LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board Members
Lake Metropolitan Housing Authority
189 First Street
Painesville, Ohio 44077

We have reviewed the *Independent Auditor's Report* of the Lake Metropolitan Housing Authority, Lake County, prepared by Zupka & Associates, for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 06, 2023

This page intentionally left blank.

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Lake Metropolitan Housing Authority
Lake County
189 First Street
Painesville, Ohio 44077

To the Members of the Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Lake Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lake Metropolitan Housing Authority as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* As discussed in Note 10 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 16, 2022

This page intentionally left blank.

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

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- During fiscal year 2022, the Authority's net position increased by $545,085 (6 percent) from the previous period. Total net position was $9,466,108 and $8,921,023 for fiscal year 2022 and fiscal year 2021, respectively.

- Total expenses for the Authority increased by $520,440 from the previous period. This was partly a result of pension expenses normalizing from the previous period where changes in the OPEB retirement plan and GASB 68 and 75 adjustments resulted in OPEB being reported in a much stronger asset position.

- Maintenance costs also increased by $127,718 over the previous period and further resulted in the sharp rise in total expenses for the Authority.

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business type activities are consolidated for the entire Authority. These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where Assets and Deferred Outflow of Resources less Liabilities and Deferred Inflow of Resources equal Net Position, similar to equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is to report the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (similar to equity) is reported in three broad categories:

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

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

Unrestricted Net Position: Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position", although there may also be certain restrictions placed on the use of these funds.

The Authority is required to report a net pension/OPEB liability (asset), along with deferred outflows and inflows. 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/OPEB and the net pension liability to the reported net position, and subtracting deferred outflows related to pension/OPEB and the OPEB asset.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability (asset), but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

The Authority financial statements also include a Statement of Revenues, Expenses and Change in Net Position (similar to an Income Statement). This statement includes operating revenue, such as rental income, operating expenses, such as administrative, utility, maintenance and depreciation. This statement also includes non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

The purpose of the Statement of Revenues, Expenses, and Change in Net Position is to report the Authority's operating performance for the fiscal year. The "Change in Net Position" (similar to Net Income or Loss in the private sector), is the result.

The Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension/OPEB liability (asset) not accounted for as deferred inflows/outflows.

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

Fund Financial Statements

The Authority consists exclusively of Enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the U.S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

The Authority's Programs

Public Housing Program: Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties. The Authority currently operates 25 Public Housing units.

Capital Fund Program: The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of existing Public Housing units.

Multi-Family (RAD - PBRA): On April 1, 2018, the Authority converted 241 of the pre-existing 266 Public Housing units to HUD's Multifamily Housing Program under the HUD Rental Assistance Demonstration (RAD) Program. Although still funded by HUD, the revenue stream under the Multi-Family Program is more predictable than Public Housing and the covenant restrictions of the Declaration of Trust on the properties have been removed. Initial operating and replacement reserves along with the partial first year operations were funded from previous Public Housing and Capital Funds, with all future funding coming from the Multi-Family Program.

Housing Choice Voucher Program: Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the tenant family's rent through a Housing Assistance Payment made to the landlord. This was formerly known as Section 8. The Program is also administered under and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Parkview Place: Two adjacent apartment buildings located in Willoughby, Ohio were purchased in 2012 and renovated in 2013 and 2014. They consist of forty total units, twenty-five Public Housing units funded under the ACC, eligible to receive Operating Subsidy and Capital Funds, and fifteen units reported as **Other Federal Programs 2**. These 15 units have been funded from sources "other than federal funds" and are operated from internally generated and other funds which may include, but are not limited to, **State and Local** Program funds.

State and Local Program: Under its Local Program, the Authority manages investments of locally controlled funding accumulated in past years until decisions are reached regarding how to use the funds to further the purposes of the Authority. These funds are also used for any non-federal expenditure incurred by the Authority.

Statement of Net Position

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

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

	6/30/2022	6/30/2021
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 4,890,904	$ 4,960,808
Capital Assets	5,956,349	5,993,151
Net OPEB Asset	184,672	95,974
Total Assets	11,031,925	11,049,933
Deferred Outflows of Resources	212,057	115,821
Total Assets and Deferred Outflows of Resources	$ 11,243,982	$ 11,165,754
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 297,118	$ 480,909
Non-Current Liabilities	160,772	197,966
Net Pension Liability	477,913	748,239
Total Liabilities	935,803	1,427,114
Deferred Inflows of Resources	842,071	817,617
Net Position		
Investment in Capital Assets	5,895,836	5,993,151
Restricted	1,577,891	1,449,322
Unrestricted	1,992,381	1,478,550
Total Net Position	9,466,108	8,921,023
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 11,243,982	$ 11,165,754

For more detailed information, see page 12 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets decreased by $69,904 over last year. This is partly due to the decrease in current liabilities as CARES Act funds were fully expensed during the first half of the fiscal period. Moreover, although the increase in unrestricted net position is again a direct result of favorable operations, this increase was not as stark as it was in the fiscal year 2021 comparisons to Fiscal Year 2020. This resulted in an overall decrease in current assets in the current period.

