		
Current and Other Assets	$ 13,106,681	$ 11,888,325
Capital Assets	22,087,493	21,768,310
Other Non-Current Assets	2,249,851	2,839,421
Total Assets	37,444,025	36,496,056
Deferred Outflows of Resources	4,577,068	885,951
Total Assets and Deferred Outflows of Resources	$ 42,021,093	$ 37,382,007
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 2,728,440	$ 1,301,405
Long-Term Liabilities	10,318,615	2,957,521
Total Liabilities	13,047,055	4,258,926
Deferred Inflows of Resources	657,975	4,493,678
Net Position		
Net Investment in Capital Assets	22,087,493	21,768,310
Restricted	21,071	103,917
Unrestricted	6,207,499	6,757,176
Total Net Position	28,316,063	28,629,403
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 42,021,093	$ 37,382,007

Major Factors Affecting the Statement of Net Position

Current and other assets were increased by $1,218,356, while current liabilities were increased by $1,427,035. Current assets, primarily cash and investments, and current liabilities increased due to increased Capital Fund Grant activity at the end of fiscal year 2023.

Capital assets increased by $319,183 from $21,768,310 to $22,087,493. For more detail, see the section Capital Assets and Debt Administration.

Table 2 - Statement of Unrestricted Net Position

Unrestricted Net Position at June 30, 2022	$ 6,757,176
Results of Operations	(313,340)
Adjustments:	
Depreciation (1)	2,066,847
Net Change in Restricted Assets (2)	82,846
Net Change in Capital Assets (3)	(2,386,030)
Ending Balance - June 30, 2023	$ 6,207,499

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
(2) The decrease of the Housing Choice Voucher Housing Assistance Payment balance from fiscal year 2022 for fiscal year 2023 expenses.
(3) Capital expenditures and debt service principal payments represent an outflow of unrestricted net position but are not treated as an expense against results of operations, and therefore must be deducted.

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

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

	2023	2022
Revenues		
Tenant Revenue - Rents and Other	$ 3,736,130	$ 3,450,465
Operating Subsidies and Grants	33,789,067	31,933,923
Capital Grants	2,217,778	48,749
Investment Income	169,799	24,646
Other Revenues	466,263	739,499
Total Revenues	40,379,037	36,197,282
Expenses		
Administrative	6,833,962	5,322,836
Tenant Services	333,477	402,993
Utilities	2,672,861	2,495,692
Maintenance	4,561,952	3,854,999
Protective Services	776,797	620,367
General	2,680,501	(743,342)
Housing Assistance Payments	20,765,980	20,105,248
Depreciation	2,066,847	2,140,083
Total Expenses	40,692,377	34,198,876
Net Increase (Decrease)	$ (313,340)	$ 1,998,406

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Total revenues increased by $4,181,755. This increase is primarily the result of increased Housing Choice Voucher funding and the Capital Fund program.

Total expenses increased by $6,493,501. This increase is the result of the OPEB expense adjustment, increased Housing Assistant Payment expense, and Administrative expense.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $22,087,493 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, depreciation and the removal of fully depreciated improvements) of $319,183 from the end of last year.

Table 4 - Capital Assets at Year End (Net of Depreciation)

	2023	2022
Land	$ 5,353,843	$ 5,353,843
Buildings	90,138,808	89,552,810
Office Equipment	1,447,505	1,534,788
Maintenance Equipment/Vehicles	901,388	906,113
Construction-in-Progress	1,701,283	10,000
Total	99,542,827	97,357,554
Less: Accumulated Depreciation	(77,455,334)	(75,589,244)
Total	$ 22,087,493	$ 21,768,310

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes on capital assets.

Table 5 - Change in Capital Assets - June 30, 2023

	2022
Beginning Balance - July 1, 2022	$ 21,768,310
Additions	2,386,212
Retirements, Net of Depreciation	(182)
Depreciation	(2,066,847)
Ending Balance - June 30, 2023	$ 22,087,493
This Year's Major Additions are:	
Building Improvements and Construction-in-Progress	$ 2,282,582
Equipment Purchase	103,630
Total Major Additions	$ 2,386,212

See Note 6 for additional information on capital assets.

During fiscal year ending June 30, 2023, the Authority's net pension and other post-employment benefits liabilities increased by $7,354,234 due to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Additional information on the Authority's long-term debt can be found at Note 7 through Note 9.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the U.S. Department of Housing and Urban Development and the subsidies provided to the Authority by the U.S. 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, employee health care costs, insurances, rents, supplies, and other costs.

FINANCIAL CONTACT

Information regarding this report can be obtained by contacting the Chief Financial Officer of the Lorain Metropolitan Housing Authority. Specific requests may be submitted to Chief Financial Officer, Lorain Metropolitan Housing Authority, 1600 Kansas Avenue, Lorain, Ohio 44052.

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents:	
Cash and Cash Equivalents	$ 7,213,136
Cash - Restricted	395,762
Cash - Tenant Security Deposits	223,298
Total Cash and Cash Equivalents	7,832,196
Accounts and Notes Receivable:	
Accounts Receivable - HUD Other Projects	1,057,279
Accounts Receivable - Miscellaneous	57,219
Accounts Receivable - Tenants, Net	10,706
Notes, Loans, and Mortgages Receivable - Current	8,946
Fraud Recovery Receivable, Net	91,914
Accrued Interest Receivable	41,912
Total Accounts and Notes Receivable	1,267,976
Other Current Assets:	
Investments - Unrestricted	3,500,000
Inventories, Net	283,641
Prepaid Expenses and Other Assets	222,868
Total Other Current Assets	4,006,509
Total Current Assets	13,106,681
Non-Current Assets	
Capital Assets:	
Non-Depreciable Capital Assets	7,055,126
Depreciable Capital Assets, Net	15,032,367
Total Capital Assets	22,087,493
Other Non-Current Assets:	
Net Pension Asset	105,146
Lease Receivable	480,908
Notes, Loans, and Mortgages Receivable, Non-Current	1,663,797
Total Other Non-Current Assets	2,249,851
Total Non-Current Assets	24,337,344
Total Assets	37,444,025
Deferred Outflow of Resources	
Pension	3,966,783
OPEB	610,285
Total Deferred Outflow of Resources	4,577,068
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 42,021,093

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

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2023
(CONTINUED)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 840,072
Accrued Wages and Payroll Taxes	236,685
Accrued Compensated Absences	359,960
Due to Other Governments	80,358
Tenant Security Deposits	200,766
Unearned Revenues	111,504
Other Current Liabilities	899,095
Total Current Liabilities	2,728,440
Non-Current Liabilities	
Accrued Compensated Absences	156,009
Non-Current Liabilities-FSS Escrow and Others	153,792
Net Pension Liability	9,803,750
Net OPEB Liability	205,064
Total Non-Current Liabilities	10,318,615
Total Liabilities	13,047,055
Deferred Inflow of Resources	
Pension	70,791
OPEB	79,736
Leases	507,448
Total Deferred Inflow of Resources	657,975
Net Position	
Net Investment in Capital Assets	22,087,493
Restricted	21,071
Unrestricted	6,207,499
Total Net Position	28,316,063
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 42,021,093

