

STARK METROPOLITAN HOUSING AUTHORITY

STARK COUNTY

SINGLE AUDIT

APRIL 1, 2022 – MARCH 31, 2023



WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Commissioners
Stark County Metropolitan Housing Authority
400 Tuscarawas Street East
Canton, OH 44702

We have reviewed the *Independent Auditor's Report* of Stark County Metropolitan Housing Authority, Stark County, prepared by Wilson, Shannon & Snow, Inc., for the audit period April 1, 2022 through March 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

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**STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Stark Metropolitan Housing Authority
Stark County
400 Tuscarawas Street
Canton, Ohio 44702

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, Ohio (the Authority), as of and for the fiscal year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, Ohio, as of March 31, 2023, and the respective changes in financial position and where applicable, cash flows, thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Alliance Senior Tower, LLC, Hunter House PSH, LLC, and Turner Tower, LLC, which represent \$13,617,817 and 93 percent, \$6,089,413 and 101 percent, and \$1,730,498 and 93 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alliance Senior Tower, LLC, the Hunter House PSH, LLC, and Turner Tower, LLC, are based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Hunter House PSH, LLC and Turner Tower, LLC, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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


Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Financial Data Schedules, Cost Certification, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Newark, Ohio
October 20, 2023

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STARK METROPOLITAN HOUSING AUTHORITY
Management’s Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

Stark Metropolitan Housing Authority’s (“the Authority”) management discussion and analysis (MDA) complies with Governmental Accounting Standards Board (“GASB”) Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis—for State and Local Governments: Omnibus” and Statement No. 38, “Certain Financial Statement Disclosures”. Purpose of MDA is to assist reader on significant financial issues, provide an overview of Authority’s financial activity, identify changes in Authority’s financial position, and identify individual fund issues or concerns. MDA is designed to focus on fiscal year end March 31, 2023 activities, resulting changes, and currently known facts of primary government. Please read it in conjunction with Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s financial position at March 31, 2023, reflected total assets and deferred outflows of resources \$68,361,588 and total liabilities and deferred inflows of resources of \$21,254,811. Total net position was \$47,106,777 which increased by \$1,856,292 or approximately 4.1%. Financial operations were in accordance with expectations and approved budget plan.
- The Operating Revenue was \$30,572,669 in fiscal year 2023 and \$30,746,733 in fiscal year 2022.
- Operating Expenses were \$34,726,807 in fiscal year 2023 and \$31,733,883 in fiscal year 2022.

FINANCIAL STATEMENTS

The Financial Statements are designed to provide readers with a broad overview of the Authority’s finances in a manner similar to a private sector business.

Statement of Net Position reports all financial and capital resources of the Authority. The Statement is presented in a format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal Net Position. Assets and liabilities are in order of liquidity and classified as “current” (convertible into cash within one year) and “non-current”. The Statement of Net Position presents the financial position of the Authority at the end of fiscal year and includes all assets and liabilities. Net position, difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, is an important indicator of current financial condition, while change in net position is an indicator of whether overall financial position has improved or worsened during the fiscal year.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

Focus of the Statement of Net Position (the “unrestricted” net position) is designed to represent 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 (formerly net assets) is reported in three broad categories.

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

Restricted Net Position: This component of net position consists of restricted assets. Restricted assets are assets with constraints placed by creditors (such as debt covenants), grantors, contributors, laws, and regulations.

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

Financial statements also 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 capital grant revenue, interest income, and interest expense. Focus of Statement of Revenues, Expenses, and Changes in Net Position is “Changes in Net Position”, which is similar to Net Income or Loss.

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

The Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority's Programs

Conventional Public Housing - Under Conventional Public Housing Program, the Authority rents units it owns to income eligible households. Operation of Conventional Public Housing Program is under an Annual Contributions Contract (ACC) with US Department of Housing and Urban Development (HUD). HUD provides Operating Subsidy and Capital Grant funding. Subsidy enables the Authority to provide housing and sets participants' rent at 30 percent of household income.

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

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(Unaudited)

Capital Fund Program (CFP) - This is the primary funding source for the Authority's physical and management improvements in Conventional Public Housing. HUD's formula funding for CFP utilizes, size and age of units to determine the Authority's funding.

Continuum of Care Program - This grant program, funded by HUD, is designed to link rental assistance to supportive services for hard-to-reach homeless persons with disabilities (primarily those who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immune deficiency syndrome (AIDS) and related diseases), and their families.

Family Self-Sufficiency Program (FSS) – This grant program, funded by HUD, enables families in Conventional Public Housing and Housing Choice Voucher program to increase their earned income and reduce dependency on public assistance and rental subsidies. The participants are provided opportunities for education, job training, counseling and other forms of social assistance to obtain the skills necessary to achieve self-sufficiency. The program provides funds for FSS coordinators salary and related fringes. Program has an escrow account requirement for its participants.

Component Unit – The Authority has four component unit which was developed or acquired to enable the Authority to serve the Stark County community. They are: *Alliance Senior Tower, LLC*, a multi-family residential housing; *Hunter House, LLC*, a multi-family residential housing; *Turner Tower, LLC*, a multi-family residential housing; and *Progressive Housing Solutions Corporations*, a non-profit entity to acquire and operate housing development in Stark County, Ohio.

State and Local Activities - These non-HUD resources were developed from a variety of activities.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

BASIC FINANCIAL STATEMENTS

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

Table 1 - Condensed Statement of Net Position Compared to Prior Fiscal Year
Primary Government (Business Type Activities)

	2023	2022
<u>Assets and Deferred Outflows of Resources</u>		
Current Assets	\$ 12,060,843	\$ 12,093,653
Capital Assets	47,342,143	48,602,326
Other Non-Current Assets	4,556,901	2,851,984
Total Assets	63,959,887	63,547,963
Deferred Outflows of Resources	4,401,701	1,044,688
Total Assets and Deferred Outflows of Resources	\$ 68,361,588	\$ 64,592,651
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>		
Current Liabilities	3,751,112	3,735,519
Non-Current Liabilities	16,864,120	10,227,669
Total Liabilities	20,615,232	13,963,188
Deferred Inflows	639,579	5,378,978
Net Position		
Net Investment in Capital Assets	41,618,139	42,312,183
Restricted	629,215	1,162,645
Unrestricted	4,859,423	1,775,657
Total Net Position	47,106,777	45,250,485
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 68,361,588	\$ 64,592,651

Major Factors Affecting Statement of Net Position

Total Assets and Deferred Outflows increased by \$3,768,937 or 5.83 percent. The change includes \$32,810 decrease in current assets, \$1,260,183 decrease in capital assets, \$1,704,917 increase in non-current assets and \$3,357,013 increase in deferred outflows of resources.

Total liabilities increased by \$6,652,044 or 47.64 percent. Primarily due to a significant increase in net pension/OPEB liability of \$7,436,254.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

Below Table 2 presents details on the change in Unrestricted Net Position.

Table 2 - Change of Unrestricted Net Position - Primary Government

	2023
Beginning Balance - March 31, 2022	\$ 1,775,657
Results of Operations	\$ 1,856,292
Adjustments:	
Depreciation (1)	<u>4,189,932</u>
Adjusted Results from Operations	6,046,224
Increase in Restricted Net Position	533,430
Capital Expenditures, Net	(2,929,742)
Debt Payments	(566,142)
Rounding	<u>(1)</u>
Ending Balance - March 31, 2023	<u>\$ 4,859,426</u>

(1) Depreciation is treated as an expense and reduces results of operations but does not have an impact on Unrestricted Net Position.

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

Statement of Revenues, Expenses, and Changes in Position

Total revenues increased by \$762,182 or 2.11 percent. Capital grants contributed \$988,697 to the increase. Total expenses increase by \$2,672,857 or 8.27 percent. The GASB 68 (pension) and GASB 75 (OPEB) contributed \$2,199,999 to the increase.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

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

	2023	2022
<u>Revenues</u>		
Operating Subsidies and Grants	\$ 23,743,404	\$ 23,886,651
Tenant Revenues	5,978,911	6,013,759
Capital Grants/Contributions	6,287,600	5,298,903
Interest Income	209,798	38,375
Other Income	850,354	846,323
Gain (Loss) on Disposal of Assets	(223,874)	0
Total Revenues	36,846,193	36,084,011
<u>Expenses</u>		
Administrative	6,881,551	6,961,558
Utilities	3,755,885	3,338,876
Maintenance	7,852,924	7,466,036
Tenant Services	387,864	550,505
General and Protective Services	2,211,444	2,139,539
Interest Expense	189,931	197,243
Housing Assistance Payments	9,106,585	8,685,815
Pension and OPEB Expense	340,622	(1,859,377)
Depreciation	4,189,932	4,450,931
Casualty Loss	73,163	385,918
Total Expenses	34,989,901	32,317,044
Change in Net Position	\$ 1,856,292	\$ 3,766,967
Beginning Net Position	45,250,485	41,483,518
Ending Net Position	\$ 47,106,777	\$ 45,250,485

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had \$47,342,143 invested in a variety of capital assets as reflected in following schedule, which represents a net decrease (addition, deductions, and depreciation) of \$1,260,182 from end of last fiscal year.

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

	2023	2022
Land	\$ 12,379,598	\$ 12,769,050
Construction in Progress	3,185,038	5,010,535
Buildings	164,448,369	163,332,234
Equipment	9,261,813	8,780,215
Accumulated Depreciation	<u>(141,932,675)</u>	<u>(141,289,709)</u>
Total	<u>\$ 47,342,143</u>	<u>\$ 48,602,325</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes on capital asset (Note 6).

Table 5 - Change in Capital Assets - Primary Government

	2023
Beginning Balance - March 31, 2022	\$ 48,602,325
Current Year Additions	5,402,124
Current Year Deletions	(2,472,374)
Current Year Depreciation Expense	<u>(4,189,932)</u>
Ending Balance - March 31, 2023	<u>\$ 47,342,143</u>

Debt Outstanding

As of fiscal year-end, the Authority had \$5,724,001 in debt outstanding compared to \$6,290,143 last fiscal year, a \$566,142 decrease related to debt service payments. The following reconciliation summarizes the change in debt, which is presented in detail in Note 11.

