SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Sandusky Metropolitan Housing Authority
Sandusky County
1358 Mosser Drive
Fremont, Ohio 43420

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Sandusky Metropolitan Housing Authority, Sandusky County, Ohio as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and 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 January 16, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

January 16, 2024

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

Since the MD&A is designed to focus on the 2023 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $19,594 (or 0.91 percent) during the fiscal year ended 2023. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was $2,147,648 and $2,128,054 for 2022 and 2023, respectively.

- The business-type activities revenue increased by $147,735 (or 7.36 percent) during the fiscal year ended 2023. Revenues were $2,007,986 and $2,155,721 for 2022 and 2023, respectively.

- The total expenses of all Authority programs increased by $271,878 (or 14.28 percent). Total expenses were $1,903,437 and $2,175,315 for 2022 and 2023, respectively.

- The Authority executed modifications of its contract for housing services relationship with the Sandusky County Board of Developmental Disabilities (SCBDD). An additional funding increment in the amount of $58,500 was provided by the Authority to expand the Program through which the parties work together to develop, acquire, renovate, and manage residential rental properties for persons with disabilities for Sandusky County, Ohio.

USING THE FINANCIAL REPORT

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority's accountability.

Basic Financial Statements

The basic financial statements are designed to be corporate-like in that all business-type activities are consolidated to an entity-wide total for the 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 outflows of resources, minus liabilities and deferred inflows 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 designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly 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 that are 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". This account resembles the old operating reserves account.

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

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

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, and from non-cash investing, capital, and financing activities.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

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

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Mainstream Voucher Program – The Mainstream Voucher Program assist non-elderly persons with disabilities. Aside from serving a special population, mainstream vouchers are administered using the same rules as other Housing Choice Voucher Program.

State & Local – The State & Local Fund was set up to track grant money received for low-income housing programs through state and local sources.

AUTHORITY STATEMENTS

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- Statement of Net Position

	2023	2022
Current Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 722,590	$ 777,972
Capital Assets	2,182,330	2,149,790
Other Noncurrent Assets	0	14,157
Deferred Outflows of Resources	37,449	9,063
Total Assets and Deferred Outflows of Resources	$ 2,942,369	$ 2,950,982
Current Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 106,591	$ 103,345
Non-Current Liabilities	705,547	657,854
Deferred Inflows of Resources	2,177	42,135
Total Liabilities and Deferred Inflows of Resources	814,315	803,334
Net Position		
Net Investment in Capital Assets	1,494,429	1,458,361
Restricted Net Position	3,169	46,015
Unrestricted Net Position	630,456	643,272
Total Net Position	2,128,054	2,147,648
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,942,369	$ 2,950,982

For more detailed information, see Statement of Net Position presented elsewhere in this report.

Major Factors Affecting the Statement of Net Position:

Current assets decreased by $55,382 (or 7.1%) from the previous fiscal year-end. Contributing to a large extent to that reduction in current assets is the reduction in restricted net position. Restricted net position is funds advanced by HUD to the Authority to make rental assistance payments (Housing Assistance Payments or HAP) on behalf of families assisted by the Authority's Housing Choice Voucher and Mainstream Voucher programs that has yet to be spent. At the end of this fiscal period the Authority had more fully expended funding provided by HUD for this purpose. The changes to other noncurrent assets, deferred outflows of resources, noncurrent liabilities and deferred inflows of resources are all primarily related to changes in balances reported in accordance with GASB 68 & GASB 75.

GASB 68 is an accounting standard that essentially requires the Authority to report financial balances for what is estimated to be its share of the unfunded pension liability, the net pension liability (NPL), and balances caused by changes in the pension liability of the of the pension system, the Ohio Public Employees Retirement System (OPERS). And GASB 75 is an accounting standard that requires the Authority to report financial balances for what is estimated to be its share of the other postemployment benefits (OPEB) liability/asset and balances caused by changes in the OPEB liability/asset of the of the pension system. OPEB refers to the healthcare plan of the pension system. Some changes in the NPL and OPEB liability/asset are amortized over a 5 year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. So changes in these balances reflect changes in the funding of future pension and other post-employment benefits (OPEB) commitments by the retirement system, OPERS, and not changes in operations of the Authority.

Table 2 - Change of Net Position

	Unrestricted	Net Investment in Capital Assets	Restricted
Beginning Balance	$ 643,272	$ 1,458,361	$ 46,015
Results of Operations	23,252	0	(42,846)
Adjustments:			
Current Year Depreciation Expense (1)	153,288	(153,288)	0
Capital Expenditures (2)	(185,828)	185,828	0
Retirement of Debt (2)	(63,318)	63,318	0
New Debt Issued (2)	58,500	(58,500)	0
Change in Lease Liability (2)	1,290	(1,290)	0
Ending Balance	$ 630,456	$ 1,494,429	$ 3,169

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

(2) Capital and related expenditures of debt represent an outflow of Unrestricted Net Position, but are not treated as an expense against Results of Operations and, therefore, are adjusted against Unrestricted Net Position.