The drop in non-current liabilities of $307,520 was again primarily due to the drop in Net Pension Liability. Prior year changes in the Ohio Public Employees Retirement System are still having an impact on the current period, although to a much lesser degree in comparison to the changes realized in non-current liabilities from the previous two-year comparison.

Table 2 presents details on the change in Unrestricted Net Position and Table 3 details the change in Restricted Net Position, which primarily consists of Housing Assistance Payment (HAP) funds in the HCV and Mainstream Voucher programs and the Replacement Reserve in the Multi-Family Program.

Table 2 - Statement of Unrestricted Net Position

Unrestricted Net Position at June 30, 2021		$ 1,478,550
Results of Operations	$ 545,085	
Adjustments:		
Depreciation (1)	249,622	
Change in Restricted Net Position	(128,569)	
Adjusted Results from Operations		666,138
Net Change in Capital Assets		(212,820)
Net Change in Lease Liability		60,515
Rounding		(2)
Unrestricted Net Position at June 30, 2022		$ 1,992,381

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the results of operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position may provide a clearer picture of operating results since it removes both the restricted and capital transactions from the overall Authority operating report.

Table 3 - Statement of Restricted Net Position

Restricted Net Position at June 30, 2021		$ 1,449,322
Adjustments:		
HAP Revenue Less Expense	$ (49,036)	
Fraud Revenue Collection	15,923	
FSS Forfeitures	7,126	
Change in Replacement Reserve	154,558	
Rounding	(2)	
Change in Restricted Net Position		128,569
Restricted Net Position at June 30, 2022		$ 1,577,891

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

Table 4 - Statement of Revenues, Expenses, and Change in Net Position

	2022	2021
Revenues		
HUD Operating Subsidies and Grants	$ 11,095,667	$ 11,333,407
Tenant Revenue	817,568	945,432
Investment Income	451	1,018
Other Revenues	64,573	115,656
Total Revenues	11,978,259	12,395,513
Expenses		
Housing Assistance Payments	8,886,391	9,241,995
Administrative Expenses	1,157,858	435,960
Utilities	313,476	294,593
Maintenance	707,892	580,174
Protective Services	10,265	12,188
General Expenses	107,670	111,830
Depreciation Expense	249,622	235,994
Total Expenses	11,433,174	10,912,734
Net Increase (Decrease)	545,085	1,482,779
Beginning Net Position	8,921,023	7,438,244
Ending Net Position	$ 9,466,108	$ 8,921,023

Major Factors Affecting the Statement of Revenue, Expense, and Change in Net Position

Total income dropped $417,254 (just over 3 percent), as both HUD Operating and Tenant Revenue dropped noticeably from prior year levels. Conversely, total expenses increased by $520,440 nearly 5 percent in comparison the prior period. The increase in expenses is largely a result of noticeable increases in Administrative and Maintenance Expenses with HAP expenses offsetting this total with a sharp decrease by $355,604 in comparison to the prior fiscal period.

The Authority strategically invested resources in capital repairs and improvements to its 240 Multi-Family units. This attributed to nearly a 22 percent increase in Maintenance Expense from the previous period. The Authority expects general Maintenance Expenses to return to prior year levels but does expect that larger capital improvement projects to carry over into the subsequent fiscal year and will seek use of Multi-Family replacement reserve funds to subsidize these projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the Authority had $5,956,349 in capital assets as reflected in the following schedule, which represents a net decrease of $36,802 over last fiscal year end.

Table 5 - Capital Assets at Year End (Net of Depreciation)

	2022	2021
Land and Land Rights	$ 1,028,099	$ 1,028,099
Buildings and Improvements	14,713,301	14,682,945
Equipment - Dwelling	41,171	41,171
Equipment - Administrative	672,125	489,661
Accumulated Depreciation	(10,498,347)	(10,248,725)
Total	$ 5,956,349	$ 5,993,151

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 22 of the notes.

Table 6 - Change in Capital Assets

Beginning Balance - July 1, 2021	$ 5,993,151
Additions	212,820
Depreciation	(249,622)
Ending Balance - June 30, 2022	$ 5,956,349

Debt Outstanding

As of June 30, 2022, the Authority had no outstanding debt.

Due to the implementation of GASB Statement No. 87, the Authority has an equipment lease liability at June 30, 2022. The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability - June 30, 2021	$ 0
Additions in Period	73,935
Retirements in Period	(13,420)
Equipment Lease Liability - June 30, 2022	$ 60,515

ECONOMIC FACTORS

Although Federal budget cuts have resulted in less than 100 percent program allocations and reduced subsidies for our major programs, The Authority continues to realize a net positive impact from the Multifamily PBRA Program. As the availability of affordable housing continues to diminish in wake of inflation; particularly in the rental market, the Authority is making a targeted effort to improve its current housing inventory while seeking other opportunities to expand in additional affordable low-market rate housing.