Table 6 - Outstanding Debt, at Fiscal Year-End - Primary Government

	2023	2022
Beginning Balance - March 31, 2022	\$ 6,290,143	\$ 6,836,287
Current Year Debt Issued	-	-
Current Year Principal Payments	<u>(566,142)</u>	<u>(546,144)</u>
Ending Balance - March 31, 2023	<u>\$ 5,724,001</u>	<u>\$ 6,290,143</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management’s Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

NET PENSION/OPEB LIABILITY

The net pension liability (NPL) is the largest single liability reported by the Authority at March 31, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In addition, the Authority reports financial balances pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Deferred Outflows of Resources - Pension	\$ 3,729,274	\$ 927,147	\$ 2,802,127
Deferred Outflows of Resources - OPEB	672,427	117,541	554,886
Deferred Inflows of Resources - Pension	(250,354)	(4,121,065)	3,870,711
Deferred Inflows of Resources - OPEB	(80,947)	(1,257,913)	1,176,966
Net Pension Asset	83,175	192,806	(109,631)
Net OPEB Asset	0	1,199,427	(1,199,427)
Net Pension Liability	(10,443,882)	(3,233,505)	(7,210,377)
OPEB Liability	(225,877)	0	(225,877)
Impact of GASB 68 & 75 on Net Position	<u>\$ (6,516,184)</u>	<u>\$ (6,175,562)</u>	<u>\$ (340,622)</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Fiscal Year Ended March 31, 2023
(Unaudited)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding and subsidies provided by 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

Questions concerning any information provided in this report or request for additional information should be addressed to the Executive Director, Stark Metropolitan Housing Authority, 400 Tuscarawas Street East, Canton, Ohio 44702-1131, or call 330-454-8051.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	<u>Primary Government</u>	<u>Component Units</u>
<u>ASSETS</u>		
Current Assets:		
Cash - Unrestricted	\$ 9,196,437	\$ 221,483
Cash - Restricted	1,893,796	844,544
Accounts Receivable - Net of Allowance	505,729	218,621
Inventories - Net of Allowance	405,282	6,995
Prepaid Expense	59,599	36,493
Total Current Assets	12,060,843	1,328,136
Non-Current Assets:		
Capital Assets - Non-Depreciated	15,564,636	4,104,286
Depreciable Capital Assets - Net	31,777,507	9,198,271
Notes Receivable from Component Units	4,296,770	-
Notes Receivable - Other	10,947	-
Other Non-Current Assets - Accrued Interest	166,009	39,400
Other Non-Current Assets - Pension	83,175	-
Total Non-Current Assets	51,899,044	13,341,957
Deferred Outflows of Resources		
Deferred Outflows of Resources - Pension	3,729,274	-
Deferred Outflows of Resources - OPEB	672,427	-
Total Deferred Outflows of Resources	4,401,701	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 68,361,588	\$ 14,670,093
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 304,553	\$ 1,199,105
Current Portion of Long-Term Debt	581,142	41,997
Intergovernmental Payable	246,368	55,307
Accrued Wages and Payroll Taxes	433,138	2,301
Tenant Security Deposits	372,590	56,581
Other Current Liabilities	1,813,321	759,501
Total Current Liabilities	3,751,112	2,114,792
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	5,142,862	2,192,758
Notes Payable to Primary Government	-	4,296,770
Net Pension Liability	10,443,882	-
Net OPEB Liability	225,877	-
Other Long-Term Liabilities and Compensated Absences	1,051,499	59,712
Total Non-Current Liabilities	16,864,120	6,549,240
Total Liabilities	20,615,232	8,664,032
Deferred Inflows of Resources		
Deferred Inflows of Resources - Pension	250,354	-
Deferred Inflows of Resources - OPEB	80,947	-
Deferred Inflows of Resources - Other	308,278	-
Total Deferred Inflows of Resources	639,579	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	41,618,139	7,218,667
Restricted	629,215	-
Unrestricted	4,859,423	(1,212,606)
Total Net Position	47,106,777	6,006,061
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 68,361,588	\$ 14,670,093

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	Primary Government	Component Units
<u>Operating Revenues</u>		
Program Operating Grants/Subsidy	\$ 23,743,404	\$ 72,464
Tenant Revenues	5,978,911	1,654,143
Other Income	850,354	137,009
Total Operating Revenues	30,572,669	1,863,616
<u>Operating Expenses</u>		
Administrative	6,881,551	493,020
Utilities Expense	3,755,885	285,769
Maintenance Expense	7,852,924	411,638
Tenant Services	387,864	69,661
Protective Services	352,781	167,248
Housing Assistance Payments	9,106,585	-
Other General Expenses	1,858,663	189,428
Pension / OPEB Expenses	340,622	-
Depreciation	4,189,932	408,469
Total Operating Expenses	34,726,807	2,025,233
Operating Loss	(4,154,138)	(161,617)
<u>Non-Operating Revenue (Expenses)</u>		
Interest Income	209,798	881
Casualty Loss	(73,163)	-
Loss on Disposal of Capital Assets	(223,874)	-
Interest Expense	(189,931)	(129,302)
Total Non-Operating Revenue (Expenses)	(277,170)	(128,421)
Excess (Deficiency) of Revenue Over (Under) Expenses before Capital Grants/Contributions	(4,431,308)	(290,038)
<u>Capital Grants/Contributions</u>		
Capital Grants/Contributions	6,287,600	2,014,732
Total Capital Grants/Contributions	6,287,600	2,014,732
Change in Net Position	1,856,292	1,724,694
Beginning Net Position	45,250,485	4,281,367
ENDING NET POSITION	\$ 47,106,777	\$ 6,006,061

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	<u>Primary Government</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD and Other Governments	\$ 24,140,599
Cash Received from Tenants	5,990,115
Cash Received from Other Sources	803,914
Cash Payments for Housing Assistance Payments	(9,106,585)
Cash Payments for Administration	(6,608,147)
Cash Payments for Other Operating Expenses	(14,615,548)
Net Cash Provided by Operating Activities	<u>604,348</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Payments to HUD	(204,000)
Principal Payments on Debt	(591,142)
Sale of Capital Assets	482,246
Interest Expense	(188,524)
Acquisition of Capital Assets	(3,635,869)
Capital Grants and Contributions	6,287,600
Casualty Loss	(73,163)
Net Cash Provided by Capital and Other Related Financing Activities	<u>2,077,148</u>
<u>Cash Flows from Investing Activities</u>	
Increase in Notes Receivable	(2,516,094)
Investment Income	118,789
Net Cash (Used by) Investing Activities	<u>(2,397,305)</u>
Net Increase in Cash and Cash Equivalents	284,191
Cash and Cash Equivalents, Beginning	<u>10,806,042</u>
Cash and Cash Equivalents, Ending	<u>\$ 11,090,233</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating Loss	\$ (4,154,138)
Net Cash Provided by Operating Activities	
Depreciation	4,189,932
(Increase) Decrease in:	
Receivables, Current and Non-Current	399,259
Inventory and Prepaid Expense	(82,257)
Deferred Outflows of Resources and Pension Asset	(2,047,955)
Increase (Decrease) in:	
Accounts Payable	(202,593)
Net Pension/OPEB Liability	7,436,254
Non-Current Liabilities	10,337
Accrued Wages/Payroll Taxes	59,852
Intergovernmental Payable	(26,638)
Deferred Inflow of Resources	(5,047,677)
Tenant Security Deposits	(10,662)
Current Liabilities	80,634
Net Cash Provided by Operating Activities	<u>\$ 604,348</u>

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 1: DESCRIPTION OF THE ENTITY

Stark Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in acquisition, development, leasing, and administration of a various subsidized public housing programs for eligible Stark County residents. These programs provide housing for eligible families under the United States Housing Act of 1937, as amended. The Authority contracts with United States Department of Housing and Urban Development (HUD) to provide low and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on subsidies from HUD to operate.

The Authority participates in low-rent public housing program (Conventional Public Housing). Under this Program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

In addition, the Authority participates in Housing Choice Voucher program and other programs supported by HUD. These programs help assist families in payment of rent. Under these HUD Programs, subsidy payments are made directly to landlord on behalf of participants living in their respective unit.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Summary of Significant Accounting Policies

Financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of Authority's are described below.

B. Reporting Entity

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to ensure that financial statements are not misleading and consistent with GASB's Statement No. 14, *The Financial Reporting Entity*. Based on application of criteria set forth in GASB Statement No. 14 (as amended by GASB Statement No. 61), the Authority evaluated potential component units (PCU) for inclusion based on financial accountability, nature and significance of their relationship to the Authority, and whether exclusion would cause basic financial statements to be misleading or incomplete.

Among factors considered were whether the Authority holds PCU's corporate power, appoints a voting majority of PCU's board, is able to impose its will on or whether a financial benefit / burden relationship exists with PCU.

Primary government of the Authority consists of all funds, agencies, departments and offices that are not legally separate from the Authority. Preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority's component units. Following organizations have been reflected in the accompanying basic financial statements as discretely presented component units as excluding the following entities would render the Authority's basic financial statements incomplete or misleading.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

C. **Discretely Presented Component Units**

Component unit's column in combined financial statements identifies financial data of the Authority's four component units: Alliance Senior Tower, LLC, Hunter House, LLC, Turner Tower LLC, and Progressive Housing Solutions Corporation, Inc. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients of the Authority and others.

Alliance Senior Tower, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. Corporation formed for purpose of acquiring and operating Alliance Tower, a multi-family residential housing project in Stark County, Ohio. Separately issued audited financial statements are available from the Authority.

Hunter House, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. The entity formed for purpose of acquiring and operating Hunter House, a multi-family residential housing project in Stark County, Ohio. Hunter House, LLC has a December 31 fiscal year end. Separately issued audited financial statements are available from the Authority.

Turner Tower, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. Corporation formed for purpose of acquiring and operating Cherrie Turner Tower, a multi-family residential housing project in Stark County, Ohio. Separately issued audited financial statements are available from the Authority.

Progressive Housing Solutions Corporation, is a nonprofit limited corporation formed under the laws of the State of Ohio under Section 501(c)(3) of the Internal Revenue Code of 1986. The entity formed for purpose of acquiring and operating housing developments in Stark County, Ohio. Progressive Housing Solutions Corporation has a December 31 fiscal year end. Separately issued financial statements are available from the Authority.

Management believes financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

D. **Fund Accounting**

The Authority uses enterprise funds to report on its financial position and results of its operations for Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

E. **Proprietary Fund Types**

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

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

F. Measurement Focus/Basis of Accounting

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

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. The Authority's operating revenues and expenses generally result from providing service and producing and delivering goods in connection with a propriety fund's principal ongoing operation. The Authority's principal operating revenues result from providing housing which results in charges to tenants for rent and the related operating subsidizes from HUD. The majority of operating expenses of the Authority's propriety fund include the cost of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority maintains inventory warehouses at various low-rent public housing sites. This inventory consists of materials, parts and operating supplies for the efficient operation of the program. Value of inventory is based on cost using the "First In First Out" (FIFO) method of accounting in accordance with GAAP.

The Authority is required to follow GAAP's Proprietary Fund accounting. GAAP requires the Authority to account for transactions using the accrual basis of accounting. Accrual basis of accounting requires revenues and expenses to be recognized in the period incurred. Contributions and subsidizes received from HUD are generally recognized as revenues based on the Annual Contributions contract year. Tenant rents are recognized as revenues in the month of occupancy. Contributions under the Capital Fund Program (CFP) are recognized as revenue in the period in which expenses related to CFP projects were incurred. Rents or grants received in advance of the period in which they are recognized are recorded as deferred inflows of resources.