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

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

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

	2023	2022
Revenues		
Total Tenant Revenues	$ 164,348	$ 146,899
Operating Subsidies	1,809,366	1,676,505
Capital Grants	121,702	19,666
Interest Income	206	190
Other Reveues	60,099	164,726
Total Revenues	2,155,721	2,007,986
Expenses		
Administrative	277,773	234,619
Utilities	15,396	13,876
Maintenance	279,280	206,314
General and Interest	47,491	52,015
Housing Assistance Payments	1,402,087	1,250,753
Depreciation	153,288	145,860
Total Expenses	2,175,315	1,903,437
Net Increase/(Decrease) in Net Position	(19,594)	104,549
Begnning Net Position	2,147,648	2,043,099
Ending Net Position	$2,128,054	$2,147,648

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

Revenues overall increased $147,735 (or 7.4%), with a reduction in other revenues offset by increases in operating subsidies and capital grants. Last fiscal year other revenues were unusually high because the Authority had an $88,000 gain from a sale of an asset, and there was no such gain this fiscal year. The increase in operating subsidies almost entirely was in revenues of the Housing Choice Voucher and Mainstream Voucher programs, which combined increased $130,860. Of that, $79,500 was an increase in HAP revenue, funding provided by HUD for the Authority to use to make Housing Assistance Payments (HAP) on behalf of families assisted through these programs. HUD provides funding for HAP based on what the Authority spends for this purpose, so this increase corresponds to the increase in Housing Assistance Payments expense and the reduction in restricted net position cited in section following Table 1 in this MD&A. But the remaining $51,360 increase in this revenue was in the administrative fees earned by the Authority.

The increase in capital grant revenue of $102,036 however is the result of a timing difference in when funds provided for this purpose is spent. HUD provides Capital Fund Grants on a formula basis and the Authority typically has up to 4 years to spend the money, to allow for planning and consultation with interested parties of how to best spend the funds. The revenue is earned as the money is spent. This increase then does not represent a new source of funding for the Authority but rather is an indication that related capital spending was carried out in the period.

On the expense side, the largest increase in expenses was to HAP expense. HAP expense is the expense incurred when the Authority makes rental assistance payments on behalf of clients assisted by the Authority's Section 8 Voucher programs. The increase in HAP expense is due to a couple families porting out to more expensive locales requiring higher per unit HAP costs to the Authority, and an increase in Rent Payment Standards used by the Authority reflecting the higher cost of renting locally.

Administrative and maintenance expenses also increased. Administrative costs increased due to the addition of part-time staffing and the cost of contracting with the management agent to perform required inspections of rental units. Maintenance costs increased due to increased contracting to address the increased rate of turnover of Authority owned rental units, and an ongoing effort to replace flooring in Authority owned rental units.

CAPITAL ASSETS

As of year-end, the Authority had $2,182,330 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $32,540, or 1.51 percent, from the end of 2022.

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

	2023	2022
Land	$ 741,875	$ 741,875
Building and Improvement	5,161,998	4,979,427
Equipment	248,662	246,389
Accumulated Depreciation	(3,970,205)	(3,817,901)
Total	$ 2,182,330	$ 2,149,790

The following reconciliation identified the change in Capital Assets:

Table 5 - Change in Capital Assets

Beginning Balance	$ 2,149,790
Current Year Additions	185,828
Current Year Deletions	0
Current Year Depreciation Expense	(153,288)
Ending Balance	$ 2,182,330

Current year additions are summarized as follows:

Property Renovations/Improvements	$ 182,571
Equipment Leases	3,257
Total Current Year Additions	$ 185,828

The Authority has an equipment lease liability at June 30, 2023. The following summarizes the change in the lease liability from last fiscal year-end.

Table 6 - Change in Lease Liability

Beginning Balance	$ 4,255
Current Year Additions	3,148
Current Year Retired	(1,858)
Ending Balance	$ 5,545

As of year-end, the change in the Authority's outstanding debt was as follows:

Table 7 - Debt Outstanding

Beginning Balance	$ 687,174
Current Year Debt Incurred	58,500
Current Year Debt Retired	(63,318)
Ending Balance	$ 682,356

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs
- Unknown financial and operational impacts.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Ralph Chamberlain, Executive Director of the Sandusky Metropolitan Housing Authority at (419) 334-4426.