With respect to the Housing Choice Voucher Program, leasing continues to decline. While the impact of the COVID19 pandemic has waned, inflation has emerged and has continued to further erode the number of available units and single homes available for voucher holders to lease. As a result, The Authority must continue to seek opportunities to engage landlords in order to expand housing choices and opportunities for Program participants. However, that is now only half the solution. it is equally paramount that the Authority take advantage of the extension of HUD Program waivers that will serve to increase payment standards in order to be in a position to compete with the rising rental prices across our local market.

FINANCIAL CONTACT

Questions concerning this report or requests for additional information should be directed to Eric P. Martin, CEO, of the Lake Metropolitan Housing Authority, 189 First Street, Painesville, Ohio, 44077.

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents Unrestricted	$ 2,959,305
Cash and Cash Equivalents - Restricted	1,758,697
Receivables, Net	126,762
Prepaid Expenses	46,140
Total Current Assets	4,890,904
Non-Current Assets	
Capital Assets:	
Non-Depreciable Capital Assets	1,047,187
Depreciable Capital Assets, Net	4,909,162
Total Capital Assets	5,956,349
Net OPEB Asset	184,672
Total Non-Current Assets	6,141,021
Total Assets	11,031,925
Deferred Outflows of Resources	
Pension	199,776
OPEB	12,281
Total Deferred Outflows of Resources	212,057
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 11,243,982
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 102,466
Accrued Liabilities	65,031
Accrued Compensated Absences	9,814
Tenant Security Deposits	77,984
Other Current Liabilities	41,823
Total Current Liabilities	297,118
Long-Term Liabilities	
Accrued Compensated Absences	39,258
Other Non-Current Liabilities	121,514
Net Pension Liability	477,913
Total Long-Term Liabilities	638,685
Total Liabilities	935,803
Deferred Inflows of Resources	
Pension	616,490
OPEB	225,581
Total Deferred Inflows of Resources	842,071
Net Position	
Net Investment in Capital Assets	5,895,836
Restricted	1,577,891
Unrestricted	1,992,381
Total Net Position	9,466,108
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 11,243,982

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

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenues	
Tenant Revenue	$ 817,568
Government Operating Grants	11,095,667
Other Revenue	64,573
Total Operating Revenues	11,977,808
Operating Expenses	
Administrative	1,157,858
Utilities	313,476
Maintenance	707,892
Insurance	76,505
General	31,165
Protective Services	10,265
Housing Assistance Payments	8,886,391
Depreciation	249,622
Total Operating Expenses	11,433,174
Operating Income	544,634
Non-Operating Revenues	
Investment Income - Unrestricted	326
Investment Income - Restricted	125
Total Non-Operating Revenues	451
Change in Net Position	545,085
Total Net Position - Beginning of the Year	8,921,023
Total Net Position - End of the Year	$ 9,466,108

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

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Cash Received from Operating Grants	$ 10,816,677
Cash Received from Tenants	806,131
Cash Received from Other Income	36,580
Cash Payments for Housing Assistance Payments	(8,931,998)
Cash Payments for General and Admnistrative Expenses Paid	(2,698,381)
Net Cash Provided by Operating Activities	29,009
Cash Flows from Investing Activities	
Interest Received	451
Net Cash Provided by Investing Activities	451
Cash Flows from Capital and Related Financing Activities	
Capital Assets Purchased	(198,853)
Lease Liability Incurred	73,935
Payments on Lease Liability	(13,420)
Interest Paid on Lease Liability	(2,176)
Net Cash Used in Capital and Related Financing Activities	(140,514)
Increase in Cash and Cash Equivalents	(111,054)
Cash and Cash Equivalents - Beginning of Year	4,829,056
Cash and Cash Equivalents - End of Year	$ 4,718,002
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	$ 544,634
Adjustments:	
Depreciation	249,622
Non-Cash Benefit Expense (GASB 68 & 75)	(430,806)
Changes in:	
Receivables, Net	(40,419)
Prepaid Expenses	(731)
Accounts Payable	38,826
Unearned Revenue	(269,906)
Other Current Liabilities	40,413
Tenant Security Deposits	(8,095)
Other Non-current Liabilities	(81,680)
Accrued Compensated Absences	(12,849)
Net Cash Provided by Operating Activities	$ 29,009

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Lake Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The Authority depends on the subsidies from HUD to operate.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units that are presented in the financial statements.

Basis of Presentation

The 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

Description of Programs

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

Public Housing Program

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

Capital Fund Program

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of existing Public Housing units.

Housing Choice Voucher Programs

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

Multi-Family (RAD - PBRA)

On April 1, 2018, the Authority converted 241 of the pre-existing 266 Public Housing units to HUD’s Multifamily Housing Program under the HUD Rental Assistance Demonstration (RAD) Program. Although still funded by HUD, the revenue stream is provided under the Multi-Family Program rather than Public Housing. Virtually all of the former Public Housing residents were able to remain in their unit and transition to the new funding source with a minimum of disruption during the conversion.