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

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

Operating Revenues	
Net Tenant Rental Revenue	$ 3,511,413
Tenant Revenue - Other	224,717
Total Tenant Revenue	3,736,130
HUD PHA Operating Grants	33,789,067
Fraud Recovery	133,195
Other Revenue	323,780
Total Operating Revenues	37,982,172
Operating Expenses	
Administrative	6,833,962
Tenant Services	333,477
Utilities	2,672,861
Ordinary Maintenance and Operation	4,561,952
Protective Services	776,797
Insurance Premiums	662,014
Other General Expenses	555,311
Payments in Lieu of Taxes	80,358
Bad Debt	191,255
Extraordinary Maintenance	726,892
Casualty Losses - Non-Capitalized	57,130
Housing Assistance Payments	20,765,980
Pension/OBEB Expense	407,541
Depreciation Expense	2,066,847
Total Operating Expenses	40,692,377
Operating Gain/(Loss)	(2,710,205)
Non-Operating Revenue (Expenses)	
Investment Income - Unrestricted	168,298
Investment Income - Restricted	1,501
Gain on Sale of Capital Assets	9,288
Total Non-Operating Revenue (Expenses)	179,087
Gain Before Capital Contributions and Grants	(2,531,118)
Capital Grants	2,217,778
Change in Net Position	(313,340)
Total Net Position - Beginning	28,629,403
Total Net Position - Ending	$28,316,063

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

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities	
Tenant Revenue Received	$ 3,760,671
Other Revenue Received	409,421
Government Operating Grants Received	33,774,348
Housing Assistance Payments	(20,765,980)
General and Administrative Expenses Paid	(16,048,997)
Net Cash Provided by Operating Activities	1,129,463
Cash Flows from Capital and Related Financing Activities	
Government Capital Grants Received	1,191,424
Purchases of Capital Assets	(2,386,212)
Sale of Capital Assets	9,470
Net Cash Used by Capital and Related Financing Activities	(1,185,318)
Cash Flows from Investing Activities	
Purchase of Investments	(3,500,000)
Interest Received	127,887
Issuance of Notes Receivable	(17,097)
Net Cash Used by Investing Activities	(3,389,210)
Increase (Decrease) in Cash and Cash Equivalents	(3,445,065)
Cash and Cash Equivalents - Beginning of Year	11,277,261
Cash and Cash Equivalents - End of Year	$ 7,832,196
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	$ (2,710,205)
Adjustments to Change in Net Position:	
Add Back Non-Cash Items:	
Depreciation Expense	2,066,847
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(40,412)
Prepaid Expenses	(18,267)
Inventory	(36,476)
Lease Receivables	(480,908)
Net Pension and OPEB Assets	1,087,575
Deferred Outflow Of Resources	(3,691,117)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	838,134
Accrued Wage and Payroll Taxes	54,508
Accrued Compensated Absences	88,649
Due to Other Governments	12,402
Tenant Security Deposits	2,680
Deferred Revenues	(1,998)
Other Current Liabilities	447,724
Other Non-Current Liabilities	(8,204)
Net Pension and OPEB Liabilities	7,354,234
Deferred Inflow of Resources	(3,835,703)
Total Adjustments	3,839,668
Net Cash Provided by Operating Activities	$ 1,129,463

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

NOTE 1: **DESCRIPTION OF THE ENTITY**

The Lorain Metropolitan Housing Authority ("the Authority") is a political subdivision organized under laws of the State of Ohio. The Authority is responsible for operating certain low-rent housing programs in Lorain County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity – Amendments of GASB Statements No. 14 and No. 34*, in that financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Under this Statement, the financial reporting entity is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity and there is a financial benefit or burden. 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. Under the definition of GASB Statement Number No. 61, the Lorain County Elderly Housing Corporation (LCEHC), an Ohio non-profit corporation, is a component unit of the Authority.

Lorain Metropolitan Housing Authority

The Authority was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. In accordance with an Annual Contributions Contract (C-5010) between the Authority and HUD, the Authority has agreed to develop and operate low-rent owned housing units, while HUD has agreed to provide financial assistance (a) to develop such low-rent housing, and (b) maintain "the low-rent character of such housing".

In addition, the Authority participates in the Section 8 Housing Assistance Payments Program (C-10009). Under the Section 8 Housing Program, the Authority provides assistance to low and moderate income persons seeking decent, safe, and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under these programs, the Authority enters into Housing Assistance Payment ("HAP") contracts with eligible landlords. Under a HAP contract, landlords are provided with subsidies for the difference between the contract rent and the amount payable by the Section 8 tenants.

The Authority owns and operates a seven-unit apartment complex ("Complex") with an attached car wash. The Authority does not receive federal financial assistance to operate this Complex. Revenue received from the Complex is recorded in business activities in the supplemental schedules.

Blended Component Unit

The Lorain County Elderly Housing Corporation (LCEHC), an Ohio non-profit corporation, is a component unit of the Authority and is organized for the purpose of providing a comprehensive and coordinated system of services for the elderly in the Lorain County area of northeastern Ohio.

NOTE 1: **DESCRIPTION OF THE ENTITY** (Continued)

Blended Component Unit (Continued)
All three Board members of the LCEHC are also members of the Board of Directors of the Authority. LCEHC is a component unit of the Authority and the financial results and financial activity of the LCEHC are included as part of the financial statements of the Authority. A separate financial statement is issued for LCEHC.

The Authority acts as managing agent for the LCEHC and performs all financial and operating functions for the LCEHC. The LCEHC pays the Authority a management fee for the services rendered.

Related Organization
LMHA, Inc. is a related, though a legally separate, not-for-profit corporation. LMHA, Inc. meets the Board appointment criteria but not the financial burden relationship criteria of the related GASB pronouncements and is not considered a part of the Authority's reporting entity. LMHA, Inc. is the single member of the LMHA Oberlin Homes MM, LLC, which is the general partner of LMHA Oberlin Homes, LLC. LMHA Oberlin Homes, LLC, is a partnership which substantially rehabilitated 51 units of public housing in Oberlin, Ohio, with funding from 9 percent Low Income Housing Tax Credits and a loan from the Authority.

Joint Venture
The Authority is a member of Housing Authority Property Insurance, Inc. ("HAPI"). HAPI is a non-profit, tax-exempt mutual insurance company that is wholly owned by public housing authority members. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. Due to the lack of significant oversight responsibility, accountability of the Authority's Board of Directors for actions, operations, and fiscal matters of HAPI, and the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority's reporting entity.