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents:	$	675,070
Restricted Cash and Cash Equivalents		20,196
Receivables, Net		15,119
Prepaid Expenses and Other Assets		12,205
Total Current Assets		722,590
Non-Current Assets		
Capital Assets		
Non-Depreciable Capital Assets		741,875
Depreciable Capital Assets, Net		1,440,455
Total Capital Assets		2,182,330
Deferred Outflows of Resources		
Pension		27,793
OPEB		9,656
Total Deferred Outflows of Resources		37,449
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$	2,942,369
TOTAL LIABLIITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	20,794
Accrued Liabilities		1,030
Tenant Security Deposits		17,027
Unearned Revenue		3,281
Lease Liability - Current Portion		2,163
Long-Term Debt - Current Portion		62,150
Other Current Liabilities		146
Total Current Liabilities		106,591
Non-Current Liabilities		
Long-Term Debt - Net of Current		620,206
Lease Liability - Net of Current		3,382
Accrued Compensated Absences - Net of Current		5,674
Net Pension Liability		73,555
Net OPEB Liability		2,730
Total Non-Current Liabilities		705,547
TOTAL LIABILITIES		812,138
DEFERRED INFLOW OF RESOURCES		
Pension		1,276
OPEB		901
Total Deferred Inflow of Resources		2,177
NET POSITION		
Net Investment in Capital Assets		1,494,429
Restricted Net Position		3,169
Unrestricted Net Position		630,456
TOTAL NET POSITION		2,128,054
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	2,942,369

See accompanying notes to the basic financial statements.

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

Operating Revenues	
Tenant Revenue	$ 164,348
Government Operating Grants	1,809,366
Other Revenue	12,126
Total Operating Revenue	1,985,840
Operating Expenses	
Administrative	277,773
Utilities	15,396
Maintenance	279,280
General and Insurance	42,784
Housing Assistance Payments	1,402,087
Depreciation	153,288
Total Operating Expenses	2,170,608
Operating Loss	(184,768)
Non-Operating Revenues (Expenses)	
Capital Grant Revenue	121,702
Debt Forgiven	47,973
Interest Income	206
Interest Expense	(4,707)
Total Non-Operating Revenues (Expenses)	165,174
Change in Net Positon	(19,594)
Beginning Net Position	2,147,648
Ending Net Position	$ 2,128,054

See accompanying notes to the basic financial statements.

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

Cash Flows from Operating Activities	
Operating Grants Received	$ 1,805,581
Receipts from Tenants	158,526
Other Revenue Received	9,695
Cash Payments for Operating Expenses	(613,454)
Cash Payments for HAP	(1,402,087)
Net Cash Used by Operating Activities	(41,739)
Cash Flows from Investing Activities	
Interest Earned	206
Net Cash Provided by Investing Activities	206
Cash Flows from Capital and Financing Activities	
Debt Proceeds	58,500
Lease Liability Incurred	3,148
Payments on Lease Liability	(1,858)
Lease Liability Interest Payments	(138)
Capital Grant Funds Received	121,702
Capital Asset Purchases	(185,828)
Interest Payments	(4,707)
Retirement of Debt	(15,345)
Net Cash Used by Capital and Related Financing Activities	(24,526)
Net Decrease in Cash	(66,059)
Cash and Cash Equivalents - Beginning of Year	761,325
Cash and Cash Equivalents - End of Year	$ 695,266
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Loss	$ (184,768)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	153,288
Lease Interest	138
(Increase) Decrease in:	
Accounts Receivable	(9,239)
Prepaid Assets	(1,438)
OPEB Assets	14,157
Deferred Outflows	(28,386)
Increase (Decrease) in:	
Accounts Payable	6,111
Accrued Liabilities	(2,518)
Tenant Security Deposits	96
Unearned Revenue	(2,799)
Pension/OPEB Liability	53,577
Deferred Inflows	(39,958)
Net Cash Used by Operating Activities	$ (41,739)

See accomnpanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity
The Sandusky Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Fremont, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the Authority and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. 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, maintenance, operating, improving, extending, and repairing housing facilities.

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

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.

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

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

The 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.

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

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

Measurement Focus and Basis of Accounting

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

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized, while maintenance repair costs are expensed as incurred.

Useful life of property and equipment is as follows:

Buildings	40 years
Land and Building Improvements	15 years
Equipment	7 years
Autos	5 years

Depreciation is recorded on the straight-line method. Total depreciation expense for the 2023 fiscal year was $153,288.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value. Cost-based measures of fair value are applied to nonnegotiable certificates of deposit and money market investments.