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

Description of Programs (Continued)

Parkview Place (Other Federal Programs 2)
Parkview Place, comprised of two adjacent apartment buildings located in Willoughby, Ohio was purchased in 2012 and renovated in 2013 and 2014. It consists of forty total units, twenty-five Public Housing units funded under the ACC, eligible to receive Operating Subsidy and Capital Funds, and fifteen affordable housing units reported as Other Federal Programs 2. These 15 units have been funded from sources "other than federal funds" and are operated from internally generated and other funds which may include, but are not limited to, State and Local Program funds. Occasionally, the Authority may apply for and receive additional funding from the Lake County allocation of federal funding, including Community Development Block Grant (CDBG) and HOME funds. This activity is reported in this fund. There was no such activity during fiscal year 2022.

State and Local
The State and Local fund represents the assets and activity of all prior and current non-federal programs, etc. These assets may be used to create other non-federal programs or supplement any of the existing federal programs.

Budgetary Accounting
The Authority is required by contractual agreement to adopt annual, appropriated operating budgets for all HUD funded programs. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts a budget through passage of a budget resolution.

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building and Land Improvements	15 years
Furniture, Fixtures and Equipment	7 years
Vehicles	7 years

Total depreciation expense for the 2022 fiscal year was $249,622.

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Compensated Absences

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items via the consumption method.

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

Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

Accounts Receivable
Accounts receivable are reported net of a $40,570 allowance for doubtful accounts.

Accrued Interest Receivable
Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

Net Position
Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their usage through external restrictions imposed by creditors, grantors or laws or regulations of governments.

Net Position can be displayed in three components as follows:

1. Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation and related debt and other liabilities incurred to acquire the assets.

2. Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments in the HCV Program and the Replacement Reserve in the Multi-Family Program. When an expense is incurred for purposes which both restricted and unrestricted Net Positions are available, the Authority first applies restricted net position. Net Position restricted by HUD was $1,577,891.

3. Unrestricted - This consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

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

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 5 and 6.

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. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/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 contribution) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Change in Accounting Principle
During fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*, which enhances the relevance and consistence of information of the Authority’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. These changes were incorporated into the Authority’s financial statements; however, there was no effect on the beginning net position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

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

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

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

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

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

At year-end, the carrying amount of the Authority's deposits was $4,718,002 (including $521 of petty cash) and the bank balance was $4,806,189. The difference is primarily outstanding checks at fiscal year-end.

Custodial Credit Risk
Custodial Credit Risk is the risk that, in the 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. The financial institution collateral pool that insures 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 totaling $712,934 were covered by Federal Depository Insurance and the remaining balance of $4,093,255 was collateralized with securities pledged specifically in the name of the Authority or collateralized as part of a pool.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks or at member banks of the Federal Reserve System in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments
The Authority had only demand and time and savings deposits at June 30, 2022, therefore, is not subject to interest rate, credit concentration, or custodial credit risk.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of June 30, 2022 of $1,758,697 consists of:

Unspent funding provided by HUD to make Housing Assistance Payments in the Housing Choice Voucher Program	$ 242,488
Family Self-Sufficiency Escrows	102,822
Replacement Reserve in the Multi-Family Program	1,335,403
Tenant Security Deposits	77,984
Total	$ 1,758,697

NOTE 4: CAPITAL ASSETS

A summary of capital assets at June 30, 2022 is as follows:

	Balance at 6/30/2021	Additions	Reclasses	Balance at 6/30/2022
Capital Assest Not Depreciated				
Land	$ 1,028,099	$ 0	$ 0	$ 1,028,099
Construction-in-Progress	0	19,088	0	19,088
Total Capital Assets Not being Depreciated	1,028,099	19,088	0	1,047,187
Capital Assets Being Depreciated				
Buildings and Improvements	14,682,945	70,271	(59,003)	14,694,213
Furniture, Equipment, and Machinery	530,832	49,660	59,003	639,495
Intangible Right-to-Use Lease - Equipment	0	73,801	0	73,801
Total Capital Assets Being Depreciated	15,213,777	193,732	0	15,407,509
Accumulated Depreciation				
Buildings and Improvements	(9,767,233)	(221,724)	59,003	(9,929,954)
Furniture, Equipment, and Machinery	(481,492)	(13,576)	(59,003)	(554,071)
Intangible Right-to-Use Lease - Equipment	0	(14,322)	0	(14,322)
Total Accumulated Depreciation	(10,248,725)	(249,622)	0	(10,498,347)
Total Capital Assets being Depreciated, Net	4,965,052	(55,890)	0	4,909,162
Capital Assets, Net	$ 5,993,151	$ (36,802)	$ 0	$ 5,956,349

NOTE 5: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

Net Pension Liability (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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

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

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

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

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

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

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

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

* Member contributions within combined plan are not used to fund the definec benefit retirement allowance
** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

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

The Authority's contractually required contributions used to fund pension benefits was $111,829 for fiscal year ending June 30, 2022.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability: Prior Measurement Date	0.005053%
Proportion of the Net Pension Liability: Current Measurement Date	0.005493%
Change in Proportionate Share	0.000440%
Proportionate Share of the Net Pension Liability	$ 477,913
Pension Expense	$ (108,661)