G. Investments

Investments are restricted by provisions of HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2023 totaled \$209,798 for primary government and \$881 for component units.

H. Capital Assets

Capital assets are stated at cost. Capitalization policy of the Authority is to depreciate all non-expendable personal property that have a useful life of more than one year and purchase price of \$5,000 or more per unit. Capital assets are depreciated using straight line method with a half year convention in year of acquisition and disposal. Cost of normal maintenance and repairs that do not add to value of asset or materially extend asset life are not capitalized.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

Estimated useful lives for each major class of depreciable assets are as follows:

Buildings	40 years
Building and Improvements	15 Years
Furniture and Equipment Dwellings	5 to 10 Years

I. Cash and Cash Equivalents

For purpose of Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months or less.

J. Compensated Absences

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

Also accrued as a liability are vacation leave and other compensated absences with similar characteristics. Value is based on benefits as earned by employees. For accrual the following conditions must be met: **(1)** employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside control of employer and employee; and **(2)** it is probable employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

K. Capital Grants and Contributions

Capital Grants are made available by HUD with respect to all federally aided projects under an annual contributions contract. Hunter House, LLC capital contributions in its fiscal year 2023 came from private investors.

L. Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. Budget is adopted by the Board of the Authority and then submitted to HUD when required.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

M. **Estimates**

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

N. **Inter-Program Loans**

Inter-Program Due to and Due for Primary Government from are reflected on supplemental Financial Data Schedules (FDS) and are eliminated in total on both FDS and Statement of Net Position.

O. **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.

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 pension and OPEB as well as other related to deferred development fee revenue. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

P. **Pensions and Post-Employment Benefits**

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**

A. **Deposits**

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

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

Inactive deposits are public deposits the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits either evidenced by certificates of deposit maturing no later than end of current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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

At year-end, carrying amount of the Authority's deposits was \$10,131,705 of which \$1,893,796 was restricted funds and \$6,050 was petty cash, and its bank balances were \$10,180,910.

Custodial Credit Risk

Custodial credit risk is the risk, in event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits of the primary government totaling \$250,000 were covered by Federal Depository Insurance, and deposits totaling \$9,930,910 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

B. Investments

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. Issuance of taxable notes for purpose of arbitrage, use of leverage, and short selling are also prohibited. An investment must mature within five years from date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing investments to Treasurer or, if securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. Objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is primary objective of investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.

The Authority categorizes its fair value of measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to insure the fair value of the asset. Level I 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 Authority's investments are measured at fair value and valued using methodologies that incorporate market inputs such as benchmark yields, repo lied trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires funds which are not operating reserve funds be invested in investments with a maximum term of one year or Authority's operating cycle. For investments of the Authority's operating reserve funds, maximum term can be up to three years. The intent of policy is to avoid the need to sell securities prior to maturity.

As of March 31, 2023, the Authority had the following investments and investment maturities:

<u>Investment Type</u>	<u>Value</u>	<u>Rating</u>	<u>Maturity</u>	<u>Level</u>	<u>Investments</u>
U.S. Treasury and Government Securities	\$ 196,143	AAA	Various Maturities	2	20.46%
U.S. Treasury and Government Securities	\$ 762,385	AAA	Various Maturities	2	79.54%
Total Investments	\$ 958,528				100.00%

	<u>Cash and Cash</u>	
	<u>Equivalents</u>	<u>Investments</u>
Per Statement of Net Position	\$ 11,090,233	\$ -
Huntington National Bank Escrow	(196,143)	196,143
Wells Fargo 100 % Treasury Money Market Fund	(762,385)	762,385
Per GASB Statement No. 3	\$ 10,131,705	\$ 958,528

C. Component Units

At March 31, 2023, each component unit maintains cash accounts at a single financial institution, respectively, where balances at times may exceed the \$250,000 insured limit. The Component Units also have escrows and reserves held by the mortgage lender, and the balances may exceed \$250,000. The total carrying value of cash for the component units was \$1,066,027.

NOTE 4: RESTRICTED CASH

Restricted cash balances as of March 31, 2023 represents cash on hand for following:

	<u>Primary</u>	<u>Component</u>
	<u>Government</u>	<u>Units</u>
Tenant Security Deposits	\$ 372,590	\$ 56,581
Bond Proceeds to be Used for Capital Improvement	958,528	-
Proceeds from Sale of Fixed Assets	405,133	-
Other Restricted Cash	157,545	787,963
Total Restricted Cash	\$ 1,893,796	\$ 844,544

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 5: INSURANCE COVERAGE (Primary Government)

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority covered for property damage and general liability through HAI Group or its affiliates. Auto liability and physical damage are covered through Travelers Insurance. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation program, in which rates are calculated retrospectively. There was no significant reduction in coverages and no claims exceeded insurance coverage during the past three fiscal years.

NOTE 6: CAPITAL ASSETS

The following is a summary of the Authority's capital assets and changes in capital assets:

	Primary Government				Balance 3/31/2023
	Balance 3/31/2022	Reclasses	Additions	Deletions	
<i>Capital asset not being Depreciated</i>					
Land	\$ 12,769,050	\$ -	\$ -	\$ (389,452)	\$ 12,379,598
Construction in Progress	5,010,535	(7,060,218)	5,238,074	(3,353)	3,185,038
Total Capital Assets not being Depreciated	17,779,585	(7,060,218)	5,238,074	(392,805)	15,564,636
<i>Capital Assets Being Depreciated</i>					
Buildings and Building Improvements	163,332,234	6,353,268	63,845	(5,300,978)	164,448,369
Furniture and Equipment Dwelling	8,780,215	706,950	100,205	(325,557)	9,261,813
Total Capital Assets Being Depreciated	172,112,449	7,060,218	164,050	(5,626,535)	173,710,182
<i>Accumulated Depreciation</i>					
Buildings and Improvements	(134,420,509)	-	(3,533,163)	3,312,772	(134,640,900)
Furniture and Equipment	(6,869,200)	-	(656,769)	234,194	(7,291,775)
Subtotal Accumulated Depreciation	(141,289,709)	-	(4,189,932)	3,546,966	(141,932,675)
Net Capital Assets being Depreciated	30,822,740	7,060,218	(4,025,882)	(2,079,569)	31,777,507
Total Primary Government	\$ 48,602,325	\$ -	\$ 1,212,192	\$ (2,472,374)	\$ 47,342,143

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 6: **CAPITAL ASSETS** (Continued)

	Component Units				Balance 3/31/2023
	Balance 3/31/2022	Reclasses	Additions	Deletions	
<i>Capital asset not being Depreciated</i>					
Land	\$ 250,701	\$ -	\$ -	\$ -	\$ 250,701
Construction in Progress	\$ 224,979	\$ (21,481)	\$ 3,650,087	\$ -	\$ 3,853,585
Total Capital Assets not being Depreciated	\$ 475,680	\$ (21,481)	\$ 3,650,087	\$ -	\$ 4,104,286
<i>Capital Assets Being Depreciated</i>					
Buildings and Building Improvements	\$ 10,023,713	\$ 21,481	\$ 2,513,002	\$ -	\$ 12,558,196
Furniture and Equipment Dwelling	\$ 210,247	\$ -	\$ -	\$ -	\$ 210,247
Total Capital Assets Being Depreciated	\$ 10,233,960	\$ 21,481	\$ 2,513,002	\$ -	\$ 12,768,443
<i>Accumulated Depreciation</i>					
Buildings and Improvements	\$ (2,964,656)	\$ -	\$ (407,549)	\$ -	\$ (3,372,205)
Furniture and Equipment	\$ (197,047)	\$ -	\$ (920)	\$ -	\$ (197,967)
Subtotal Accumulated Depreciation	\$ (3,161,703)	\$ -	\$ (408,469)	\$ -	\$ (3,570,172)
Net Capital Assets being Depreciated	\$ 7,072,257	\$ 21,481	\$ 2,104,533	\$ -	\$ 9,198,271
Total Component Units	\$ 7,547,937	\$ -	\$ 5,754,620	\$ -	\$ 13,302,557

NOTE 7: **NOTES RECEIVABLE**

In August 2022, the Authority entered into 2 promissory notes with Turner Tower LLC, an Ohio Limited Liability company. The first note, Seller Note, for purchase of Cherrie Turner Tower Complex from the Authority in the amount of \$2,056,553. The Complex serves as collateral for the note. The note has an annual interest rate of 3.35%. Principal and interest are payable to the authority out of surplus cash as defined in the Operating Agreement. The note matures August 1, 2064, at which time any unpaid principal and interest shall be due and payable. As of March 31, 2023, the outstanding principal balance and accrued interest are \$2,056,553 and \$45,928.

The second note, Capital Fund note, for Cherrie Turner Tower project Capital Fund from the Authority in the amount of \$500,000. The Complex serves as collateral for the note. The note has an annual interest rate of 2.5%. Principal and interest are payable to the authority out of surplus cash as defined in the Operating Agreement. The note matures August 1, 2064, at which time any unpaid principal and interest shall be due and payable. As of March 31, 2023, the outstanding principal balance and accrued interest are \$500,000 and \$8,336.

In September 2019, the Authority entered into a promissory note with Progressive Housing Solutions Corporation, an affiliate of the Authority, for the acquisition of The Villas at Meadowview, a market-rent apartment complex, in the amount of \$1,000,000. The Villas at Meadowview serve as collateral for the note. The note has an annual interest rate of 3.0 percent. No payments are required prior to September 30, 2024. Commencing on October 1, 2024 and on the 1st day of each month thereafter, interest payments shall be due and made payable to the Authority. Commencing on October 1, 2029 and on the 1st day of the month thereafter, principal payments, interest, and accrued interest shall be due and made payable to the Authority. The note matures September 1, 2049, at which time any unpaid principal and interest shall be due and payable. As of March 31, 2023, the outstanding principal balance and accrued interest are \$1,000,000 and \$105,000, respectively.

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NOTE 7: **NOTES RECEIVABLE** (Continued)

In August 2014, the Authority entered into a Surplus Cash Note with Alliance Senior Tower, LLC for the acquisition of Alliance Senior Tower, in the amount of \$200,000. The Alliance Senior Tower serves as collateral for the note. The note has an annual interest rate of 4.0 percent. No payments are required prior to September 30, 2024. Principal and interest are payable to the Authority out of surplus cash as defined in the Surplus Cash Note. The note matures November 1, 2031, at which time any unpaid principal and interest shall be due and payable. As of March 31, 2023, the outstanding principal balance and accrued interest are \$160,083 and \$6,745, respectively.