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

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, or other liabilities incurred, used for the acquisition, construction or improvement of those assets. 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. Restricted net position includes the Housing Voucher Program's HAP Equity. That is funding provided to the Authority's Section 8 Program by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended and was $3,169 for the Mainstream Voucher Program at June 30, 2023.

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Notes 7 and 8.

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

Budgetary Accounting
The Authority annually prepares funding requests as prescribed by HUD. Budgets are submitted to HUD when applicable. Budgets are adopted by the Board of the Authority.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE**

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This new standard revised the existing requirement regarding disclosure of custodial credit risk and establishes requirements for 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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority had 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 to 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 June 30, 2023, the Authority had undeposited cash on hand (petty cash) of $120.

At June 30, 2023, the carrying amount of the Authority's cash deposits was $695,266 and the bank balance was $696,217. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2023, deposits totaling $250,000 were covered by Federal Depository Insurance, while the balance of $446,217 was collateralized by securities pledged in the name of the Authority.

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

Deposits (Continued)

Custodial credit 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. Multiple financial institution collateral pools that insure public deposits held by fiscal and escrow agents are collateralized with eligible securities in amounts equal to at least 102 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

Investments

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2023, the Authority has no investments.

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit is investment choices.

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

Concentration of Credit Risk
Generally, the Authority places no limit on the amount it may invest in any one financial institution. The Authority's investment policy limits investments in a single security type or with a single financial institution to 50 percent of the total investment portfolio. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

Restricted Cash
Restricted cash is composed of the following restricted:

Tenant Security Deposits	$ 17,027
Unspent Funding to make Housing Assistance Payments	3,169
Total Restricted Cash	$ 20,196

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2023, by class is as follows:

Land	$ 741,875
Building and Building Improvements	5,161,998
Furniture, Equipment - Dwelling	47,451
Furniture, Equipment - Administration	192,684
Intangible Right to use Lease Equipment	8,527
Total	6,152,535
Less Accumulated Depreciation	(3,970,205)
Net Property and Equipment	$ 2,182,330

A summary of changes in capital assets during the year is as follows:

NOTE 4: **CAPITAL ASSETS** (Continued)

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 741,875	$ 0	$ 0	$ 741,875
Total Capital Assets Not Being Depreciated	741,875	0	0	$ 741,875
Capital Assets Being Depreciated				
Buildings and Improvements	4,979,427	182,571	0	5,161,998
Furniture, Equipment, and Machinery				
Dwelling	47,451	0	0	47,451
Administration	192,684	0	0	192,684
Intagible Right-to-use Lease - Equipment	6,254	3,257	(984)	8,527
Total Capital Assets Being Depreciated	5,225,816	185,828	(984)	5,410,660
Accumulated Depreciation				
Buildings and Improvements	(3,625,553)	(140,116)	0	(3,765,669)
Furniture, Equipment, and Machinery	(190,238)	(11,176)	0	(201,414)
Intagible Right-to-use Lease - Equipment	(2,110)	(1,996)	984	(3,122)
Total Accumulated Depreciation	(3,817,901)	(153,288)	984	(3,970,205)
Depreciable Assets, Net	1,407,915	32,540	0	1,440,455
Total Capital Assets, Net	$ 2,149,790	$ 32,540	$ 0	$ 2,182,330

NOTE 5: **LONG-TERM LIABILITIES**

The changes in the Authority’s long-term liabilities during the year were as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Amounts Due In One Year
Business-Type Activities					
Mortgages Payable	$ 79,429	$ 0	$ (15,345)	$ 64,084	$ 12,552
Forgivable Loans	607,745	58,500	(47,973)	618,272	49,598
Net Pension Liability	22,708	50,847	0	73,555	0
OPEB Liability	0	2,730	0	2,730	0
Lease Liability	4,255	3,148	(1,858)	5,545	2,163
Compensated Absence Liability	8,855	0	(3,181)	5,674	0
Total Long-Term Liabilities	$ 722,992	$ 115,225	$ (68,357)	$ 769,860	$ 64,313

The Authority entered into a sixty-month lease for copier equipment calling for monthly payments of $137.48 beginning January 1, 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 4.00 percent.

The Authority entered into a five-year lease for a postage machine calling for quarterly payments of $174.42 beginning April 1, 2023. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 4.00 percent.