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

Basis of Accounting
The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Under the GAAP basis of accounting, revenues and expenses are recognized in the period earned or incurred. All transactions of the Authority are accounted for in an enterprise fund. This presentation is used to reflect operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reporting Entity

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

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The significant accounting policies under which the financial statements have been prepared are as follows:

Cash and Cash Equivalents

Highly liquid investments are considered to be cash and cash equivalents.

Allowance for Doubtful Accounts – Bad Debt Expenses

With the Board of Directors approval, the Authority writes off unpaid tenants' accounts receivable balances for which there has been no payment activity for 30 days and for which an outstanding balance remains.

Fraud Recovery Receivable

Fraud recovery receivable represents the full amount of the accounts receivable from tenants who committed fraud or misrepresentation and now owe additional rent for prior periods or retroactive rent. The revenues associated with these accounts receivables have been recognized and an allowance account has been established for uncollectable amounts.

Notes Receivable Current

Notes receivable current represents the amount from tenant repayment agreements created from tenants who owe specific payments for a specific term. The revenues associated with these notes receivable have been recognized.

Notes Receivable Non-Current

Notes receivable non-current represents a loan of capital fund resources to LMHA Oberlin Homes, LLC for the purpose of substantial rehabilitation of 51 units in 41 single family homes in the City of Oberlin as part of a Low-Income Housing Tax Credit project.

Investments

Investments for both the Authority and LCEHC consist of certificates of deposits, U.S. Treasury Bills, and other federal government financial instruments. Investments are reported at fair market value.

Cash - Restricted

Restricted cash for the Authority represents amounts received from tenants for security deposits and FSS program escrow accounts, unspent insurance proceeds, and amounts held for housing assistance payments.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Inventory

Inventory is valued using an average costing method. Expense is recorded based upon consumption.

Land, Property, and Equipment

Land, property, and equipment are recorded at cost. Property and equipment are depreciated over the estimated useful lives of the assets. Depreciation is computed using the straight-line method. Useful lives of assets are:

Buildings	40 Years
Computer Equipment	3 Years
Vehicles	5 Years
Office Equipment	15 Years
Other Equipment	5 to 10 Years
Leasehold Improvements	15 Years

Only items with a unit cost of $5,000 or more and a useful life greater than one year are capitalized and depreciated.

Compensated Absences

The Authority and its component unit, LCEHC, account for compensated absences in accordance with GASB Statement No. 16, vesting method.

Vacation leave earned at the end of the fiscal year is accrued based on the employee hourly rate multiplied by the employee vacation hour balance. Vacation leave cannot be carried forward from the anniversary date of one fiscal year to the anniversary date of the next fiscal year. The Executive Director can extend the carryover an additional 30 days. The Board of Directors can also extend the carryover, upon written approval. Employees are not eligible to receive monetary compensation for vacation leave in lieu of time off. The Authority and LCEHC record a liability for all vacation leave earned.

Sick leave balances are subject to payment to all employees after ten (10) years of service at the Authority. Employee sick leave payments are equal to 50 percent of the employee's available sick time hours, up to a maximum to 960 hours. The Authority and LCEHC record a liability for unused sick leave to the extent that it is probable that payment will be made.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. 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 borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Authority, these revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue. Operating expenses are necessary costs incurred for day-to-day operations.

Interprogram Due To and Due From Other Entities

Payables and receivables between the Authority and LCEHC, which occur due to the disbursements of expenses utilizing centralized checking accounts, are shown as either an Interprogram Due From Other Entities (asset) or an Interprogram Due To Other Entities (liability). These balances are current and paid within the year. Interprogram eliminations were made when combining balance sheets from the Financial Data Schedule (on REAC) to the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, deferred outflows of resources, deferred inflows of resources, revenues, and expenses at and during the reported period. Actual results could differ from those estimates.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is adopted by the Board of the Authority.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports 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) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred Outflows/Inflows of Resources (Continued)
In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for leases, pension and OPEB. The deferred inflows of resources related to leases are explained in Note 5. The deferred related to pension and OPEB plans are explained in Notes 8 and 9.

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits
Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Authority and its component unit (LCEHC) places deposits, pledge as collateral eligible securities equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value of the public deposits held by each institution over FDIC insured amounts. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies. The carrying amount of the Authority's deposits was $6,166,010 at June 30, 2023, which includes $200 at June 30, 2023, of petty cash, and the bank balance was $6,516,384 at June 30, 2023. The difference represents outstanding checks and other in-transit transactions of the bank balance. $250,000 was covered by federal depository insurance and the remainder was covered by pledged securities held in joint custody at the Federal Reserve.

Investments
The Authority has adopted a formal investment policy in accordance with Section 135 of the Ohio Revised Code, the "Uniform Depository Act." Safety of principal is the foremost objective of the investment policy. Maintaining sufficient liquidity to meet the Authority's cash flow needs and return on investment are secondary goals of the policy. The Authority does not purchase any form of derivative.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

In accordance with the Ohio Revised Code and the Authority's investment policy, the Authority is authorized to invest in (1) bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest; (2) bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality; (3) certificates of deposit purchased from qualified banks and savings and loans; (4) bonds and other obligations of the State of Ohio; (5) no-load money market mutual funds consisting exclusively of obligations described in division (1) or (2), and repurchase agreements secured by such obligation, provided that investments in securities described in this division are made only through eligible institutions; (6) the State Treasury Asset Reserve of Ohio managed by the Treasurer of the State of Ohio (STAR Ohio) and STAR PLUS; and (7) subject to certain restrictions and limitations, short-term commercial paper, and bankers acceptances.

At June 30, 2023, the Authority had $1,666,186 of nonfederal funds held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the financial statements. The Authority's investment in the pool is not subject to custodial credit risk categorization because it is not evidenced by securities that exist in physical or book entry form. No federal funds are held at STAR Ohio.

STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but has adopted GASB Statement No. 79, Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants. Investments in STAR Ohio are valued on the basis of the amortized cost valuation technique. For the year ended June 30, 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

The Authority has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The chart on the next page identifies the Authority's recurring fair value measurements as of June 30, 2023. STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. All of the Authority's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

As of June 30, 2023, the Authority had the following investments:

Type	Fair Value	Maturity
Negotiable CDs	$3,500,000	12 months or less
Star Ohio	1,666,186	Weight average - 60 days
Total Investments	$5,166,186	

Interest Rate Risk
The Authority's investment policy limits investments to five years, but does not specifically limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority holds its investments to maturity to avoid realizing losses from rising interest rates.

Credit Risk
The Authority's investments in certificates of deposits are covered by $250,000 FDIC insurance and the balance is collateralized by pledged securities held in joint custody at the Federal Reserve Bank. The Authority's investments in STAR Ohio are rated AAAm by Standard and Poor's.