The Authority, as majority member of the General Partner / Managing Member (Hunter House PSH, Inc.) of Hunter House PSH, LLC, will provide financial assistance in an amount of up to \$235,000 as stated in Hunter House PSH, LLC's Amended and Restated Operating Agreement. The Operating Deficit Guaranty in the agreement covers any operating deficits Hunter House PSH, LLC may incur. These funds are payable out of future excess cash flows of Hunter House PSH, LLC. As of March 31, 2023, the Operating Deficit Guaranty due to the Authority is \$132,500.

Based on agreements in place, the Authority has \$447,634 in developer fees due from Hunter House LLC and Turner Tower LLC that is reflected within Notes Receivable at fiscal year end 2023.

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.

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NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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 fiscal year is included in *intergovernmental payable*.

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

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

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NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment. When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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.

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.

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NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For fiscal year ending March 31, 2023, the Authority's contractually required contributions used to fund pension benefits was \$795,587 for the traditional plan and \$20,139 for the combined plan.

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

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

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Prior Measurement Date	0.037165%	0.048935%	
Current Measurement Date	<u>0.035355%</u>	<u>0.035290%</u>	
Change in Proportionate Share	<u>-0.001810%</u>	<u>-0.013645%</u>	
 Proportionate Share of the:			
Net Pension Liability	\$ 10,443,882	\$ 0	\$ 10,443,882
Net Pension Asset	\$ 0	\$ 83,175	\$ 83,175
 Pension Expense	\$ 1,449,555	\$ 15,045	\$ 1,464,600

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

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 2,976,837	\$ 30,310	\$ 3,007,147
Differences between expected and actual experience	346,903	5,113	352,016
Changes of assumptions	110,332	5,505	115,837
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	47,902	47,902
Authority contributions subsequent to the measurement date	<u>201,836</u>	<u>4,536</u>	<u>206,372</u>
Total Deferred Outflows of Resources	<u>\$ 3,635,908</u>	<u>\$ 93,366</u>	<u>\$ 3,729,274</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 0	\$ 11,877	\$ 11,877
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>228,942</u>	<u>9,535</u>	<u>238,477</u>
Total Deferred Inflows of Resources	<u>\$ 228,942</u>	<u>\$ 21,412</u>	<u>\$ 250,354</u>

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NOTE 8: DEFINED BENEFIT PENSION PLAN(Continued)

\$206,372 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 March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending March 31:	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
2024	\$ 237,205	\$ 5,607	\$ 242,812
2025	633,435	10,300	643,735
2026	876,228	26,359	902,587
2027	1,458,262	4,951	1,463,213
2028	0	5,392	5,392
Thereafter	0	14,809	14,809
Total	<u>\$ 3,205,130</u>	<u>\$ 67,418</u>	<u>\$ 3,272,548</u>

Actuarial Assumptions - OPERS

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

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

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

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NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 15,644,588	\$ 10,443,882	\$ 6,117,829
Combined Plan	\$ (43,407)	\$ (83,175)	\$ (114,693)

NOTE 9: DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

The net OPEB liability represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the Authority’s obligation related to this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB.

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

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NOTE 9: DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Effective January 1, 2022, OPERS discontinued the group plans offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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:

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NOTE 9: DEFINED BENEFIT OPEB PLANS(Continued)

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

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

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

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

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

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

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.

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NOTE 9: DEFINED BENEFIT OPEB PLANS(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 \$14,351 for the fiscal year ending March 31, 2023.

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.038294%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.035824%
Change in Proportionate Share	-0.002470%
Proportionate Share of the Net OPEB Liability	\$ 225,877
OPEB Expense	\$ (293,281)

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
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NOTE 9: DEFINED BENEFIT OPEB PLANS(Continued)

At March 31, 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	\$ 448,599
Changes of assumptions	220,619
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0
Authority contributions subsequent to the measurement date	3,209
Total Deferred Outflows of Resources	\$ 672,427
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 56,343
Changes of assumptions	18,154
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,450
Total Deferred Inflows of Resources	\$ 80,947

\$3,209 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 fiscal 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 March 31:	
2024	\$ 67,626
2025	164,046
2026	139,889
2027	216,710
Total	\$ 588,271

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.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 9: DEFINED BENEFIT OPEB PLANS(Continued)

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

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

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

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

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 9: DEFINED BENEFIT OPEB PLANS (Continued)

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	<u>100.00 %</u>	

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

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	\$ 768,783	\$ 225,877	\$ (222,109)

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.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9: DEFINED BENEFIT OPEB PLANS (Continued)

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 211,720	\$ 225,877	\$ 241,812

NOTE 10: COMPENSATED ABSENCES

Board of Commissioners based on local and state laws establishes all leave policies. Union employees and non-union employees earn 4.6 and 4 hours, respectively of sick leave per eighty hours of service. Unused sick leave is accumulated without limit. At time of separation, if an employee states separation is due to retirement, employee will be eligible to receive payment for 50 percent of their accumulated sick leave balance. Employees hired on or after April 1, 2008, payment on sick leave is reduced from 50 percent to 33.33 percent. Employees hired on or after April 1, 2011, payment on sick leave is reduced from 50 percent to 25 percent. All permanent employees earn vacation hours accumulated based on length of service. Vacation time earned may be accumulated up to three times the annual amount that can be accrued in a calendar year. Employees hired after April 1, 2011 vacation time earned may be accumulated up to one times annual amount that can be earned in a calendar year.

Following is a summary of changes in compensated absences liability for the fiscal year ended March 31, 2023:

Balances at 3/31/2022	Increase	Decrease	Balances at 3/31/2023	Due Within One Year
\$ 375,291	\$ 148,159	\$ (140,216)	\$ 383,234	\$ 77,798

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STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 11: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2023 are as follows:

Primary Government	<u>Balance at 3/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 3/31/23</u>	<u>Due Within One Year</u>
Long-Term Debt:					
Ohio Housing Finance Agency					
Serial Bonds 2018A	\$ 2,865,203	\$ -	\$ 435,868	\$ 2,429,335	\$ 445,868
Energy Performance Contract					
EPC Series 2019 COPs	3,424,940	-	130,274	3,294,666	135,274
HUD CF Repayment	1,019,507	-	204,000	815,507	204,000
Knights of Columbus	141,667	-	25,000	116,667	25,000
Compensated Absence	375,291	148,159	140,216	383,234	77,798
Authority advance to HCV	10,946	-	-	10,946	-
Family Self Sufficiency Escrow	18,929	34,579	-	53,508	21,565
Net Pension Liability	3,233,505	7,210,377	-	10,443,882	-
Net OPEB Liability	-	225,877	-	225,877	-
Total Primary Government	<u>\$ 11,089,988</u>	<u>\$ 7,618,992</u>	<u>\$ 935,358</u>	<u>\$ 17,773,622</u>	<u>\$ 909,505</u>
Component Units					
Alliance Senior Tower, LLC	\$ 1,238,778	\$ -	\$ 209,767	\$ 1,029,011	\$ 41,997
Hunter House, LLC	1,645,808	-	267,516	1,378,292	-
Progressive Housing Solutions Cor	1,000,000	-	-	1,000,000	-
Turner Tower, LLC	-	2,676,589	-	2,676,589	-
Total Component Units	<u>\$ 3,884,586</u>	<u>\$ 2,676,589</u>	<u>\$ 477,283</u>	<u>\$ 6,083,892</u>	<u>\$ 41,997</u>

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**STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023**

NOTE 11: LONG-TERM DEBT (Continued)

The Authority was obligated on the following notes as of March 31, 2023:

	2023
<u>Ohio Housing Finance Agency</u>	
Serial Bond 2018A - Bond dated March 13, 2018, due April 2027, funding by a bond issue in the principal amount of \$22,585,000, of which the Authority's share is \$4,390,000. Payments are due semi-annually beginning April 1, 2018, totaling approximately \$500,000 annually. This series replaces Serial Bond 2007A with a lower fixed interest rates between 3.00% and 4.00%. The bond is repaid from the Capital Fund Program and were issued to provide major renovations at three high-rise buildings: W.L. Hart Apartments, Plaza Apartments, and Lincoln Apartments. Premium on the bond of \$108,675 was added to the debt and is being amortized over the life of the bond.	\$ 2,429,335
<u>Stark Metropolitan Housing Authority</u>	
Series 2019 COPs - COP proceeds, dated August 29, 2019 for \$ 3,675,000, being used to fund a Public Housing Energy Efficiency Improvement Project. The bonds bear interest at varying amounts from 2 percent - 3 percent with the final maturity date of August 1, 2039. Premium on the bond of \$5,490 was added to the debt and is being amortized over the life of the bond.	3,294,666
<u>HUD Capital Fund Repayment</u>	
The Authority entered into the repayment agreement on September 28, 2017 for \$ 3,789,507 as result of ineligible expenditures in the Capital Fund Program for grant years 2005-2012. An initial payment of \$1,750,000 was paid with the remaining balance, \$ 2,039,507, paid in 10 equal annual installments. Payments will be made through a reduction in the annual Capital Fund Program starting with 2017 Capital Grant Year	815,507
<u>Knights of Columbus Settlement</u>	
The Authority entered into a settlement agreement on November 20, 2015 for \$300,000 as result of litigation between the Authority and the Knights of Columbus. The settlement obligates the Authority to make 144 monthly payments of \$2,083 payable to the Knights of Columbus.	116,667
Total	\$ 6,656,175

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STARK METROPOLITAN HOUSING AUTHORITY
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FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 11: **LONG-TERM DEBT** (Continued)

Total payments including interest necessary over the next five fiscal years for the primary government on the above notes are as follows:

		Principal	Interest	Total
2024	\$	810,142	\$ 170,800	\$ 980,942
2025		835,142	150,250	985,392
2026		860,142	128,075	988,217
2027		889,649	106,650	996,299
2028		697,808	86,850	784,658
Thereafter		2,563,293	500,400	3,063,693
Total	\$	6,656,175	\$ 1,143,025	\$ 7,799,200

	CFFP 2018a Series Bond		Certificates of Participation		HUD Repaym't	Knights of Columbus	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Principal	Interest
2024	\$ 445,868	\$ 76,200	\$ 135,274	\$ 94,600	\$ 204,000	\$ 25,000	\$ 810,142	\$ 170,800
2025	465,867	58,400	140,275	91,850	204,000	25,000	835,142	150,250
2026	485,867	39,800	145,275	88,275	204,000	25,000	860,142	128,075
2027	510,867	22,800	150,275	83,850	203,507	25,000	889,649	106,650
2028	520,866	7,650	160,275	79,200	-	16,667	697,808	86,850
Thereafter	-	-	2,563,293	500,400	-	-	2,563,293	500,400
Total	\$ 2,429,335	\$ 204,850	\$ 3,294,666	\$ 938,175	\$ 815,507	\$ 116,667	\$ 6,656,175	\$ 1,143,025

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STARK METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 11: **LONG-TERM DEBT** (Continued)

Debt schedule for component units is as follows:

Alliance Senior Tower LLC:

First Mortgage - Principal Amount - Interest Rate of 1.0%

\$922,900 - Interest Rate of 1.0%	\$	495,298
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2nd Mortgage - Payable to Department of HUD - Interest Rate of 1.0%		229,716
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3rd Mortgage - Payable to Department of HUD - Interest Rate of 1.0%		143,914
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Notes Payable Affiliates (SMHA)		160,083
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Hunter House PSH, LLC-

HDAP Loan		1,100,000
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Home Loan: Stark County		83,792
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Home Loan: City of Canton		62,000
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Managing Member (SMHA)		132,500
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Progressive Housing Solutions Corp.