NOTE 5: **LONG-TERM LIABILITIES** (Continued)

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

	Principal	Interest	Total
2024	$ 2,163	$ 184	$ 2,347
2025	1,419	103	1,522
2026	629	69	698
2027	654	44	698
2028	680	18	698
	$ 5,545	$ 418	$ 5,963

Direct borrowings consist of mortgages payable as follows:

The Authority has a note payable to the Croghan Colonial Bank of Fremont. The original principal of the loan was $123,500 and the current rate is 5.76 percent annually. Principal and interest payments, currently $423 began in October 2002 with the final payment due on July 2032. The loan is secured by an open-end mortgage on real estate property located at 562 Crestwood, Fremont, Ohio.	$ 35,652
The Authority has a note payable to the Croghan Colonial Bank of Fremont, at a current rate of 6.75 percent annually. Principal and interest payments, currently $681, began in January 2004 with the final payment due on December 2023. The loan is secured by an open-end mortgage on real estate property located at 1407 Rosewood Street, Fremont, Ohio.	4,015
The Authority has a note payable to the Croghan Colonial Bank of Fremont. The original principal of the loan was $70,000 and the current rate is 7.50 percent annually. Principal and interest payments, currently $572, began in March 2003 with the final payment due on August 2027. The loan is secured by an open-end mortgage on real estate property located at 728 Nickle Street, Fremont, Ohio.	24,418
The Authority entered into an agreement for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $80,000 to acquire and renovate property on 908 Bush Street in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and maintain a youth respite home for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed, and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Sandusky County Board of Developmental Disabilities.	58,222
On April 15, 2019, the Authority entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 728 Nickel Street property in the amount of $60,360. The term of the loan is for 15 years commencing on October 1, 2019, and terminating October 1, 2031. The parties agree that the loan is forgiven 1/180th of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the end of the amortization period, an amount equal to the remaining unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	44,935

NOTE 5: **LONG-TERM LIABILITIES** (Continued)

On February 5, 2020, the Authority entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 908 Bush Street property in the amount of $47,050. The term of the loan is for 15 years commencing on March 1, 2020, and terminating March 1, 2035. The parties agree that the loan is forgiven 1/180th of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the end of the amortization period, an amount equal to the remaining unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	36,594
On January 19, 2021, the Authority entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 408 South Pennsylvania Avenue property in the amount of $19,854. The term of the loan is for 15 years commencing on February 1, 2021, and terminating February 1, 2036. The parties agree that the loan is forgiven 1/180th of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the end of the amortization period, an amount equal to the remaining unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	16,565
On September 3, 2021, the Authority entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 1407 Rosewood property in the amount of $28,500. The term of the loan is for 15 years commencing on October 1, 2021, and terminating October 1, 2036. The parties agree that the loan is forgiven 1/180th of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the end of the amortization period, an amount equal to the remaining unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities. Proceeds of $22,259 were collected in July of 2021 with $6,241 received in fiscal year 2020 but not amortized as the project agreement was not completed.	25,175
The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $200,000 to acquire and renovate property on Martin Street in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and maintain a youth respite home for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed, and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Sandusky County Board of Developmental Disabilities.	164,444

NOTE 5: **LONG-TERM LIABILITIES** (Continued)

The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $200,000 to acquire and renovate property on Celek Drive in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed, and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Sandusky County Board of Developmental Disabilities.	172,222
The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $50,000 used to acquire and renovate property on Celek Drive, in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Sandusky County Board of Developmental Disabilities.	43,889
The Authority executed an Open End Mortgage and Security Agreement to contract for housing services with the Ohio Department of Developmental Disabilities in the amount of $58,500 used to property on Celek Drive in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the repairs are completed, and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved development disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	56,225
Total Debt	**$ 682,356**

NOTE 5: **LONG-TERM LIABILITIES** (Continued)

The following is a summary of the Authority's future debt service requirements as of June 30, 2023:

For the Year Ended June 30	Principal	Interest	Total Payments
2024	$ 12,552	$ 3,468	$ 16,020
2025	9,215	2,720	11,935
2026	9,760	2,175	11,935
2027	10,337	1,598	11,935
2028	3,912	1,170	5,082
2029-2033	18,308	2,103	20,411
Totals	64,084	$ 13,234	$ 77,318
Debt expected to be retired without cash payments	618,272		
Total Debt	$ 682,356		

NOTE 6: **ALLOCATION OF COSTS**

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

NOTE 7: **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 7: **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 Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

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

NOTE 7: **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 annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

For fiscal year ending June 30, 2023, the Authority's contractually required contributions used to fund pension benefits was $6,295 for the traditional plan and $4,779 for the member-directed plan.

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.000261%
Current Measurement Date	0.000249%
Change in Proportionate Share	-0.000012%
Proportionate Share of the Net Pension Liability	$ 73,555
Pension Expense	$ 10,182

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 20,965
Differences between expected and actual experience	2,442
Changes of assumptions	777
Changes in proportion and differences between Authorit contributions and proportionate share of contributions	70
Authority contributions subsequent to the measurement date	3,539
Total Deferred Outflows of Resources	$ 27,793
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 1,276
Total Deferred Inflows of Resources	$ 1,276

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

$3,539 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending June 30:	
2024	$ 2,051
2025	4,485
2026	6,170
2027	10,272
Total	$ 22,978

Actuarial Assumptions - OPERS

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

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

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

NOTE 7: **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.