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

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

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS Traditional Pension Plan
Deferred Outflows of Resources		
Differences between expected and actual experience	$	24,363
Changes of assumptions		59,762
Changes in proportion and differences between Authority contributions and proportionate share of contributions		54,313
Authority contributions subsequent to the measurement date		61,338
Total Deferred Outflows of Resources	$	199,776
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$	568,459
Differences between expected and actual experience		10,481
Changes in proportion and differences between Authority contributions and proportionate share of contributions		37,550
Total Deferred Inflows of Resources	$	616,490

$61,338 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS Traditional Pension Plan
Year Ending June 30:		
2023	$	(73,998)
2024		(179,957)
2025		(133,669)
2026		(90,428)
Total	$	(478,052)

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

Actuarial Assumptions - OPERS

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 1,260,039	$ 477,913	$ 172,919

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

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

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

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

Net OPEB Asset (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

Employer contribution rates are expressed as a percentage of covered payroll. In 2021-2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021-2022, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021-2022 was 4.0 percent.

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

The Authority's contractually required contribution allocated to health care was $1,511 for the fiscal year ending June 30, 2022.

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

Net OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.005387%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.005896%
Change in Proportionate Share	0.000509%
Proportionate Share of the Net OPEB Asset	$ 184,672
OPEB Expense	$ (199,011)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 10,072
Authority contributions subsequent to the measurement date	2,209
Total Deferred Outflows of Resources	$ 12,281
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 88,037
Differences between expected and actual experience	28,012
Changes of assumptions	74,754
Changes in proportion and differences between Authority contributions and proportionate share of contributions	34,778
Total Deferred Inflows of Resources	$ 225,581

$34,778 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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

	OPERS
Year Ending June 30:	
2023	$ (146,175)
2024	(37,455)
2025	(19,237)
2026	(12,642)
Total	$ (215,509)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$108,604	$184,672	$247,809

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$186,667	$184,672	$182,304

NOTE 7: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities.

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, which transitioned to prospective billing January 1, 2016. Rates were previously calculated retrospectively. Employers must reconcile their actual payroll for the prior policy year within 45 days after the close of the policy year.

There was no significant reduction in coverage and settled claims have not exceeded insurance held in any of the past three years.

NOTE 8: LONG-TERM LIABILITIES

The Authority entered into a sixty-month lease for a postage machine calling for quarterly payments of $856.89 beginning March 2021. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

The Authority entered into a forty-eight-month lease for copier equipment calling for monthly payments of $1,351.00 beginning October 2021. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

Lease commitments for the fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2023	$ 17,541	$ 2,111	$ 19,652
2024	18,255	1,397	19,652
2025	18,998	654	19,652
2026	5,721	47	5,768
	$ 60,515	$ 4,209	$ 64,724

Changes in other long-term obligations of the Authority during the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
FSS Liability	$ 148,429	$ 58,543	$ (104,150)	$ 102,822	$ 24,282
Lease Liability	0	73,935	(13,420)	60,515	17,541
Accrued Compensated Absences	61,921	63,135	(75,984)	49,072	9,814
Net Pension Liability	748,239	0	(270,326)	477,913	0
Total	$ 958,589	$ 195,613	$ (463,880)	$ 690,322	$ 51,637

NOTE 9: CONTINGENT LIABILITIES

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims other than those associated with routine eviction cases and administrative appeals of participants who have been terminated from the Housing Choice Voucher Program. As of June 30, 2022, the Authority was not involved in any such cases.

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost or excess reserve balances from time to time, however management is presently not aware of any circumstances that would fall into either category.

NOTE 10: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plan in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.005493%	0.005053%	0.005862%	0.005723%	0.006015%	0.006316%	0.005391%	0.005801%	0.005801%
Authority's Proportionate Share of the Net Pension Liability	$ 477,913	$ 748,239	$ 1,158,664	$ 1,567,414	$ 943,637	$ 1,434,256	$ 933,791	$ 699,665	$ 683,862
Authority's Covered Payroll	$ 797,151	$ 711,630	$ 824,718	$ 773,054	$ 794,890	$ 816,422	$ 670,973	$ 711,242	$ 709,889
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.49%	202.76%	118.71%	175.68%	139.17%	98.37%	96.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.000000%	0.000000%	0.000000%	0.003189%	0.012181%	0.012541%	0.013140%	0.013162%	0.013162%
Authority's Proportionate Share of the Net Pension (Asset)	$ 0	$ 0	$ 0	$ (3,566)	$ (16,582)	$ (6,980)	$ (6,394)	$ (5,068)	$ (1,381)
Authority's Covered Payroll	$ 0	$ 0	$ 0	$ 13,638	$ 49,888	$ 48,817	$ 47,801	$ 48,113	$ 48,022
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	26.15%	33.24%	14.30%	13.38%	10.53%	2.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions										
Traditional Plan	$ 118,513	$ 105,011	$ 104,955	$ 115,721	$ 104,768	$ 102,048	$ 92,653	$ 82,539	[1]	[1]
Combined Plan	0	0	0	0	6,575	6,102	6,156	5,615	[1]	[1]
Total Required Contributions	118,513	105,011	104,955	115,721	111,343	108,150	98,809	88,154	108,414	99,535
Contributions in Relation to the Contractually Required Contribution	(118,513)	(105,011)	(104,955)	(115,721)	(111,343)	(108,150)	(98,809)	(88,154)	(108,414)	(99,535)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 846,521	$ 750,079	$ 749,679	$ 826,579	$ 776,354	$ 816,384	$ 772,108	$ 687,825	[1]	[1]
Combined Plan	0	0	0	0	48,725	48,816	51,300	46,792	[1]	[1]
Total Covered Payroll	$ 846,521	$ 750,079	$ 749,679	$ 826,579	$ 825,079	$ 865,200	$ 823,408	$ 734,617	$ 867,804	$ 866,924
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]	[1]
Combined Plan	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]	[1]
Total	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	12.49%	11.48%