The Authority's Note (SMHA)		1,000,000
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Turner Tower, LLC

Equity Bridge Loan		282,810
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2nd Mortgage (SMHA)		2,056,553
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3rd Mortgage (SMHA)		500,000
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Less:Debt Issuance Costs		(162,774)
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Total	\$	6,083,892
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In addition, based on agreements in place, Hunter House LLC and Turner Tower LLC have \$447,634 in developer fees due to SMHA that is reflected within Notes Payable at fiscal year end 2023.

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STARK METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12: CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS

	<u>FYE 12/2022</u>	<u>FYE 3/2023</u>	<u>FYE 12/2022</u>	<u>FYE 12/2022</u>	
	Hunter House PSH, LLC	Alliance Senior Tower, LLC	Progressive Housing Solutions Corp.	Turner Tower, LLC	Total
<u>Balance Sheet</u>					
Current and Other Assets	\$ 517,640	\$ 505,435	\$ 131,660	\$ 212,801	\$ 1,367,536
Capital Assets	4,309,041	2,064,801	920,616	6,008,099	13,302,557
Current Liabilities	436,772	178,431	38,128	1,461,461	2,114,792
Non-Current Liabilities	<u>1,419,055</u>	<u>993,758</u>	<u>1,097,500</u>	<u>3,038,927</u>	<u>6,549,240</u>
Net Position	<u><u>\$ 2,970,854</u></u>	<u><u>\$ 1,398,047</u></u>	<u><u>\$ (83,352)</u></u>	<u><u>\$ 1,720,512</u></u>	<u><u>\$ 6,006,061</u></u>
<u>Revenues, Expenses, and Changes in Equity</u>					
Total Revenues	\$ 476,987	\$ 896,932	\$ 133,999	\$ 356,579	\$ 1,864,497
Operating Expenses	585,134	674,015	134,720	321,768	1,715,637
Depreciation, Amorization & Other Expenses	<u>264,761</u>	<u>100,507</u>	<u>17,467</u>	<u>56,163</u>	<u>438,898</u>
Excess Revenue Over Expens:	(372,908)	122,410	(18,188)	(21,352)	(290,038)
Beginning Net Position	3,070,894	1,275,637	(65,164)	-	4,281,367
Capital Contributions	<u>272,868</u>	<u>-</u>	<u>-</u>	<u>1,741,864</u>	<u>2,014,732</u>
Ending Net Position:	<u><u>\$ 2,970,854</u></u>	<u><u>\$ 1,398,047</u></u>	<u><u>\$ (83,352)</u></u>	<u><u>\$ 1,720,512</u></u>	<u><u>\$ 6,006,061</u></u>
Detailed Ending Net Position:					
Unrestricted	\$ 40,105	\$ 362,255	\$ (3,968)	\$ (1,610,998)	\$ (1,212,606)
Net Investments in Capital Assets	<u>2,930,749</u>	<u>1,035,792</u>	<u>(79,384)</u>	<u>3,331,510</u>	<u>7,218,667</u>
	<u><u>\$ 2,970,854</u></u>	<u><u>\$ 1,398,047</u></u>	<u><u>\$ (83,352)</u></u>	<u><u>\$ 1,720,512</u></u>	<u><u>\$ 6,006,061</u></u>

**STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12: CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS (Continued)

Hunter House PSH, LLC

Hunter House PSH, LLC (HH) was formed in 2010 as a partnership for the purchase, development and operation of a 48 unit complex serving homeless individuals with drug and alcohol dependencies. Currently HH general and managing member is Hunter House PSH, Inc. which is owed 76% by the Authority and 24% by Emerald Development and Economic Network, Inc (EDEN). HH is operated with subsidy from Department of Housing and Urban Development. The Authority did not provide any services and did not receive any fees or income from Hunter House PSH, LLC.

Alliance Senior Tower, LLC

Alliance Senior Tower, LLC (AT) was incorporated in April 2012 for the purpose of acquiring a 100 unit property at 350 South Arch Street in Alliance, Ohio. AT is a corporation which is 100% owned by the Authority. AT acquired property in August 2012. Currently, The Authority is the managing agent and bookkeeper. AT is operated with assistance from the Department of Housing and Urban Development. The Authority collected \$133,751 from AT.

Progressive Housing Solutions Corp.

Progressive Housing Solutions Corp. (PHS) was incorporated in 2018 as an instrumentality of the Authority to assist with the development of housing for income eligible person. PHS received a IRS Determination Letter as a tax exempt 501(c)(3) entity. PHS is discreetly presented component units in the financial statements. During 2019 PHS acquired Meadowview, a property with 13 units. SMHA is the managing and bookkeeping Agent and received fees totaling \$8,963 from January 2022 to December 2022.

Turner Tower, LLC.

Turner Tower, LLC T/A Cherrie Turner Apartments (the Company), was formed as a limited liability company under the laws of the State of Ohio on August 6, 2021, to acquire a leasehold interest in land located in Canton, Ohio, and acquire, develop, and substantially rehabilitate, own, maintain and operate a 134-unit apartment complex (the Development) consisting of one building for rental to elderly, families, and individuals of low-income, located in Canton, Ohio. The Company acquired the Development from SMHA on August 1, 2022, for a purchase price of \$2,230,000.

NOTE 13: CONTINGENCIES

Litigations and Claims

In normal course of operations, the Authority may be subjected to litigation and claims. At March 31, 2023, Authority is involved in several matters. One matter involves an U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) investigation. The Authority received a discussion draft report dated April 3, 2020 from OIG. The Authority strongly disagrees with report and provided a written rebuttal on May 7, 2020. The matter is disputed and is under review by OIG. No final report from OIG has been issued as of the date of this report. However, the effect of this OIG matter on the overall financial position of the Authority at March 31, 2023, cannot be determined.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 13: CONTINGENCIES (Continued)

HUD has been in discussion with the Authority to resolve prior year audit findings covering the fiscal year end 2011 through fiscal year end 2013 for the Authority lending Low Rent Public Housing funds to the Central Office Cost Center (COCC). In a letter dated May 9, 2019, HUD requested a repayment of \$1,123,368 from the COCC to the Public Housing Program. The Authority believes this amount has been included in the Repayment Agreement amount of \$6,793,413 described in Note 15. As of March 31, 2023, the outcome of this matter is still unresolved.

The Authority entered into a Security Support Agreement on February 23, 2020 to financially support security services for Hunter House, LLC. The Authority received a two-year operating grant from Ohio Supportive Housing Program in January 2019 in the amount of \$245,000 (\$122,500 per year) to cover security costs incurred from January 1, 2019 thru December 31, 2020. In the event the grant is not renewed, the Authority is obligated to cover the shortfall annually through the end of the Compliance Period which ends December 31, 2027. The shortfall amount is capped at \$122,500 per year. The grant was renewed for an additional two-year period from January 1, 2021 to December 31, 2022 in the amount of \$254,700 (\$127,350 per year).

The Authority, as majority member of the General Partner / Managing Member (Hunter House PSH, Inc.) of Hunter House PSH, LLC, will provide financial assistance in an amount of up to \$235,000 as stated in Hunter House PSH, LLC's Amended and Restated Operating Agreement. The Operating Deficit Guaranty in the agreement covers any operating deficits Hunter House PSH, LCC may incur. These funds are payable out of future excess cash flows of Hunter House PSH, LLC. As of March 31, 2023, the Operating Deficit Guaranty due to the Authority is \$132,500.

NOTE 14: RESTRICTED NET POSITION

The Housing Choice Voucher Program and the Veteran's Affairs Supportive Housing Program require the equity portion attributable to the excess housing assistance payments be reflected as restricted net position. The corresponding funds are reflected in the cash and investment accounts.

Housing Assistance Payments – Section 8	\$ 35,354
Self-Sufficiency Forfeitures	2,938
Efficiency Improvement Project	197,143
Proceeds from Gain on Sale of Assets	111,686
Capital Fund Financing Program	282,094
<i>Total Restricted Net Position</i>	\$ 629,215

NOTE 15: HUD REPAYMENT AGREEMENTS

The Authority entered into two repayment agreements with the U.S. Department of Housing and Urban Development (HUD) on September 28, 2017. Note 11 discusses the repayment agreement of capital grant funds. The other repayment agreement is for operating funds and is in the amount of \$6,793,413. The agreement obligates the Authority to make 38 annual payments of \$178,744 from non-federal funds to reimburse the Low-Rent Public Housing Program. The balance owed as of March 31, 2023 is \$5,720,769. This inter-program transaction is eliminated on the Authority's financial statements.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 16: CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended March 31, 2023, the Authority has implemented Government Accounting Standards Board (GASB) Statement No. 87 “Leases”, and the related guidance from GASB Implementation Guide 2019-3, “Leases”.

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A Lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87, Leases (GASB 87), is a comprehensive change by the governmental accounting standards board for lease arrangements. Previous GASB lease guidance, including GASB 13 and GASB 62, did not require all leases to be recognized on the statement of financial position. Instead, only those classified as capital leases were recognized and disclosed as assets and liabilities in the financial statements. The Authority did not have any leases that needed to be disclosed; implementation of this standard had no effect on the beginning net position of the Authority.

The Authority also implemented Guide 2020-1 “Implementation Guide Update – 2020”, GASB Statement No. 92, “Omnibus 2020”, and GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the Authority’s financial statements; however, there was no effect on the beginning net position of the Authority.