Concentration of Credit Risk
The Authority does not limit the amount that may be invested with any one issuer. However, the Authority does competitively bid banking services every 3 years, with 2 one-year options. In addition, all investments, other than those investments in STAR Ohio, are collateralized as mentioned above.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

A reconciliation of cash and investments as shown on combining balance sheet follows:

Unrestricted Cash and Cash Equivalents *	$ 7,213,136
Restricted Cash and Cash Equivalents	619,060
Total	$ 7,832,196
Carrying Amounts of Deposits	$ 6,166,010
Carrying Amounts of Investments	1,666,186
Total	$ 7,832,196

* Includes Petty Cash

NOTE 4: **RESTRICTED CASH**

The Authority had the following restricted cash:

Housing Choice Voucher Housing Assistance Payment Balance	$	18,321
Emergency Housing Voucher Service Fee Balance		73,310
Tenant Security Deposits		223,298
Family Self-Sufficiency Forfieture Balance		21,071
Family Self-Sufficiency Escrow Balance		283,060
Total Restricted Cash	$	619,060

NOTE 5: **LEASE RECEIVABLES**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

In 2002, the Authority entered into two cell tower antenna facilities rooftop leases as the lessor. As of June 30, 2023, the value of the lease receivables is $472,716. The lessee is required to make monthly fixed payments totaling $3,993. The lease has an implied interest rate of 3.00%. The value of the deferred inflow of resources as of June 30, 2023, was $449,240, and the Authority recognized lease revenue of $45,302 during the fiscal year. The lessee has two 60-month extension options remaining.

On June 1, 2023, the Authority entered into a 60-month lease as the lessor for the use of building space. An initial lease receivable was recorded in the amount of $59,194. As of June 30, 2023, the value of the lease receivable is $58,154. The lessee is required to make monthly fixed payments of $1,041. The lease has an implied interest rate of 3.00%. The value of the deferred inflow of resources as of June 30, 2023, was $58,208, and the Authority recognized lease revenue of $987 during the fiscal year. The lessee has three 12-month extension options.

Principal and interest payments expected to be received to maturity at June 30, 2023, are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 49,962	$ 15,243	$ 65,205
2025	51,609	13,722	65,331
2026	53,306	12,150	65,456
2027	55,057	10,527	65,584
2028	56,208	8,851	65,059
2029 - 2033	264,728	20,334	285,062
Total	$ 530,870	$ 80,827	$ 611,697

NOTE 6: CAPITAL ASSETS

The following is a summary of capital assets.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assest Not being Depreciated				
Land	$ 5,353,843	$ 0	$ 0	$ 5,353,843
Construction in Progress	10,000	2,217,778	(526,495)	1,701,283
Total Capital Assets Not being Depreciated	5,363,843	2,217,778	(526,495)	7,055,126
Capital Assets Being Depreciated				
Buildings	89,552,810	591,299	(5,301)	90,138,808
Office Equipment	1,534,788	103,630	(190,913)	1,447,505
Maintenance Equipment	539,599	0	0	539,599
Vehicles	366,514	0	(4,725)	361,789
Total Capital Assets Being Depreciated	91,993,711	694,929	(200,939)	92,487,701
Less Accumulated Depreciation				
Buildings	(73,520,959)	(1,940,347)	5,119	(75,456,187)
Office Equipment	(1,206,373)	(109,468)	190,913	(1,124,928)
Maintenance Equipment	(508,780)	(7,769)	0	(516,549)
Vehicles	(353,132)	(9,263)	4,725	(357,670)
Total Accumulated Depreciation	(75,589,244)	(2,066,847)	200,757	(77,455,334)
Total Capital Assets being Depreciated, Net	16,404,467	(1,371,918)	(182)	15,032,367
Capital Assets, Net	$ 21,768,310	$ 845,860	$ (526,677)	$ 22,087,493

NOTE 7: DEBT OBLIGATION

Long-Term Debt

A reconciliation of long-term liabilities is shown below:

	Balance July 1, 2022	Additions	Retired	Balance June 30, 2023	Due Within One Year
Compensated Absences	$ 427,320	$ 625,415	$ 536,766	$ 515,969	$ 359,960
FSS Escrows	237,738	156,406	111,084	283,060	129,268
Net Pension Liability	2,654,580	7,149,170	0	9,803,750	0
Net OPEB Liability	0	205,064	0	205,064	0
Total	$ 3,319,638	$ 8,136,055	$ 647,850	$ 10,807,843	$ 489,228

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability/Asset

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

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

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

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

	State and Local
2022-2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022-2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For fiscal year ending June 30, 2023, the Authority's contractually required contributions used to fund pension benefits was $754,256 for the traditional plan, $21,188 for the combined plan and $6,361 for the member-directed plan.

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (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:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Prior Measurement Date	0.030511%	0.059088%	
Current Measurement Date	0.033188%	0.044612%	
Change in Proportionate Share	0.002677%	-0.014476%	
Proportionate Share of the:			
Net Pension Liability	$ 9,803,750	$ 0	$ 9,803,750
Net Pension Asset	$ 0	$ 105,146	$ 105,146
Pension Expense	$ 1,526,552	$ 18,211	$ 1,544,763

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 2,794,376	$ 38,318	$ 2,832,694
Differences between expected and actual experience	325,639	6,465	332,104
Changes of assumptions	103,570	6,966	110,536
Changes in proportion and differences between Authority contributions and proportionate share of contributions	281,882	42,647	324,529
Authority contributions subsequent to the measurement date	357,735	9,185	366,920
Total Deferred Outflows of Resources	$ 3,863,202	$ 103,581	$ 3,966,783
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 0	$ 15,031	$ 15,031
Changes in proportion and differences between Authority contributions and proportionate share of contributions	49,788	5,972	55,760
Total Deferred Inflows of Resources	$ 49,788	$ 21,003	$ 70,791

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

$366,920 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2024	$ 520,464	$ 6,281	$ 526,745
2025	743,816	11,743	755,559
2026	822,520	31,248	853,768
2027	1,368,879	4,583	1,373,462
2028	0	5,064	5,064
Thereafter	0	14,474	14,474
Total	$ 3,455,679	$ 73,393	$ 3,529,072

Actuarial Assumptions - OPERS

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions (Continued)

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

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	$ 14,685,690	$ 9,803,750	$ 5,742,852
Combined Plan	$ (54,873)	$ (105,146)	$ (144,989)

NOTE 9: **POSTEMPLOYMENT BENEFITS**

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.

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 and payroll taxes*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

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

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

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

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

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

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

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

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,

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

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

d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

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

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

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

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

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

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

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.

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was $6,076 for the fiscal year ending June 30, 2023.

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

The 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	0.030647%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.032523%
Change in Proportionate Share	0.001876%
Proportionate Share of the Net OPEB Liability	$ 205,064
OPEB Expense	$ (353,958)

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

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

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 407,264
Changes of assumptions	200,290
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0
Authority contributions subsequent to the measurement date	2,731
Total Deferred Outflows of Resources	$ 610,285
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 51,151
Changes of assumptions	16,480
Changes in proportion and differences between Authority contributions and proportionate share of contributions	12,105
Total Deferred Inflows of Resources	$ 79,736

$2,731 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2024	$ 55,823
2025	148,255
2026	126,998
2027	196,742
Total	$ 527,818

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions (Continued)

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

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

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

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions (Continued)

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

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	$ 697,944	$ 205,064	$ (201,643)

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.