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

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 110,183	$ 73,555	$ 43,087

NOTE 8: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability

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

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

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

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

Net OPEB Liability (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in current 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was $1,366 for the fiscal year ending June 30, 2023.

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.000452%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.000433%
Change in Proportionate Share	-0.000019%
Proportionate Share of the Net OPEB Liability	$ 2,730
OPEB Expense	$ (3,256)

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

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

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 5,421
Changes of assumptions	2,667
Changes in proportion and differences between Authority contributions and proportionate share of contributions	885
Authority contributions subsequent to the measurement date	683
Total Deferred Outflows of Resources	$ 9,656
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 681
Changes of assumptions	220
Total Deferred Inflows of Resources	$ 901

$683 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2024	$ 1,555
2025	2,204
2026	1,692
2027	2,621
Total	$ 8,072

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	$ 9,292	$ 2,730	$ (2,685)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 2,559	$ 2,730	$ 2,923

NOTE 9: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Authority based on local and state laws. All permanent employees will earn 3.69 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulate without limit. At the time of separation from active service with the Authority due to disability or retirement, employees shall be paid an amount equal to one-fourth (1/4) of 120 days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

NOTE 10: **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 official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member.

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

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

NOTE 11: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

SANDUSKY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.000249%	0.000261%	0.000259%	0.000255%	0.000275%	0.000261%	0.000174%	0.000540%	0.000514%	0.000514%
Authority's Proportionate Share of the Net Pension Liability	$ 73,555	$ 22,708	$ 38,352	$ 50,402	$ 75,317	$ 40,945	$ 39,511	$ 93,534	$ 61,955	$ 60,594
Authority's Covered Payroll	$ 38,546	$ 37,928	$ 36,479	$ 35,937	$ 37,103	$ 34,497	$ 22,472	$ 67,189	$ 62,959	$ 64,658
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.82%	59.87%	105.13%	140.25%	202.99%	118.69%	175.82%	139.21%	98.41%	93.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 6,295	$ 5,289	$ 5,250	$ 4,995	$ 5,255	$ 5,030	$ 3,614	$ 5,485	$ 7,588	$ 7,759
Contributions in Relation to the Contractually Required Contribution	$ (6,295)	$ (5,289)	$ (5,250)	$ (4,995)	$ (5,255)	$ (5,030)	$ (3,614)	$ (5,485)	$ (7,588)	$ (7,759)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 44,964	$ 37,779	$ 37,500	$ 35,679	$ 37,539	$ 37,265	$ 28,793	$ 45,705	$ 63,231	$ 64,658
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	12.55%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information.

SANDUSKY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1)

	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.000433%	0.000452%	0.000453%	0.000442%	0.000447%	0.000440%	0.000440%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ 2,730	$ (14,157)	$ (8,071)	$ 61,052	$ 58,278	$ 47,781	$ 44,441
Authority's Covered Payroll	$ 72,030	$ 70,497	$ 68,487	$ 66,721	$ 64,819	$ 61,942	$ 56,722
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-3.79%	20.08%	11.78%	91.50%	89.91%	77.14%	78.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,366	$ 1,313	$ 1,296	$ 1,250	$ 1,138	$ 1,332	$ 1,509	$ 1,696	$ 1,265
Contributions in Relation to the Contractually Required Contribution	(1,366)	(1,313)	(1,296)	(1,250)	(1,138)	(1,332)	(1,509)	(1,696)	(1,265)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 79,103	$ 70,607	$ 69,897	$ 66,931	$ 65,977	$ 65,896	$ 56,093	$ 65,259 0	$ 63,231
Contributions as a Percentage of Covered Payroll	1.73%	1.86%	1.85%	1.87%	1.72%	2.02%	2.69%	2.60%	2.00%

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

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

Sandusky Metropolitan Housing Authority
Financial Data Schedule
For the Year Ended June 30, 2023