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset)
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	0.035355%	0.037165%	0.038200%	0.034874%	0.033211%	0.033568%	0.036143%	0.037071%	0.035394%	0.035394%
Authority's Proportionate Share of the Net Pension Liability	\$ 10,443,882	\$ 3,233,505	\$ 5,656,588	\$ 6,893,083	\$ 9,095,820	\$ 5,266,168	\$ 8,207,461	\$ 6,421,164	\$ 4,268,911	\$ 4,172,491
Authority's Covered Payroll	\$ 5,480,470	\$ 5,393,763	\$ 5,380,272	\$ 4,904,826	\$ 4,485,696	\$ 4,435,990	\$ 4,672,291	\$ 4,613,808	\$ 4,389,276	\$ 4,463,332
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.57%	59.95%	105.14%	140.54%	202.77%	118.71%	175.66%	139.17%	97.26%	93.48%
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	0.035290%	0.048935%	0.055833%	0.054586%	0.045800%	0.044182%	0.050612%	0.041660%	0.023007%	0.023007%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (83,175)	\$ (192,806)	\$ (161,170)	\$ (113,825)	\$ (51,215)	\$ (60,146)	\$ (28,169)	\$ (20,273)	\$ (8,858)	\$ (2,414)
Authority's Covered Payroll	\$ 163,222	\$ 223,091	\$ 246,054	\$ 242,990	\$ 195,882	\$ 180,948	\$ 197,008	\$ 151,627	\$ 144,204	\$ 146,681
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	50.96%	86.42%	65.50%	46.84%	26.15%	33.24%	14.30%	13.37%	6.14%	1.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 795,587	\$ 760,082	\$ 731,171	\$ 722,801	\$ 634,933	\$ 589,854	\$ 550,035	\$ 556,134	\$ 522,711	\$ 538,107
Combined Plan	20,139	30,627	31,444	36,426	27,941	24,991	23,028	18,277	17,178	17,684
Total Required Contributions	\$ 815,726	\$ 790,709	\$ 762,615	\$ 759,227	\$ 662,874	\$ 614,845	\$ 573,063	\$ 574,411	\$ 539,889	\$ 555,791
Contributions in Relation to the Contractually Required Contribution	(815,726)	(790,709)	(762,615)	(759,227)	(662,874)	(614,845)	(573,063)	(574,411)	(539,889)	(555,791)
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 5,682,763	\$ 5,429,160	\$ 5,222,647	\$ 5,162,866	\$ 4,535,236	\$ 4,455,591	\$ 4,482,494	\$ 4,634,450	\$ 4,355,925	\$ 4,484,225
Combined Plan	\$ 160,426	\$ 218,761	\$ 224,602	\$ 260,184	\$ 199,579	\$ 188,775	\$ 187,667	\$ 152,308	\$ 143,150	\$ 147,367
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.24%	12.27%	12.00%	12.00%	12.00%
Combined Plan	12.55%	14.00%	14.00%	14.00%	14.00%	13.24%	12.27%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Seven Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/(Asset)	0.035824%	0.038294%	0.039560%	0.036100%	0.034437%	0.034560%	0.036890%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 225,877	\$ (1,199,427)	\$ (704,793)	\$ 4,986,348	\$ 4,489,772	\$ 3,752,961	\$ 3,726,015
Authority's Covered Payroll	\$ 5,962,442	\$ 5,971,540	\$ 5,982,884	\$ 5,454,075	\$ 4,994,943	\$ 4,895,787	\$ 5,098,046
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	3.79%	20.09%	11.78%	91.42%	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

Required Supplementary Information
Schedule of the Authority's Contributions - OPEB
Ohio Public Employees Retirement System
Last Nine Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 14,351	\$ 14,012	\$ 14,184	\$ 12,776	\$ 12,449	\$ 46,963	\$ 91,756	\$ 97,614	\$ 94,244
Contributions in Relation to the Contractually Required Contribution	<u>(14,351)</u>	<u>(14,012)</u>	<u>(14,184)</u>	<u>(12,776)</u>	<u>(12,449)</u>	<u>(46,963)</u>	<u>(91,756)</u>	<u>(97,614)</u>	<u>(94,244)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 6,143,930	\$ 5,998,231	\$ 5,801,854	\$ 5,742,451	\$ 5,046,054	\$ 4,917,411	\$ 4,902,245	\$ 4,967,620	\$ 4,650,833
Contributions as a Percentage of Covered Payroll	0.23%	0.23%	0.24%	0.22%	0.25%	0.96%	1.87%	1.97%	2.03%

(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.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY

*Notes to the Required Supplementary Information
For the Fiscal Year Ended March 31, 2023*

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

STARK METROPOLITAN HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discreetly Presented	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program, Section 9 Moderate	COCC	Subtotal	Elimination	Total	
111 Cash - Unrestricted	\$ 6,926,830	\$ 17,516	\$ 179,789	\$ 233,588	\$ 178,470	\$ -	\$ -	\$ 75,528	\$ -	\$ 221,483	\$ 47,379	\$ -	\$ 129,549	\$ 1,407,788	\$ 9,417,920	\$ -	\$ 9,417,920	
112 Cash - Restricted - Modernization and Development	\$ 1,070,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,399	\$ -	\$ -	\$ -	\$ -	\$ 1,073,613	\$ -	\$ 1,073,613	
113 Cash - Other Restricted	\$ 29,997	\$ 297	\$ -	\$ -	\$ -	\$ -	\$ 2,938	\$ -	\$ -	\$ 784,564	\$ 58,863	\$ 65,450	\$ -	\$ -	\$ 942,109	\$ -	\$ 942,109	
114 Cash - Tenant Security Deposits	\$ 363,729	\$ -	\$ -	\$ 8,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,581	\$ -	\$ -	\$ -	\$ -	\$ 429,171	\$ -	\$ 429,171	
115 Cash - Restricted for Payment of Current Liabilities	\$ 293,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,447	\$ -	\$ 293,447	
100 Total Cash	\$ 8,684,217	\$ 17,813	\$ 179,789	\$ 242,449	\$ 178,470	\$ -	\$ 2,938	\$ 75,528	\$ -	\$ 1,066,027	\$ 106,242	\$ 65,450	\$ 129,549	\$ 1,407,788	\$ 12,156,260	\$ -	\$ 12,156,260	
122 Accounts Receivable - HUD Other Projects	\$ -	\$ 7,465	\$ -	\$ -	\$ -	\$ 16,510	\$ -	\$ 8,555	\$ 22,069	\$ 18,824	\$ -	\$ 3,528	\$ -	\$ -	\$ 76,951	\$ -	\$ 76,951	
124 Accounts Receivable - Other Government	\$ -	\$ -	\$ -	\$ 60,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,724	\$ -	\$ 60,724	
125 Accounts Receivable - Miscellaneous	\$ 183,660	\$ 3,348	\$ -	\$ -	\$ 6,249	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ 12,205	\$ -	\$ -	\$ 225,925	\$ 431,799	\$ (111,835)	\$ 319,964	
126 Accounts Receivable - Tenants	\$ 90,366	\$ -	\$ -	\$ 119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,631	\$ -	\$ -	\$ -	\$ -	\$ 297,116	\$ -	\$ 297,116	
126.1 Allowance for Doubtful Accounts - Tenants	\$ (27,567)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,246)	\$ -	\$ -	\$ -	\$ -	\$ (34,813)	\$ -	\$ (34,813)	
127 Notes, Loans, & Mortgages Receivable - Current	\$ 183,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,183	\$ (178,774)	\$ 4,409	
128 Fraud Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,312	\$ -	\$ -	\$ 30,592	\$ 577	\$ 3,841	\$ -	\$ 40,322	\$ -	\$ 40,322	
128.1 Allowance for Doubtful Accounts - Fraud	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,312)	\$ -	\$ -	\$ (30,592)	\$ (577)	\$ (3,841)	\$ -	\$ (40,322)	\$ -	\$ (40,322)	
129 Accrued Interest Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 429,642	\$ 10,813	\$ -	\$ 60,843	\$ -	\$ 22,759	\$ -	\$ 8,555	\$ 22,069	\$ 218,621	\$ 12,205	\$ 3,528	\$ -	\$ 225,925	\$ 1,014,960	\$ (290,610)	\$ 724,350	
142 Prepaid Expenses and Other Assets	\$ 32,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,493	\$ 11,100	\$ -	\$ -	\$ 16,400	\$ 96,091	\$ -	\$ 96,091	
143 Inventories	\$ 442,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,995	\$ -	\$ -	\$ -	\$ -	\$ 449,774	\$ -	\$ 449,774	
143.1 Allowance for Obsolete Inventories	\$ (37,497)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (37,497)	\$ -	\$ (37,497)	