NOTE 9: **POSTEMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions (Continued)

On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 192,211	$ 205,064	$ 219,530

NOTE 10: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, auto damage and liability, and public official's liability through various insurers. Deductible and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	$ 5,000	$ 189,928,116
General Liability	1,000	1,000,000
Vehicle	500/500	ACV/1,000,000
Directors, Officers, and Trustees Liability	15,000	2,000,000/2,000,000
Blanket Position Bond	5,000	500,000
Umbrella Liability	10,000	3,000,000/3,000,000

The Authority has contracted with Housing Authority Property Insurance, Inc. (HAPI) for property liability insurance and outside vendors for employee and Board of Commissioner's fidelity insurance, auto and vehicle insurance, and office equipment insurance. Settlement claims have not exceeded this coverage in any of the past 3 years. There has been no significant reduction in coverage from the previous fiscal year.

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits.

NOTE 11: **CONCENTRATIONS**

The Authority receives the majority of its revenue from HUD and is subject to mandated changes by HUD and changes in Congressional acts.

NOTE 12: **COMMITMENTS AND CONTINGENCIES**

Grants

The Authority and its component unit received financial assistance from a federal agency in the form of grants and from a county agency using a grant to provide four houses to the component unit. The disbursement of funds and assets received under these grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2023.

Contingencies

The Authority is party to various legal proceedings. In the opinion of the Authority, the ultimate disposition of these proceedings will not have a material effect on the Authority’s financial position. No provision has been made to the financial statements for the effect, if any, of such contingencies.

NOTE 13: **CAPITAL CONTRIBUTIONS**

The Lorain County Elderly Housing Corporation entered into an agreement with Lorain County to accept four houses built utilizing Neighborhood Stabilization Program (NSP) funds for the purpose of renting these units to tenants whose income is below 120 percent of adjusted median income for a period of 20 years. The Authority receives the majority of its revenues from the U.S. Department of Housing and Urban Development and is subject to changes in Congressional acts or mandated changes by HUD.

NOTE 14: BLENDED COMPONENT UNITS

As of June 30, 2023, the condensed Statement of Net Position for the blended component unit (LCEHC) is as follows:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	$ 1,161,012
Noncurrent Assets	6,803
Net capital assets	2,321,193
Total Assets	3,489,008
Deferred Outflows of Resources	
Pension	256,644
OPEB	39,484
Total Deferred Outflows of Resources	296,128
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,785,136
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	$ 202,352
Noncurrent Liabilities	29,112
Net Pension Liability	634,285
Net OPEB Liability	13,267
Total Liabilities	879,016
Deferred Inflows of Resources	
Pension	4,580
OPEB	5,159
Total Inflow of Resources	9,739
Net Position	
Net Investment in Capital Assets	2,321,193
Unrestricted	575,188
Total Net Position	2,896,381
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION	$ 3,785,136

NOTE 14: **BLENDED COMPONENT UNITS** (Continued)

As of June 30, 2023, the condensed Statement of Activities for the blended component unit (LCEHC) is as follows:

Operating Revenues	
Total Tenant Revenue	$ 679,997
HUD PHA Operating Grants	942,814
Other Revenue	12,688
Total Operating Revenue	1,635,499
Operating Expenses	
Depreciation	198,402
Other Operating Expenses	1,698,170
Total Operating Expenses	1,896,572
Operating Income	(261,073)
Nonoperating Revenues (Expenses)	
Investment Income-Unrestricted	27,146
Interest Expense	0
Total Nonoperating Revenues (Expenses)	27,146
Changes in Net Position	(233,927)
Beginning Net Position	3,130,308
Ending Net Position	$ 2,896,381

As of June 30, 2023, the condensed Statement of Cash Flows for the blended component unit is as follows:

Net Cash Provided by Operating Activities	$ 31,954
Net Cash Used in Capital and Related Financing Activities	(43,466)
Net Cash Used in Investing Activities	(200,000)
Net Increase(Decrease) in Cash and Cash Equivalents	(211,512)
Beginning Cash and Cash Equivalents	1,101,006
Ending Cash and Cash Equivalents	$ 889,494

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILTIY
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	0.033188%	0.030511%	0.031908%	0.031150%	0.032673%	0.034442%	0.035697%	0.036793%	0.036427%	0.036427%
Authority's Proportionate Share of the Net Pension Liability	$ 9,803,750	$ 2,654,580	$ 4,724,880	$ 6,157,009	$ 8,948,472	$ 5,403,282	$ 8,106,182	$ 6,373,011	$ 4,393,503	$ 4,294,269
Authority's Covered Payroll	$ 5,144,571	$ 4,428,104	$ 4,494,115	$ 4,382,781	$ 4,413,014	$ 4,551,522	$ 4,614,681	$ 4,579,233	$ 4,465,941	$ 4,464,562
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.13%	140.48%	202.77%	118.71%	175.66%	139.17%	98.38%	96.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.044612%	0.059088%	0.061879%	0.058686%	0.056929%	0.055625%	0.051769%	0.051330%	0.053023%	0.053023%
Authority's Proportionate Share of the Net Pension (Asset)	$ (105,146)	$ (232,810)	$ (178,622)	$ (122,374)	$ (63,659)	$ (75,724)	$ (28,813)	$ (24,979)	$ (20,415)	$ (5,564)
Authority's Covered Payroll	$ 206,499	$ 269,381	$ 272,700	$ 261,243	$ 243,483	$ 227,811	$ 201,512	$ 186,809	$ 193,821	$ 193,761
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	50.92%	86.42%	65.50%	46.84%	26.15%	33.24%	14.30%	13.37%	10.53%	2.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions										
Traditional Plan	$ 754,256	$ 639,163	$ 620,832	$ 629,688	$ 607,778	$ 605,000	$ 573,950	$ 551,091	$ 542,977	[1]
Combined Plan	21,188	32,151	40,043	37,281	35,554	30,281	26,598	22,878	22,933	[1]
Total Required Contributions	775,444	671,314	660,875	666,969	643,332	635,281	600,548	573,969	565,910	583,732
Contributions in Relation to the Contractually Required Contribution	(775,444)	(671,314)	(660,875)	(666,969)	(643,332)	(635,281)	(600,548)	(573,969)	(565,910)	(583,732)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 5,387,543	$ 4,565,450	$ 4,434,514	$ 4,497,771	$ 4,341,271	$ 4,485,132	$ 4,594,634	$ 4,592,425	$ 4,524,808	[1]
Combined Plan	176,567	229,650	286,021	266,293	253,957	224,488	212,925	190,650	191,108	[1]
Total Covered Payroll	$ 5,564,110	$ 4,795,100	$ 4,720,535	$ 4,764,064	$ 4,595,228	$ 4,709,620	$ 4,807,559	$ 4,783,075	$ 4,715,916	$ 4,668,352
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.49%	12.49%	12.00%	12.00%	[1]
Combined Plan	12.00%	14.00%	14.00%	14.00%	14.00%	13.49%	12.49%	12.00%	12.00%	[1]
Total Percentage	13.94%	14.00%	14.00%	14.00%	14.00%	13.49%	12.49%	12.00%	12.00%	12.50%

[1] – Information broken down by pension plan (Traditional vs. Combined) was not available.