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	152,612	115,889	47,595	358,974	675,070		675,070
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted			3,169		3,169		3,169
114 Cash - Tenant Security Deposits	11,718	5,309			17,027		17,027
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	164,330	121,198	50,764	358,974	695,266		695,266
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	691			3,094	3,785		3,785
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous				806	806		806
126 Accounts Receivable - Tenants	888	1,701			2,589		2,589
126.1 Allowance for Doubtful Accounts -Tenants	(200)	$0			(200)		(200)
126.2 Allowance for Doubtful Accounts - Other	(1,700)			$0	(1,700)		(1,700)
127 Notes, Loans, & Mortgages Receivable - Current	9,839				9,839		9,839
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	9,518	1,701	$0	3,900	15,119		15,119
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	9,119	1,675		1,411	12,205		12,205
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	182,968	124,574	50,764	364,285	722,590		722,590
161 Land	596,650	137,111		8,114	741,875		741,875
162 Buildings	3,666,658	1,495,340			5,161,998		5,161,998
163 Furniture, Equipment & Machinery - Dwellings	47,451				47,451		47,451
164 Furniture, Equipment & Machinery - Administration	155,620	8,183		37,408	201,211		201,211
165 Leasehold Improvements							
166 Accumulated Depreciation	(3,235,526)	(702,237)		(32,442)	(3,970,205)		(3,970,205)
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	1,230,853	938,397	$0	13,080	2,182,330		2,182,330

Sandusky Metropolitan Housing Authority
Financial Data Schedule
For the Year Ended June 30, 2023

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	1,230,853	938,397	-	13,080	2,182,330		2,182,330
200 Deferred Outflow of Resources	20,715	4,270		12,464	37,449		37,449
290 Total Assets and Deferred Outflow of Resources	1,434,535	1,067,241	50,764	389,829	2,942,369		2,942,369
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	2,093	11,883		1,149	15,125		15,125
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable		1,030			1,030		1,030
322 Accrued Compensated Absences - Current Portion							
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	5,669				5,669		5,669
341 Tenant Security Deposits	11,718	5,309			17,027		17,027
342 Unearned Revenue	91	3,190			3,281		3,281
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		62,150			62,150		62,150
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities				146	146		146
346 Accrued Liabilities - Other	757	541		865	2,163		2,163
347 Inter Program - Due To							
348 Loan Liability - Current							
310 Total Current Liabilities	20,328	84,103	$0	2,160	106,591		106,591

Sandusky Metropolitan Housing Authority
Financial Data Schedule
For the Year Ended June 30, 2023

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		620,206			620,206		620,206
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other	1,184	845		1,353	3,382		3,382
354 Accrued Compensated Absences - Non Current	3,087	607		1,980	5,674		5,674
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	42,198	8,697		25,390	76,285		76,285
350 Total Non-Current Liabilities	46,469	630,355	$0	28,723	705,547		705,547
300 Total Liabilities	66,797	714,458	$0	30,883	812,138		812,138
400 Deferred Inflow of Resources	1,204	248		725	2,177		2,177
508.4 Net Investment in Capital Assets	1,228,912	254,655		10,862	1,494,429		1,494,429
511.4 Restricted Net Position	-		3,169	$31,143	3,169		3,169
512.4 Unrestricted Net Position	137,622	97,880	47,595	347,359	630,456		630,456
513 Total Equity - Net Assets / Position	1,366,534	352,535	50,764	358,221	2,128,054		2,128,054
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	1,434,535	1,067,241	50,764	389,829	2,942,369		2,942,369

Sandusky Metropolitan Housing Authority
Financial Data Schedule
For the Year Ended June 30, 2023

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	71,420	81,819			153,239		153,239
70400 Tenant Revenue - Other	6,394	4,715			11,109		11,109
70500 Total Tenant Revenue	77,814	86,534	-	-	164,348	-	164,348
70600 HUD PHA Operating Grants	230,071		277,406	1,301,889	1,809,366		1,809,366
70610 Capital Grants	121,702				121,702		121,702
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					$0	$0	$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	47	54		105	206		206
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery				6,440	6,440		6,440
71500 Other Revenue	5,230	47,974		455	53,659		53,659
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	434,864	134,562	277,406	1,308,889	2,155,721	-	2,155,721
91100 Administrative Salaries	12,560	1,204	2,920	23,625	40,309		40,309
91200 Auditing Fees	6,190	4,422	778	6,296	17,686		17,686
91300 Management Fee	25,040	4,804	4,321	34,960	69,125		68,125
91310 Book-keeping Fee							
91400 Advertising and Marketing	1,515	257	45	366	2,183		2,183
91500 Employee Benefit contributions - Administrative	3,765	352	1,164	8,566	13,847		13,847
91600 Office Expenses	8,260	4,889	4,838	17,568	35,555		35,555
91700 Legal Expense	1,610	1,036	182	1,475	4,303		4,303
91800 Travel	5,909	664	17	138	6,728		6,728
91810 Allocated Overhead							
91900 Other	33,623	13,027	4,553	36,834	88,037		88,037
91000 Total Operating - Administrative	98,472	30,655	18,818	129,828	277,773	-	277,773