144 Inter Program Due From	\$ 53,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,051	\$ -	\$ -	\$ 84,221	\$ 164,971	\$ (164,971)	\$ -	
150 Total Current Assets	\$ 9,604,938	\$ 28,626	\$ 179,789	\$ 303,292	\$ 178,470	\$ 22,759	\$ 2,938	\$ 84,083	\$ 22,069	\$ 1,328,136	\$ 156,598	\$ 68,978	\$ 129,549	\$ 1,734,334	\$ 13,844,559	\$ (455,581)	\$ 13,388,978	
161 Land	\$ 11,844,693	\$ -	\$ -	\$ 27,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,701	\$ -	\$ -	\$ -	\$ 507,213	\$ 12,630,299	\$ -	\$ 12,630,299	
162 Buildings	\$ 160,136,905	\$ -	\$ -	\$ 1,042,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,558,196	\$ -	\$ -	\$ -	\$ 3,269,163	\$ 177,006,565	\$ -	\$ 177,006,565	
163 Furniture, Equipment & Machinery - Dwellings	\$ 4,344,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,344,139	\$ -	\$ 4,344,139	
164 Furniture, Equipment & Machinery - Administration	\$ 3,406,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,247	\$ 50,698	\$ -	\$ -	\$ 1,460,262	\$ 5,127,921	\$ -	\$ 5,127,921	
166 Accumulated Depreciation	\$ (138,210,414)	\$ -	\$ -	\$ (636,107)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,570,172)	\$ (17,147)	\$ -	\$ -	\$ (3,069,007)	\$ (145,502,847)	\$ -	\$ (145,502,847)	
167 Construction in Progress	\$ 3,185,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,853,585	\$ -	\$ -	\$ -	\$ -	\$ 7,038,623	\$ -	\$ 7,038,623	
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 44,707,075	\$ -	\$ -	\$ 433,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,302,557	\$ 33,551	\$ -	\$ -	\$ 2,167,631	\$ 60,644,700	\$ -	\$ 60,644,700	
171 Notes, Loans and Mortgages Receivable - Non-Current	\$ 5,541,995	\$ -	\$ 2,963,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,344,292	\$ 9,849,712	\$ (5,541,995)	\$ 4,307,717
174 Other Assets	\$ 48,136	\$ -	\$ 54,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,400	\$ 5,398	\$ -	\$ -	\$ 141,386	\$ 288,584	\$ -	\$ 288,584	
180 Total Non-Current Assets	\$ 50,297,206	\$ -	\$ 3,017,689	\$ 433,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,341,957	\$ 38,949	\$ -	\$ -	\$ 3,653,309	\$ 70,782,996	\$ (5,541,995)	\$ 65,241,001	
200 Deferred Outflow of Resources	\$ 2,547,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,652	\$ -	\$ -	\$ 1,568,643	\$ 4,401,701	\$ -	\$ 4,401,701	
290 Total Assets and Deferred Outflow of Resources	\$ 62,449,550	\$ 28,626	\$ 3,197,478	\$ 737,178	\$ 178,470	\$ 22,759	\$ 2,938	\$ 84,083	\$ 22,069	\$ 14,670,093	\$ 481,199	\$ 68,978	\$ 129,549	\$ 6,956,286	\$ 89,029,256	\$ (5,997,575)	\$ 83,031,681	
312 Accounts Payable <= 90 Days	\$ 344,751	\$ -	\$ -	\$ 43,408	\$ 1	\$ 17	\$ -	\$ 7,106	\$ 52	\$ 1,199,105	\$ 3,088	\$ 400	\$ -	\$ 17,566	\$ 1,615,494	\$ (111,836)	\$ 1,503,658	
321 Accrued Wage/Payroll Taxes Payable	\$ 157,593	\$ -	\$ -	\$ 1,402	\$ 23	\$ 1,800	\$ -	\$ 2,078	\$ 1,722	\$ 16,786	\$ 1,213	\$ 257	\$ -	\$ 250,264	\$ 435,439	\$ -	\$ 435,439	
322 Accrued Compensated Absences - Current Portion	\$ 39,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,951	\$ -	\$ -	\$ 32,907	\$ 77,798	\$ -	\$ 77,798	
325 Accrued Interest Payable	\$ 58,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,856	\$ -	\$ -	\$ -	\$ -	\$ 335,298	\$ -	\$ 335,298	
331 Accounts Payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ 11,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,533	\$ -	\$ -	\$ 41,865	\$ -	\$ 41,865	
333 Accounts Payable - Other Government	\$ 204,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,307	\$ -	\$ -	\$ -	\$ -	\$ 259,810	\$ -	\$ 259,810	
341 Tenant Security Deposits	\$ 363,729	\$ -	\$ -	\$ 8,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,581	\$ -	\$ -	\$ -	\$ -	\$ 429,171	\$ -	\$ 429,171	
342 Unearned Revenue	\$ 676,991	\$ -	\$ 98,594	\$ 1,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,276	\$ 145	\$ 65,293	\$ -	\$ -	\$ 865,958	\$ -	\$ 865,958	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$ 581,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,997	\$ -	\$ -	\$ -	\$ -	\$ 623,139	\$ -	\$ 623,139	
345 Other Current Liabilities	\$ 211,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,315	\$ 13,596	\$ -	\$ -	\$ 178,774	\$ 861,653	\$ (178,774)	\$ 682,879	
346 Accrued Liabilities - Other	\$ 582,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,054	\$ -	\$ -	\$ -	\$ 26,713	\$ 610,889	\$ -	\$ 610,889	
347 Inter Program - Due To	\$ 15,198	\$ 2,500	\$ -	\$ -	\$ 20,942	\$ -	\$ -	\$ 20,295	\$ -	\$ -	\$ 10,814	\$ 15,137	\$ 2,104	\$ 77,980	\$ 164,970	\$ (164,970)	\$ -	
310 Total Current Liabilities	\$ 3,236,379	\$ 2,500	\$ 98,594	\$ 55,330	\$ 11,356	\$ 22,759	\$ -	\$ 9,184	\$ 22,069	\$ 2,114,792	\$ 49,380	\$ 82,043	\$ 32,894	\$ 584,204	\$ 6,321,484	\$ (455,580)	\$ 5,865,904	
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ 5,142,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,041,894	\$ -	\$ -	\$ -	\$ -	\$ 11,184,756	\$ -	\$ 11,184,756	
353 Non-current Liabilities - Other	\$ 633,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,346	\$ 20,860	\$ -	\$ -	\$ 5,633,662	\$ 6,795,404	\$ (5,541,995)	\$ 1,253,409	
354 Accrued Compensated Absences - Non Current	\$ 156,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,437	\$ -	\$ -	\$ 129,194	\$ 305,436	\$ -	\$ 305,436	
357 Accrued Pension and OPEB Liabilities	\$ 6,174,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,421	\$ -	\$ -	\$ 3,802,403	\$ 10,669,759	\$ -	\$ 10,669,759	
350 Total Non-Current Liabilities	\$ 12,108,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,549,240	\$ 732,718	\$ -	\$ -	\$ 9,565,259	\$ 28,955,355	\$ (5,541,995)	\$ 23,413,360	
300 Total Liabilities	\$ 15,344,517	\$ 2,500	\$ 98,594	\$ 55,330	\$ 11,356	\$ 22,759	\$ -	\$ 9,184	\$ 22,069	\$ 8,664,032	\$ 782,098	\$ 82,043	\$ 32,894	\$ 10,149,463	\$ 35,276,839	\$ (5,997,575)	\$ 29,279,264	
400 Deferred Inflow of Resources	\$ 191,733	\$ -	\$ 308,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,500	\$ -	\$ -	\$ 118,068	\$ 639,579	\$ -	\$ 639,579	
508.4 Net Investment in Capital Assets	\$ 38,983,069	\$ -	\$ -	\$ 433,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,218,667	\$ 33,551	\$ -	\$ -	\$ 2,167,630	\$ 48,836,803	\$ -	\$ 48,836,803	
511.4 Restricted Net Position	\$ 590,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,938	\$ -	\$ -	\$ -	\$ 35,354	\$ -	\$ -	\$ -	\$ 629,215	\$ -	\$ 629,215	
512.4 Unrestricted Net Position	\$ 7,339,308	\$ 26,126	\$ 2,790,606	\$ 247,962	\$ 167,114	\$ -	\$ -	\$ 74,899	\$ -	\$ (1,212,606)	\$ (391,304)	\$ (13,065)	\$ 96,655	\$ (5,478,875)	\$ 3,646,820	\$ -	\$ 3,646,820	
513 Total Equity - Net Assets / Position	\$ 46,913,300	\$ 26,126	\$ 2,790,606	\$ 681,848	\$ 167,114	\$ -	\$ 2,938	\$ 74,899	\$ -	\$ 6,006,061	\$ (322,399)	\$ (13,065)	\$ 96,655	\$ (3,311,245)	\$ 53,112,838	\$ -	\$ 53,112,838	
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 62,449,550	\$ 28,626	\$ 3,197,478	\$ 737,178	\$ 178,470	\$ 22,759	\$ 2,938	\$ 84,083	\$ 22,069	\$ 14,670,093	\$ 481,199	\$ 68,978	\$ 129,549	\$ 6,956,286	\$ 89,029,256	\$ (5,997,575)	\$ 83,031,681	