(1) – Information prior to 2015 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the Member-Directed Plan.

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.005896%	0.005387%	0.006470%	0.006309%	0.006630%	0.006800%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (184,672)	$ (95,974)	$ 893,675	$ 822,545	$ 719,969	$ 686,823
Authority's Covered Payroll	$ 919,485	$ 814,707	$ 977,424	$ 915,115	$ 939,330	$ 939,251
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	20.08%	11.78%	91.43%	89.88%	76.65%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 4,616	$ 3,225	$ 5,627	$ 5,888	$ 8,533	$ 16,301	$ 17,131	$ 15,911
Contributions in Relation to the Contractually Required Contribution	(4,616)	(3,225)	(5,627)	(5,888)	(8,533)	(16,301)	(17,131)	(15,911)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 1,010,498	$ 830,698	$ 890,352	$ 973,777	$ 904,661	$ 957,270	$ 864,361 0	$ 834,633
Contributions as a Percentage of Covered Payroll	0.46%	0.39%	0.63%	0.60%	0.94%	1.70%	1.98%	1.91%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net OPEB Liability

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

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

LAKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	Project Total	14.896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	344,071	-	212,062	349,257	800,169	277	1,253,469	-	2,959,305	-	2,959,305
113 Cash - Other Restricted	-	-	-	-	1,335,403	-	345,310	-	1,680,713	-	1,680,713
114 Cash - Tenant Security Deposits	4,366	-	-	14,290	59,328	-	-	-	77,984	-	77,984
100 Total Cash	348,437	-	212,062	363,547	2,194,900	277	1,598,779	-	4,718,002	-	4,718,002
122 Accounts Receivable - HUD Other Projects	-	17,619	-	-	-	10,406	-	-	28,025	-	28,025
124 Accounts Receivable - Other Government	-	-	-	1,315	-	-	-	-	1,315	-	1,315
125 Accounts Receivable - Miscellaneous	-	-	-	-	1,367	-	28,025	-	29,392	-	29,392
126 Accounts Receivable - Tenants	6,627	-	-	-	54,923	-	-	-	61,550	-	61,550
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	310	6,170	-	-	-	6,480	-	6,480
128 Fraud Recovery	-	-	-	-	-	-	40,570	-	40,570	-	40,570
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-40,570	-	-40,570	-	-40,570
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	6,627	17,619	-	1,625	62,460	10,406	28,025	-	126,762	-	126,762
142 Prepaid Expenses and Other Assets	3,884	-	-	1,342	27,640	-	13,274	-	46,140	-	46,140
150 Total Current Assets	358,948	17,619	212,062	366,514	2,285,000	10,683	1,640,078	-	4,890,904	-	4,890,904
161 Land	179,025	-	-	126,852	722,222	-	-	-	1,028,099	-	1,028,099
162 Buildings	2,815,482	-	-	2,257,455	9,621,276	-	-	-	14,694,213	-	14,694,213
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	41,171	-	-	-	41,171	-	41,171
164 Furniture, Equipment & Machinery - Administration	21,920	-	21,154	12,867	485,333	-	130,851	-	672,125	-	672,125
166 Accumulated Depreciation	-590,712	-	-21,154	-369,575	-9,433,421	-	-83,485	-	-10,498,347	-	-10,498,347
167 Construction in Progress	-	-	-	-	19,088	-	-	-	19,088	-	19,088
160 Total Capital Assets, Net of Accumulated Depreciation	2,425,715	-	-	2,027,599	1,455,669	-	47,366	-	5,956,349	-	5,956,349
174 Other Assets	11,080	-	-	-	73,869	-	99,723	-	184,672	-	184,672
180 Total Non-Current Assets	2,436,795	-	-	2,027,599	1,529,538	-	147,089	-	6,141,021	-	6,141,021
200 Deferred Outflow of Resources	12,723	-	-	-	84,822	-	114,512	-	212,057	-	212,057
290 Total Assets and Deferred Outflow of Resources	2,808,466	17,619	212,062	2,394,113	3,899,360	10,683	1,901,679	-	11,243,982	-	11,243,982
312 Accounts Payable <= 90 Days	-	17,619	-	-	65,811	10,406	4,686	-	98,522	-	98,522
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	65,031	-	-	-	65,031	-	65,031
322 Accrued Compensated Absences - Current Portion	271	-	-	111	3,643	-	5,789	-	9,814	-	9,814
333 Accounts Payable - Other Government	3,944	-	-	-	-	-	-	-	3,944	-	3,944
341 Tenant Security Deposits	4,366	-	-	14,290	59,328	-	-	-	77,984	-	77,984
345 Other Current Liabilities	511	-	-	46	4,210	-	37,056	-	41,823	-	41,823
310 Total Current Liabilities	9,092	17,619	-	14,447	198,023	10,406	47,531	-	297,118	-	297,118
353 Non-current Liabilities - Other	1,249	-	-	122	10,314	-	109,829	-	121,514	-	121,514
354 Accrued Compensated Absences - Non Current	1,109	-	-	340	14,650	-	23,159	-	39,258	-	39,258
357 Accrued Pension and OPEB Liabilities	28,674	-	-	-	191,166	-	258,073	-	477,913	-	477,913
350 Total Non-Current Liabilities	31,032	-	-	462	216,130	-	391,061	-	638,685	-	638,685
300 Total Liabilities	40,124	17,619	-	14,909	414,153	10,406	438,592	-	935,803	-	935,803

LAKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	Project Total	14.896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
400 Deferred Inflow of Resources	50,524	-	-	-	336,829	-	454,718	-	842,071	-	842,071
508.4 Net Investment in Capital Assets	2,423,955	-	-	2,027,431	1,441,147	-	3,303	-	5,895,836	-	5,895,836
511.4 Restricted Net Position	-	-	-	-	1,335,403	-	242,488	-	1,577,891	-	1,577,891
512.4 Unrestricted Net Position	293,863	-	212,062	351,773	371,828	277	762,578	-	1,992,381	-	1,992,381
513 Total Equity - Net Assets / Position	2,717,818	-	212,062	2,379,204	3,148,378	277	1,008,369	-	9,466,108	-	9,466,108
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	2,808,466	17,619	212,062	2,394,113	3,899,360	10,683	1,901,679	-	11,243,982	-	11,243,982

LAKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Project Total	14.896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	57,910	-	-	141,018	599,133	-	-	-	798,061	-	798,061
70400 Tenant Revenue - Other	1,130	-	-	140	18,237	-	-	-	19,507	-	19,507
70500 Total Tenant Revenue	59,040	-	-	141,158	617,370	-	-	-	817,568	-	817,568
70600 HUD PHA Operating Grants	125,056	71,354	-	-	868,401	133,541	9,660,190	237,125	11,095,667	-	11,095,667
71100 Investment Income - Unrestricted	-	-	61	265	-	-	-	-	326	-	326
71400 Fraud Recovery	-	-	-	-	-	-	31,846	-	31,846	-	31,846
71500 Other Revenue	-	-	25,473	125	3	-	7,126	-	32,727	-	32,727
72000 Investment Income - Restricted	-	-	-	-	125	-	-	-	125	-	125
70000 Total Revenue	184,096	71,354	25,534	141,548	1,485,899	133,541	9,699,162	237,125	11,978,259	-	11,978,259
91100 Administrative Salaries	34,791	53,433	-	13,855	289,201	8,941	228,735	237,125	866,081	-	866,081
91200 Auditing Fees	408	-	-	169	3,238	138	7,993	-	11,946	-	11,946
91400 Advertising and Marketing	24	-	-	13	525	12	703	-	1,277	-	1,277
91500 Employee Benefit contributions - Administrative	-11,268	17,921	-	3,538	-40,647	2,304	-26,133	-	-54,285	-	-54,285
91600 Office Expenses	9,586	-	-	1,806	78,712	2,634	143,210	-	235,948	-	235,948
91700 Legal Expense	774	-	-	1,277	23,370	52	4,067	-	29,540	-	29,540
91800 Travel	236	-	-	131	8,814	4	10,019	-	19,204	-	19,204
91900 Other	675	-	5,448	766	522	3	161	-	7,575	-	7,575
91000 Total Operating - Administrative	35,226	71,354	5,448	21,555	363,735	14,088	368,755	237,125	1,117,286	-	1,117,286
92200 Relocation Costs	32,739	-	-	-	-	-	-	-	32,739	-	32,739
92300 Employee Benefit Contributions - Tenant Services	306	-	-	-	7,527	-	-	-	7,833	-	7,833
92500 Total Tenant Services	33,045	-	-	-	7,527	-	-	-	40,572	-	40,572
93100 Water	5,771	-	-	3,461	71,290	9	511	-	81,042	-	81,042
93200 Electricity	7,726	-	-	3,797	184,418	47	2,725	-	198,713	-	198,713
93300 Gas	6,099	-	-	1,942	25,512	3	165	-	33,721	-	33,721
93000 Total Utilities	19,596	-	-	9,200	281,220	59	3,401	-	313,476	-	313,476
94100 Ordinary Maintenance and Operations - Labor	27,947	-	-	15,734	167,086	-	-	-	210,767	-	210,767
94200 Ordinary Maintenance and Operations - Materials and Other	31,988	-	-	8,706	174,198	66	3,804	-	218,762	-	218,762
94300 Ordinary Maintenance and Operations Contracts	37,780	-	3,576	10,814	217,874	107	6,227	-	276,378	-	276,378
94500 Employee Benefit Contributions - Ordinary Maintenance	5,680	-	-	5,718	30,880	-	-40,293	-	1,985	-	1,985
94000 Total Maintenance	103,395	-	3,576	40,972	590,038	173	-30,262	-	707,892	-	707,892
95100 Protective Services - Labor	-	-	-	-	-	150	-	-	150	-	150
95200 Protective Services - Other Contract Costs	1,507	-	-	905	7,308	9	386	-	10,115	-	10,115
95000 Total Protective Services	1,507	-	-	905	7,308	159	386	-	10,265	-	10,265
96110 Property Insurance	5,694	-	-	3,403	58,557	-	8,851	-	76,505	-	76,505
96100 Total insurance Premiums	5,694	-	-	3,403	58,557	-	8,851	-	76,505	-	76,505
96200 Other General Expenses	-	-	1,355	-	-	-	7,124	-	8,479	-	8,479
96300 Payments in Lieu of Taxes	4,899	-	-	573	3,314	-	-	-	8,786	-	8,786
96400 Bad debt - Tenant Rents	-	-	-	3,624	10,276	-	-	-	13,900	-	13,900
96000 Total Other General Expenses	4,899	-	1,355	4,197	13,590	-	7,124	-	31,165	-	31,165

LAKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Project Total	14.896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96900 Total Operating Expenses	203,362	71,354	10,379	80,232	1,321,975	14,479	358,255	237,125	2,297,161	-	2,297,161
97000 Excess of Operating Revenue over Operating Expenses	-19,266	-	15,155	61,316	163,924	119,062	9,340,907	-	9,681,098	-	9,681,098
97300 Housing Assistance Payments	-	-	-	-	-	126,896	8,759,495	-	8,886,391	-	8,886,391
97400 Depreciation Expense	74,705	-	1,511	45,896	116,071	-	11,439	-	249,622	-	249,622
90000 Total Expenses	278,067	71,354	11,890	126,128	1,438,046	141,375	9,129,189	237,125	11,433,174	-	11,433,174
10010 Operating Transfer In	34,826	-	-	-	-	-	-	-	34,826	-34,826	-
10020 Operating transfer Out	-34,826	-	-	-	-	-	-	-	-34,826	34,826	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-93,971	-	13,644	15,420	47,853	-7,834	569,973	-	545,085	-	545,085
11030 Beginning Equity	2,811,789	-	198,418	2,363,784	3,100,525	8,111	438,396	-	8,921,023	-	8,921,023
11170 Administrative Fee Equity	-	-	-	-	-	-	765,881	-	765,881	-	765,881
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	242,488	-	242,488	-	242,488
11190 Unit Months Available	183	-	-	180	2,880	312	18,096	-	21,651	-	21,651
11210 Number of Unit Months Leased	183	-	-	160	2,499	240	14,637	-	17,719	-	17,719

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/ *Pass-Through Grantor/* Program Title	Federal ALN Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Rent Supplements - Rental Housing for Lower Income Families	14.149	$ 868,401
Public and Indian Housing	14.850	90,230
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	9,660,190
COVID-19 - Section 8 Housing Choice Vouchers	14.871	237,125
Mainstream Vouchers	14.879	133,541
Total Housing Voucher Cluster		10,030,856
Public Housing Capital Fund	14.872	34,826
Family Self-Sufficiency Program	14.896	71,354
Total U.S. Department of Housing and Urban Development		11,095,667
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 11,095,667

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Lake Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

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

Lake Metropolitan Housing Authority
Lake County
189 First Street
Painesville, Ohio 44077

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lake Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 16, 2022, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 16, 2022

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

Lake Metropolitan Housing Authority
Lake County
189 First Street
Painesville, Ohio 44077

To the Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lake Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Lake Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lake Metropolitan Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Lake Metropolitan Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lake Metropolitan Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 16, 2022

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

2022(i)	Type of Financial Statement Opinion	Unmodified
2022(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2022(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2022(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2022(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2022(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2022(v)	Type of Major Programs' Compliance Opinions	Unmodified
2022(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2022(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871 COVID-19 - Section 8 Housing Choice Vouchers - CFDA #14.871 Mainstream Vouchers - CFDA #14.879	
2022(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others
2022(ix)	Low Risk Auditee?	Yes

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

None.

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

None.

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The prior audit report, as of June 30, 2021, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

LAKE METROPOLITAN HOUSING AUTHORITY

LAKE 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 3/16/2023

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