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other							
92500 Total Tenant Services	-	-	-	-	-	-	-
93100 Water	3,211				3,211		3,211
93200 Electricity	8,049				8,049		8,049
93300 Gas	4,136				4,136		4,136
93400 Fuel							
93500 Labor							
93600 Sewer							
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	15,396	-	-	-	15,396	-	15,396
94100 Ordinary Maintenance and Operations - Labor	31,558	7,890			39,448		39,448
94200 Ordinary Maintenance and Operations - Materials and Other	57,505	7,306			64,811		64,811
94300 Ordinary Maintenance and Operations Contracts	134,092	29,161			163,253		163,253
94500 Employee Benefit Contributions - Ordinary Maintenance	9,459	2,309			11,769		11,769
94000 Total Maintenance	232,614	46,666	-	-	279,280	-	279,280
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	-	-	-	-	-	-	-
96110 Property Insurance	17,730	3,642		2,217	23,589		23,589
96120 Liability Insurance	1,260	109	274	773	2,416		2,416
96130 Workmen's Compensation	404	81	36	288	809		809
96140 All Other Insurance	1,752		95		1,847		1,847
96100 Total insurance Premiums	21,146	3,832	405	3,278	28,661	-	28,661

Sandusky Metropolitan Housing Authority
Financial Data Schedule
For the Year Ended June 30, 2023

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96200 Other General Expenses	1,303	4,422		474	6,199		6,199
96210 Compensated Absences				348	348		348
96300 Payments in Lieu of Taxes	5,669	51			5,720		5,720
96400 Bad debt - Tenant Rents	1,856				1,856		1,856
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	8,828	4,473	-	822	14,123	-	14,123
96710 Interest of Mortgage (or Bonds) Payable		4,707			4,707		4,707
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	-	4,707	-	-	4,707	-	4,707
96900 Total Operating Expenses	376,456	90,333	19,223	133,928	618,940	-	619,940
97000 Excess of Operating Revenue over Operating Expenses	58,408	44,229	258,183	1,174,961	1,535,781	-	1,535,781
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			234,933	1,166,699	1,401,632		1,401,632
97350 HAP Portability-In				455	455		455
97400 Depreciation Expense	86,592	59,335		7,361	153,288		153,288
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	463,048	149,668	254,156	1,308,443	2,172,315	-	2,175,315

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010 Operating Transfer In	64,000				64,000	(64,000)	-
10020 Operating transfer Out	(64,000)				(64,000)	64,000	-
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(28,184)	(15,106)	23,250	446	(19,594)	-	(19,594)
11020 Required Annual Debt Principal Payments	-	15,345	-	-	15,345		15,345
11030 Beginning Equity	1,394,718	367,641	27,514	357,775	2,147,648		2,147,648
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-				-		-
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity				358,221	358,221		358,221
11180 Housing Assistance Payments Equity				-	-		-
11190 Unit Months Available	576	108	552	4,092	5,328		5,328
11210 Number of Unit Months Leased	567	108	507	2,566	3,748		3,748
11270 Excess Cash	122,148				122,149		122,149
11610 Land Purchases	-				-		-
11620 Building Purchases	121,702				121,702		121,702
11630 Furniture & Equipment - Dwelling Purchases	-				-		-
11640 Furniture & Equipment - Administrative Purchases	-				-		-
11650 Leasehold Improvements Purchases	-				-		-
11660 Infrastructure Purchases	-				-		-
13510 CFFP Debt Service Payments	-				-		-
13901 Replacement Housing Factor Funds	-				-		-

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs		
Public and Indian Housing	14.850	$ 166,071
Public Housing Capital Fund	14.872	185,702
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	1,301,889
Mainstream Vouchers	14.879	277,406
Total Housing Voucher Cluster		1,579,295
Total U.S. Department of Housing and Urban Development		**1,931,068**
Total Expenditures of Federal Awards		**$ 1,931,068**

The accompanying notes are an integral part of this schedule.

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Sandusky Metropolitan Housing Authority
Sandusky County
1358 Mosser Drive
Fremont, Ohio 43420

To the Board of Commissioners:

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 *(Government Auditing Standards)*, the financial statements of Sandusky Metropolitan Housing Authority, Sandusky County, Ohio (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

January 16, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Sandusky Metropolitan Housing Authority
Sandusky County
1358 Mosser Drive
Fremont, Ohio 43420

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sandusky Metropolitan Housing Authority, Sandusky County, Ohio's, (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Sandusky Metropolitan Housing Authority's major federal program for the year ended June 30, 2023. Sandusky Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

January 16, 2024

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SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

SANDUSKY METROPOLITAN HOUSING AUTHORITY

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/30/2024

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