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.032523%	0.030647%	0.032229%	0.031421%	0.032758%	0.034490%	0.035770%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ 205,064	$ (959,911)	$ (574,185)	$ 4,340,056	$ 4,270,870	$ 3,745,360	$ 3,612,892
Authority's Covered Payroll	$ 5,413,012	$ 4,779,064	$ 4,874,136	$ 4,747,000	$ 4,751,460	$ 4,885,705	$ 4,943,222
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	20.09%	11.78%	91.43%	89.89%	76.66%	73.09%
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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 6,076	$ 2,248	$ 4,334	$ 4,212	$ 3,985	$ 28,103	$ 77,013	$ 98,570	$ 94,957
Contributions in Relation to the Contractually Required Contribution	(6,076)	(2,248)	(4,334)	(4,212)	(3,985)	(28,103)	(77,013)	(98,570)	(94,957)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 5,627,714	$ 4,851,308	$ 4,828,873	$ 4,869,363	$ 4,694,847	$ 4,814,438	$ 4,921,320	$4,893,432	$ 4,780,364
Contributions as a Percentage of Covered Payroll	0.11%	0.05%	0.09%	0.09%	0.08%	0.58%	1.56%	2.01%	1.99%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

Net OPEB Liability

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036.

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$3,765,277		$831,612		$298,241	$905,002	$16,479	$1,396,525	$7,213,136		$7,213,136
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted	$48,690	$21,071				$105,102	$73,310		$248,173		$248,173
114 Cash - Tenant Security Deposits	$155,129		$57,882		$10,287				$223,298		$223,298
115 Cash - Restricted for Payment of Current Liabilities	$75,846					$71,743			$147,589		$147,589
100 Total Cash	$4,044,942	$21,071	$889,494	$0	$308,528	$1,081,847	$89,789	$1,396,525	$7,832,196	$0	$7,832,196
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	$1,007,253			$2,522		$28,403		$19,101	$1,057,279		$1,057,279
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous	$39,060				$11,589	$6,570			$57,219		$57,219
126 Accounts Receivable - Tenants	$10,585		$1,187		$0				$11,772		$11,772
126.1 Allowance for Doubtful Accounts -Tenants	-$1,008		-$58						-$1,066		-$1,066
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0	$0	$0		$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current	$8,845		$101						$8,946		$8,946
128 Fraud Recovery	$92,851		$1,103			$5,981			$99,935		$99,935
128.1 Allowance for Doubtful Accounts - Fraud	-$4,832		-$19			-$3,170			-$8,021		-$8,021
129 Accrued Interest Receivable	$32,287		$2,450			$7,175			$41,912		$41,912
120 Total Receivables, Net of Allowances for Doubtful Accounts	$1,185,041	$0	$4,764	$2,522	$11,589	$44,959	$0	$19,101	$1,267,976	$0	$1,267,976
131 Investments - Unrestricted	$2,700,000		$200,000			$600,000			$3,500,000		$3,500,000
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	$150,658		$37,623		$791	$17,471		$16,325	$222,868		$222,868
143 Inventories	$249,145		$29,186					$5,845	$284,176		$284,176
143.1 Allowance for Obsolete Inventories	-$469		-$55					-$11	-$535		-$535
144 Inter Program Due From											
145 Assets Held for Sale											
150 Total Current Assets	$8,329,317	$21,071	$1,161,012	$2,522	$320,908	$1,744,277	$89,789	$1,437,785	$13,106,681	$0	$13,106,681
161 Land	$4,532,801		$333,878		$417,764	$69,400			$5,353,843		$5,353,843
162 Buildings	$76,755,847		$10,131,109		$893,226	$1,010,838		$1,347,788	$90,138,808		$90,138,808
163 Furniture, Equipment & Machinery - Dwellings	$513,412		$228,415					$159,561	$901,388		$901,388
164 Furniture, Equipment & Machinery - Administration	$378,750		$53,721		$27,286	$484,830		$502,918	$1,447,505		$1,447,505
165 Leasehold Improvements											
166 Accumulated Depreciation	-$65,543,539		-$8,425,930		-$540,010	-$1,124,960		-$1,820,895	-$77,455,334		-$77,455,334
167 Construction in Progress	$1,601,193							$100,090	$1,701,283		$1,701,283
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	$18,238,464	$0	$2,321,193	$0	$798,266	$440,108	$0	$289,462	$22,087,493	$0	$22,087,493
171 Notes, Loans and Mortgages Receivable - Non-Current	$1,663,797								$1,663,797		$1,663,797
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets	$489,343		$6,803		$47,252	$18,926		$23,730	$586,054		$586,054
176 Investments in Joint Ventures											
180 Total Non-Current Assets	$20,391,604	$0	$2,327,996	$0	$845,518	$459,034	$0	$313,192	$24,337,344	$0	$24,337,344
200 Deferred Outflow of Resources	$2,424,060		$296,128			$823,839		$1,033,041	$4,577,068		$4,577,068
290 Total Assets and Deferred Outflow of Resources	$31,144,981	$21,071	$3,785,136	$2,522	$1,166,426	$3,027,150	$89,789	$2,784,018	$42,021,093	$0	$42,021,093