STARK METROPOLITAN HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
 FOR FISCAL YEAR ENDED MARCH 31, 2023

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State Local	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.898 PH Family Self-Sufficiency Program	14.874 FSS Escrow Refinance Account	14.287 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discrepancy Presented	14.871 Housing Choice Vouchers	14.870 Emergency Housing Voucher	14.850 Lower Income Housing Assistance Program, Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$5,999,364			\$144,455	\$0	\$0	\$1,633,205	\$0	\$1,633,205	\$0	\$0	\$0	\$0	\$0	\$7,377,024	\$0	\$7,377,024
70400 Tenant Revenue - Other	231,613			\$3,479	0	0	\$20,938	0	\$20,938	0	0	0	0	0	256,030	0	\$256,030
70500 Total Tenant Revenue	6,230,977	\$0	\$0	\$147,934	\$0	\$0	\$1,654,143	\$0	\$1,654,143	\$0	\$0	\$0	\$0	\$0	7,633,054	0	\$7,633,054
70600 HUD PHA Operating Grants	13,655,439	\$330,223			112,444	89,020	\$0	\$993,174	\$42,019		\$,834,904	\$166,421	232,032		23,955,890	0	\$23,955,890
70610 Capital Grants	6,287,600				0	0	0	0	0	0	0	0	0	0	6,287,600	0	\$6,287,600
70710 Management Fee	0				0	0	0	0	0	0	0	0	0	2,484,632	2,484,632	(2,484,632)	\$0
70720 Asset Management Fee	0				0	0	0	0	0	0	0	0	0	242,780	242,780	(242,780)	\$0
70730 Book Keeping Fee	0				0	0	0	0	0	0	0	0	0	277,363	277,363	(277,363)	\$0
70740 Front Line Service Fee	0				0	0	0	0	0	0	0	0	0	817,877	817,877	(817,877)	\$0
70750 Other Fees	0				0	0	0	0	0	0	0	0	0	287,286	287,286	(287,286)	\$0
70760 Total Fee Revenue	0				0	0	0	0	0	0	0	0	0	4,109,838	4,109,838	(4,109,838)	\$287,286
70800 Other Government Grants	0			\$177,744	0	0	0	0	\$72,464	0	0	0	0	0	250,208	0	\$250,208
71100 Investment Income - Unrestricted	0		\$54,264	0	0	0	0	0	\$733	67	0	0	0	47,223	102,287	0	\$102,287
71400 Fraud Recovery	0				0	0	0	0	0	\$72,464	0	0	0	0	250,208	0	\$250,208
71500 Other Revenue	353,184		\$99	\$1,048	0	12,239	\$3,703	\$2,618	\$137,009	18,093	\$1,505	0	0	155,806	682,886	(3,315)	\$679,371
71600 Gain or Loss on Sale of Capital Assets	(117,059)				0	0	0	0	0	0	0	0	0	8,010	(143,928)	0	(\$143,928)
72000 Investment Income - Restricted	108,244				0	0	0	0	\$144	0	0	0	0	0	108,388	0	\$108,388
70000 Total Revenue	26,077,976	\$330,223	\$54,363	\$328,729	112,444	\$1,259	\$3,703	\$995,792	\$42,013	\$1,864,497	8,400,763	\$168,079	232,296	4,320,977	42,610,671	(3,625,965)	\$38,784,706
91100 Administrative Salaries	1,381,615			\$17,638	528	0	0	\$36,878	\$129,468	359,340	\$36,254	4,777	1,600,698	3,567,194	0	0	\$3,567,194
91200 Auditing Fees	18,886			\$140	295	0	0	\$796	\$13,845	11,490	443	1,740	47,635	0	0	0	\$47,635
91300 Management Fee	2,256,923	\$8,000	\$0	\$11,536	4,100	0	\$0	\$0	\$102,289	203,225	9,405	0	2,888,922	(2,484,632)	0	\$102,289	
91310 Book-keeping Fee	189,952	\$4,126		\$1,522	2,433	0	0	\$0	\$0	\$0	0	0	297,030	(277,363)	0	\$19,667	
91400 Advertising and Marketing	0				0	0	0	0	\$143	564	0	0	0	5,481	6,168	0	\$6,168
91500 Employee Benefit Contributions - Administrative	708,911			\$23,733	614	0	0	\$13,743	\$29,779	221,382	\$5,581	1,769	709,244	1,693,756	0	0	\$1,693,756
91600 Office Expenses	313,027			\$569	99	5,336	\$4,360	\$7,874	\$62,289	36,777	\$38	1,840	227,674	659,903	0	0	\$659,903
91700 Legal Expense	104,568			\$925	0	0	0	\$0	\$4,445	200	0	0	188,018	297,751	0	0	\$297,751
91800 Travel	23,316			\$997	0	0	0	\$3,014	\$8,293	508	0	0	21,944	\$7,948	0	0	\$29,892
91900 Other	482,234			\$170,932	0	9,076	\$768	\$48,545	\$0	\$132,803	\$8,746	\$189	2	191,153	1,135,468	0	\$1,135,468
91000 Total Operating - Administrative	5,478,130	\$10,725	\$0	\$208,596	8,066	15,217	\$768	\$116,051	\$7,874	\$493,020	997,319	\$42,062	17,332	2,845,007	10,339,774	(2,761,996)	\$7,577,779
92000 Asset Management Fee	242,780				0	0	0	0	\$0	0	0	0	0	0	242,780	(242,780)	\$0
92100 Tenant Services - Salaries	164,471				0	40,741	0	\$21,128	\$45,292	0	0	0	0	0	271,632	0	\$271,632
92200 Relocation Costs	1,732			\$234	0	0	0	\$0	\$0	0	0	0	0	0	1,966	0	\$1,966
92300 Employee Benefit Contributions - Tenant Services	71,753				0	24,788	0	\$1,738	\$15,914	0	0	0	0	0	126,265	0	\$126,265
92400 Tenant Services - Other	21,095				0	0	\$0	\$0	\$3,394	4,334	\$27,615	0	0	0	61,997	(3,313)	\$58,684
92500 Total Tenant Services	259,051	\$0	\$0	\$234	0	65,530	\$0	\$509	\$33,864	\$69,601	4,334	\$27,615	0	0	460,838	(3,313)	\$457,525
93100 Water	597,466			\$11,876	0	0	0	\$0	\$50,239	0	0	0	0	4,569	663,950	0	\$663,950
93200 Electricity	892,586			\$1,277	0	0	0	\$170,260	0	0	0	0	0	53,851	1,206,824	0	\$1,206,824
93300 Gas	1,443,984			\$81	0	0	0	\$37,218	0	0	0	0	0	15,369	1,482,221	0	\$1,482,221
93400 Sewer	940,131			\$5,927	0	0	0	\$38,054	0	0	0	0	0	541	984,663	0	\$984,663
93500 Total Utilities	3,963,777	\$0	\$0	\$17,781	0	0	\$0	\$0	\$285,799	0	\$0	0	0	74,327	4,041,654	0	\$4,041,654
94100 Ordinary Maintenance and Operations - Labor	1,822,936				0	0	0	\$26,898	0	0	404,213	2,254,047	0	0	0	0	\$2,254,047
94200 Ordinary Maintenance and Operations - Materials and Other	1,052,707			\$2,362	0	0	0	\$50,238	31	0	0	36,980	1,152,318	0	0	0	\$1,152,318
94300 Ordinary Maintenance and Operations Contracts	4,298,442			\$24,967	0	0	0	\$334,202	100	0	0	0	0	0	0	(817,877)	\$3,380,465
94400 Employee Benefit Contributions - Ordinary Maintenance	922,956				0	0	0	\$0	\$12,788	\$15,914	0	0	0	0	126,265	0	\$126,265
94500 Total Ordinary Maintenance	8,048,051	\$0	\$0	\$27,329	0	0	\$0	\$0	\$411,638	131	\$0	0	0	732,704	9,219,853	(817,877)	\$8,401,976
95100 Protective Services - Labor	140,872				0	0	0	\$0	0	0	0	0	0	62,227	203,099	0	\$203,099
95200 Protective Services - Other Contract Costs	58,189				0	0	0	\$167,248	0	0	0	0	0	0	225,437	0	\$225,437
95300 Protective Services - Other	7,356				0	0	0	\$0	\$0	0	0	0	0	1,089	8,445	0	\$8,445
95500 Employee Benefit Contributions - Protective Services	61,493				0	0	0	\$0	\$0	0	0	0	0	21,556	83,049	0	\$83,049
95000 Total Protective Services	267,910	\$0	\$0	\$0	0	0	\$0	\$0	\$167,248	0	\$0	0	0	84,871	320,029	0	\$320,029
96110 Property Insurance	503,356			\$5,789	0	0	0	\$0	\$58,527	0	0	0	0	7,491	575,163	0	\$575,163
96120 Liability Insurance	153,154			\$1,067	0	0	0	\$0	\$8,468	11,845	0	0	0	2,936	177,470	0	\$177,470
96130 Workers's Compensation	44,438			\$236	7	912	\$481	\$276	\$2,200	4,591	\$475	60	26,994	80,580	0	0	\$80,580
96140 All Other Insurance	673,274			\$11,186	0	0	0	\$0	\$7,274	62,738	0	0	0	16,643	98,541	0	\$98,541
96100 Total Insurance Premiums	768,222	\$0	\$0	\$8,241	7	912	\$481	\$276	\$72,233	27,142	\$475	60	0	54,034	931,682	0	\$931,682
96200 Other General Expenses	276,165			\$1,865	1,260	0	\$3,597	\$91,122	\$1,460	0	0	0	0	44,642	500,111	0	\$500,111
96210 Compensated Absences	34,701				0	0	0	\$0	3,763	0	0	0	0	101,752	140,216	0	\$140,216
96300 Payments in Lieu of Taxes	211,579				0	0	0	\$0	\$0	0	0	0	0	211,579	0	0	\$211,579
96400 Bad Debt - Tenant Home	293,964			\$474	0	0	0	\$0	\$28,071	0	0	0	0	0	294,499	0	\$294,499
96000 Total Other General Expenses	760,399	\$0	\$0	\$2,338	1,260	0	\$3,597	\$0	\$117,193	85,221	\$0	0	0	146,394	1,116,405	0	\$1,116,405
96710 Interest of Mortgage (or Bonds) Payable	89,241				0	0	0	\$0	\$77,635	0	0	0	0	0	166,876	0	\$166,876
96720 Interest on Notes Payable (Short and Long Term)	100,690				0	0	0	\$0	\$51,607	0	0	0	0	0	152,357	0	\$152,357
96700 Total Interest Expense and Amortization Cost	189,931	\$0	\$0	\$0	0	0	\$0	\$0	\$129,242	0	\$0	0	0	0	319,233	0	\$319,233
96900 Total Operating Expenses	19,679,251	\$10,725	\$0	\$262,470	9,333	\$1,259	\$768	\$121,289	\$42,013	\$1,746,000	1,114,149	\$70,152	17,392	4,037,387	27,192,240	(3,625,965)	\$23,566,284
97000 Excess of Operating Revenue over Operating Expenses	6,398,325	\$319,498	\$54,363	\$64,256	103,111	0	\$2,938	\$474,504	\$0	\$118,432	7,286,614	\$97,927	214,864	283,590	15,418,422	0	\$15,418,422
97200 Casualty Losses - Non-capitalized	11,243				0	0	0	0	0	0	0	0	0	31,920	73,163	0	\$73,163
97300 Housing Assistance Payments	264,017	\$299,768			82,371	0	0	\$473,342	\$0	7,592,246	\$349,886	191,958	0	0	10,108,588	0	\$10,108,588
97400 Depreciation Expense	3,844,570			\$48,856	0	0	0	\$0	\$408,469	9,817	0	0	0	0	4,299,401	0	\$4,299,401
90000 Total Expenses	23,919,081	\$306,480	\$0	\$31,329	91,704	\$1,259	\$768	\$984,630	\$42,013	\$2,154,534	6,683,212	209,390</					

STARK METROPOLITAN HOUSING AUTHORITY

COST CERTIFICATIONS

MARCH 31, 2023

Capital Fund Program Number:	<u>501-18</u>
1. The Program Costs are as follows:	
Funds Approved	\$5,529,518
Funds Disbursed	<u>5,529,518</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Disbursed	\$5,529,518
Funds Expended	<u>5,529,518</u>
Excess (Deficiency) of Funds Disbursed	<u><u>\$ -</u></u>
2. The Final Financial Status Report was signed and filed on:	5/30/23
3. All costs have been paid and there are no outstanding obligations.	
4. The Final Costs on the Certification agrees with the Authority's records.	

**STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>Assistance Listing Number</u>	<u>Passed Through To Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Funding:</i>				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	N/A	14.871	\$ -	\$ 8,364,904
Mainstream Vouchers	N/A	14.879	-	330,223
COVID-19 - Emergency Housing Voucher	N/A	14.EHV	-	166,421
Total Housing Voucher Cluster				<u>8,861,548</u>
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	-	11,107,308
Resident Opportunity and Supportive Services	N/A	14.870	-	42,013
Public Housing Capital Fund	N/A	14.872	-	8,835,731
Family Self-Sufficiency Program	N/A	14.896	-	69,020
Section 8 Project Based Cluster:				
Section 8 Moderate Rehabilitation Single Room Occupancy	N/A	14.249	-	112,150
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	N/A	14.856	-	231,514
Total Section 8 Project Based Cluster				<u>343,664</u>
Continuum of Care Program	N/A	14.267	<u>39,341</u>	<u>593,174</u>
Total Federal Award Expenditures			<u>\$ 39,341</u>	<u>\$ 29,852,458</u>

See accompanying notes to the schedule of expenditures of federal awards.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The Authority passes certain federal awards received from the U.S. Department of Housing and Urban Development (HUD) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Authority reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Authority has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Stark Metropolitan Housing Authority
Stark County
400 Tuscarawas Street
Canton, Ohio 44702

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, (the Authority) as of and for the fiscal year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 20, 2023. Our report refers to other auditors who audited the financial statements of the Alliance Senior Tower, LLC, Turner Tower, LLC and the Hunter House PSH, LLC, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of the Hunter House PSH, LLC and Turner Tower, LLC were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

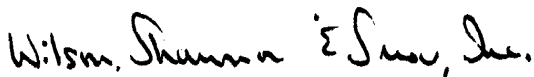
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Newark, Ohio
October 20, 2023

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

Stark Metropolitan Housing Authority
Stark County
400 Tuscarawas Street
Canton, Ohio 44702

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Stark Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the fiscal year ended March 31, 2023. The Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Stark Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the fiscal year ended March 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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



Newark, Ohio
October 20, 2023

**STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Public and Indian Housing – Low Rent Public Housing/ALN 14.850 Public Housing Capital Fund/ALN 14.872
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$895,574 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



STARK METROPOLITAN HOUSING AUTHORITY

STARK 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 12/26/2023

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

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