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	$790,508		$25,753		$1,151	$1,569		$21,091	$840,072		$840,072
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	$123,045		$15,203	$2,522		$43,109		$52,806	$236,685		$236,685
322 Accrued Compensated Absences - Current Portion	$153,051		$20,380			$60,321		$126,208	$359,960		$359,960
324 Accrued Contingency Liability											
325 Accrued Interest Payable											
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	$48,026		$32,332						$80,358		$80,358
341 Tenant Security Deposits	$141,507		$55,189		$4,070				$200,766		$200,766
342 Unearned Revenue	$6,834				$31,360		$73,310		$111,504		$111,504
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue											
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	$75,846					$53,422			$129,268		$129,268
346 Accrued Liabilities - Other	$626,630		$53,495		$1,235	$28,215	$145	$60,107	$769,827		$769,827
347 Inter Program - Due To											
348 Loan Liability - Current											
310 Total Current Liabilities	$1,965,447	$0	$202,352	$2,522	$37,816	$186,636	$73,455	$260,212	$2,728,440	$0	$2,728,440
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue											
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	$48,690					$105,102			$153,792		$153,792
354 Accrued Compensated Absences - Non Current	$74,760		$29,112			$6,486		$45,651	$156,009		$156,009
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	$5,300,764		$647,552			$1,801,513		$2,258,985	$10,008,814		$10,008,814
350 Total Non-Current Liabilities	$5,424,214	$0	$676,664	$0	$0	$1,913,101	$0	$2,304,636	$10,318,615	$0	$10,318,615
300 Total Liabilities	$7,389,661	$0	$879,016	$2,522	$37,816	$2,099,737	$73,455	$2,564,848	$13,047,055	$0	$13,047,055
400 Deferred Inflow of Resources	$528,961		$9,739		$58,208	$27,094		$33,973	$657,975		$657,975
508.4 Net Investment in Capital Assets	$18,238,464		$2,321,193		$798,266	$440,108		$289,462	$22,087,493		$22,087,493
511.4 Restricted Net Position		$21,071							$21,071		$21,071
512.4 Unrestricted Net Position	$4,987,895	$0	$575,188	$0	$272,136	$460,211	$16,334	-$104,265	$6,207,499		$6,207,499
513 Total Equity - Net Assets / Position	$23,226,359	$21,071	$2,896,381	$0	$1,070,402	$900,319	$16,334	$185,197	$28,316,063	$0	$28,316,063
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$31,144,981	$21,071	$3,785,136	$2,522	$1,166,426	$3,027,150	$89,789	$2,784,018	$42,021,093	$0	$42,021,093

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$2,807,802		$670,040		$33,571				$3,511,413		$3,511,413
70400 Tenant Revenue - Other	$214,186		$9,957		$574				$224,717		$224,717
70500 Total Tenant Revenue	$3,021,988	$0	$679,997	$0	$34,145	$0	$0	$0	$3,736,130	$0	$3,736,130
70600 HUD PHA Operating Grants	$9,470,717		$942,814	$118,694		$23,060,894	$168,653	$27,295	$33,789,067		$33,789,067
70610 Capital Grants	$2,117,688							$100,090	$2,217,778		$2,217,778
70710 Management Fee								$1,940,508	$1,940,508	-$1,940,508	$0
70720 Asset Management Fee								$173,040	$173,040	-$173,040	$0
70730 Book Keeping Fee								$397,351	$397,351	-$397,351	$0
70740 Front Line Service Fee											
70750 Other Fees											
70700 Total Fee Revenue								$2,510,899	$2,510,899	-$2,510,899	$0
70800 Other Government Grants											
71100 Investment Income - Unrestricted	$76,535		$27,146		$5,469	$14,284		$27,767	$151,201		$151,201
71200 Mortgage Interest Income	$17,097								$17,097		$17,097
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery	$130,883		$820			$1,492			$133,195		$133,195
71500 Other Revenue	$214,199	$24,366	$11,868		$36,486	$10,870		$49,991	$347,780	-$24,000	$323,780
71600 Gain or Loss on Sale of Capital Assets						$5,100		$4,188	$9,288		$9,288
72000 Investment Income - Restricted		$101				$1,400			$1,501		$1,501
70000 Total Revenue	$15,049,107	$24,467	$1,662,645	$118,694	$76,100	$23,094,040	$168,653	$2,720,230	$42,913,936	-$2,534,899	$40,379,037
91100 Administrative Salaries	$1,241,007		$218,232			$1,039,268	$9,881	$1,153,052	$3,661,440		$3,661,440
91200 Auditing Fees	$12,983		$3,239			$3,209	$37	$4,000	$23,468		$23,468
91300 Management Fee	$1,397,862		$108,434			$430,036	$4,176		$1,940,508	-$1,940,508	$0
91310 Book-keeping Fee	$125,694		$360			$268,687	$2,610		$397,351	-$397,351	$0
91400 Advertising and Marketing	$8,104		$3,619					$9,381	$21,104		$21,104
91500 Employee Benefit contributions - Administrative	$467,361		$77,063			$428,638	$4,064	$367,456	$1,344,582		$1,344,582
91600 Office Expenses	$555,787		$103,887		$45	$303,079		$492,344	$1,455,142		$1,455,142
91700 Legal Expense	$111,241		$23,301		$193	$8,206		$95,937	$238,878		$238,878
91800 Travel	$1,047		$63			$850		$1,687	$3,647		$3,647
91810 Allocated Overhead											
91900 Other	$19,002		$7,840		$20	$2,341	$2,714	$77,784	$109,701	-$24,000	$85,701
91000 Total Operating - Administrative	$3,940,088	$0	$546,038	$0	$258	$2,484,314	$23,482	$2,201,641	$9,195,821	-$2,361,859	$6,833,962
92000 Asset Management Fee	$172,560		$480						$173,040	-$173,040	$0
92100 Tenant Services - Salaries	$87,313		$12,682	$73,180					$173,175		$173,175
92200 Relocation Costs	$33,837								$33,837		$33,837
92300 Employee Benefit Contributions - Tenant Services	$51,024		$7,348	$45,514					$103,886		$103,886
92400 Tenant Services - Other	$13,245	$3,396	$770				$1,500	$3,668	$22,579		$22,579
92500 Total Tenant Services	$185,419	$3,396	$20,800	$118,694	$0	$0	$1,500	$3,668	$333,477	$0	$333,477
93100 Water	$630,198		$43,009		$2,467	$769	$4	$916	$677,363		$677,363
93200 Electricity	$397,621		$184,050		$5,009	$10,895	$109	$13,038	$610,722		$610,722
93300 Gas	$240,176		$1,142		$9,314	$7,788	$80	$9,322	$267,822		$267,822
93400 Fuel											
93500 Labor											
93600 Sewer	$1,028,100		$83,541		$3,080	$1,010	$12	$1,211	$1,116,954		$1,116,954
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93000 Total Utilities	$2,296,095	$0	$311,742	$0	$19,870	$20,462	$205	$24,487	$2,672,861	$0	$2,672,861
94100 Ordinary Maintenance and Operations - Labor	$1,258,793		$101,350		$1,628			$4,453	$1,366,224		$1,366,224
94200 Ordinary Maintenance and Operations - Materials and Other	$453,099		$57,683		$757	$4,985	$48	$14,658	$531,230		$531,230
94300 Ordinary Maintenance and Operations Contracts	$1,683,084		$322,664		$13,642	$2,138	$12	$59,839	$2,081,379		$2,081,379
94500 Employee Benefit Contributions - Ordinary Maintenance	$528,062		$52,719		$626			$1,712	$583,119		$583,119
94000 Total Maintenance	$3,923,038	$0	$534,416	$0	$16,653	$7,123	$60	$80,662	$4,561,952	$0	$4,561,952

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	$382,844		$59,292					$4,799	$446,935		$446,935
95200 Protective Services - Other Contract Costs	$189,481		$22,416						$211,897		$211,897
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services	$96,758		$19,910					$1,297	$117,965		$117,965
95000 Total Protective Services	$669,083	$0	$101,618	$0	$0	$0	$0	$6,096	$776,797	$0	$776,797
96110 Property Insurance	$336,166		$17,929		$3,401	$5,998		$3,205	$366,699		$366,699
96120 Liability Insurance	$77,139		$9,290		$1,967	$21,340		$1,471	$111,207		$111,207
96130 Workmen's Compensation	$35,829		$3,498			$11,160		$9,187	$59,674		$59,674
96140 All Other Insurance	$81,205		$6,661			$5,456	$393	$30,719	$124,434		$124,434
96100 Total insurance Premiums	$530,339	$0	$37,378	$0	$5,368	$43,954	$393	$44,582	$662,014	$0	$662,014
96200 Other General Expenses	$375,057		$18,773			$15,940		$1,318	$411,088		$411,088
96210 Compensated Absences	$49,277		$13,536			$17,318		$16,274	$96,405		$96,405
96300 Payments in Lieu of Taxes	$48,026		$32,332						$80,358		$80,358
96400 Bad debt - Tenant Rents	$169,185		$18,416		$886	$2,768			$191,255		$191,255
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense	$9,710		$519			$28,406		$9,183	$47,818		$47,818
96000 Total Other General Expenses	$651,255	$0	$83,576	$0	$886	$64,432	$0	$26,775	$826,924	$0	$826,924
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)											
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$12,367,877	$3,396	$1,636,048	$118,694	$43,035	$2,620,285	$25,640	$2,387,911	$19,202,886	-$2,534,899	$16,667,987
97000 Excess of Operating Revenue over Operating Expenses	$2,681,230	$21,071	$26,597	$0	$33,065	$20,473,755	$143,013	$332,319	$23,711,050	$0	$23,711,050
97100 Extraordinary Maintenance	$613,619		$26,120					$87,153	$726,892		$726,892
97200 Casualty Losses - Non-capitalized	$45,880		$11,250						$57,130		$57,130
97300 Housing Assistance Payments						$20,531,405	$234,575		$20,765,980		$20,765,980
97350 HAP Portability-In											
97400 Depreciation Expense	$1,709,821		$198,402		$39,509	$58,906		$60,209	$2,066,847		$2,066,847
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	$14,737,197	$3,396	$1,871,820	$118,694	$82,544	$23,210,596	$260,215	$2,535,273	$42,819,735	-$2,534,899	$40,284,836
10010 Operating Transfer In	$509,933								$509,933		$509,933
10020 Operating transfer Out	-$509,933								-$509,933		-$509,933
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)	-$267,457		-$24,752			-$181,873		$66,541	-$407,541		-$407,541
10091 Inter Project Excess Cash Transfer In	$650,000								$650,000		$650,000
10092 Inter Project Excess Cash Transfer Out	-$650,000								-$650,000		-$650,000
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out	$0								$0		$0
10100 Total Other financing Sources (Uses)	-$267,457	$0	-$24,752	$0	$0	-$181,873	$0	$66,541	-$407,541	$0	-$407,541
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$44,453	$21,071	-$233,927	$0	-$6,444	-$298,429	-$91,562	$251,498	-$313,340	$0	-$313,340
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$23,181,906	$0	$3,130,308	$0	$1,076,846	$1,198,748	$107,896	-$66,301	$28,629,403		$28,629,403
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors											
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity						$900,319			$900,319		$900,319
11180 Housing Assistance Payments Equity						$0			$0		$0
11190 Unit Months Available	17256	0	2448		84	37836	552		58176		58176
11210 Number of Unit Months Leased	16711	0	2346		84	35832	348		55321		55321
11270 Excess Cash	$4,952,558								$4,952,558		$4,952,558
11610 Land Purchases	$0							$0	$0		$0
11620 Building Purchases	$2,117,688							$0	$2,117,688		$2,117,688

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
SCHEDULE OF UNITS UNDER LMHA MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The Lorain Metropolitan Housing Authority had a total of 4,848 units under its management, as detailed below.

	Units Available	Average Number of Units Leased in in Fiscal Year
Lorain Metropolitan Housing Authority		
Low Income Public Housing	1,438	1,393
Housing Choice Vouchers	3,153	2,986
Housing Choice Vouchers - EHV	46	29
General Fund (not HUD funded)	7	7
Total Lorain Metropolitan Housing Authority	4,644	4,415
Lorain County Elderly Housing Corporation		
Section 8 New Construction	204	196
Total LMHA and LCEHC	4,848	4,611

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

Federal Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<u>Direct Programs</u>				
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	LCEHC	$ 942,814	$ 942,814
Total Section 8 Project-Based Cluster			942,814	942,814
Public and Indian Housing	14.850	N/A	0	8,387,695
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871		0	23,060,894
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871		0	168,253
Total Housing Voucher Cluster		N/A	0	23,229,147
Public Housing Capital Fund	14.872	N/A	0	3,328,095
Family Self-Sufficiency Program	14.896	N/A	0	118,694
Total U.S. Department of Housing and Urban Development			942,814	36,006,445
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 942,814	$ 36,006,445

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

NOTE 1: **BASIS OF PRESENTATION**

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

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

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

NOTE 3. **INDIRECT COST RATE**

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

NOTE 4: **SUBRECIPIENT**

The Authority passed through all Section 8 New Construction/Substantial Rehabilitation funds to the Lorain County Elderly Housing Corporation, which is a blended component unit of the Authority, as indicated in Note 1 to the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lorain Metropolitan Housing Authority
Lorain County
1600 Kansas Avenue
Lorain, Ohio 44052

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lorain Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

November 16, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lorain Metropolitan Housing Authority
Lorain County
1600 Kansas Avenue
Lorain, Ohio 44052

To the Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lorain Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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 to the Lorain Metropolitan Housing 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 Lorain Metropolitan Housing 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 Lorain Metropolitan Housing Authority’s compliance with the requirements of each major federal program as a whole.

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lorain Metropolitan Housing 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 Lorain Metropolitan Housing 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 Lorain Metropolitan Housing Authority’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

November 16, 2023

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF AUDITOR'S RESULTS**

2023(i)	Type of Financial Statement Opinion	Unmodified
2023(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2023(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2023(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2023(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2023(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2023(v)	Type of Major Programs' Compliance Opinions	Unmodified
2023(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2023(vii)	Major Programs (list): Public and Indian Housing - ALN #14.850 Public Housing Capital Fund - ALN #14.872	
2023(viii)	Dollar Threshold: A/B Program	Type A: $1,080,193 Type B: All Others
2023(ix)	Low Risk Auditee?	Yes

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

LORAIN METROPOLITAN HOUSING AUTHORITY
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The prior audit report, as of June 30, 2022, included no citations or instances of noncompliance.

OHIO AUDITOR OF STATE
KEITH FABER

LORAIN METROPOLITAN HOUSING AUTHORITY

LORAIN 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 1/9/2024

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