OHIO AUDITOR OF STATE
KEITH FABER

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY
DECEMBER 31, 2020

TABLE OF CONTENTS

TITLE	PAGE

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Licking Metropolitan Housing Authority
Licking County
144 W Main Street
Newark, Ohio 43055

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Licking Metropolitan Housing Authority, Licking County, Ohio (the LMHA), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the LMHA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the LMHA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the LMHA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the LMHA, as of December 31, 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the LMHA. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the LMHA's basic financial statements taken as a whole.

The Financial Data Schedules present additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the LMHA'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 LMHA's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

Licking Metropolitan Housing Authority's (LMHA) *Management Discussion and Analysis* is designed to:

a) Assist the reader in focusing on significant financial issues.
b) Provide an overview of LMHA's financial activity.
c) Identify changes in LMHA's financial position (its ability to address the next and subsequent year challenges).
d) Identify the single enterprise fund issues or concerns.

LMHA follows GASB Statement

No. 34. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with LMHA's financial statements which follow.

Financial Highlights

- Total Revenue: FYE12/31/20: $8,263,051 **increase** of $981,029 in 2020

- Total Expenses: FYE12/31/20: $7,979,881 **increase** of $649,838 in 2020

USING THIS ANNUAL REPORT

MD&A
Management Discussion and Analysis

BASIC FINANCIAL STATEMENTS
Statement of Net Position
Statement of Revenues, Expenses and Changes in Net Position
Cash Flows
Notes to Financial Statements

OTHER REQUIRED SUPPLEMENTARY INFORMATION
Pension and OPEB Schedules

This report focuses on LMHA as a single-enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year-to-year) and enhances LMHA's accountability.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business type programs are consolidated into one single-enterprise fund for LMHA.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for LMHA. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflow of resources, equals "Net Position", similar to equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire LMHA. Net Position (similar to equity) is reported in three broad categories (as applicable).

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 that are attributable to the acquisition, construction, or improvement of these assets.

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

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "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 Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

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

LMHA's programs that are consolidated into a single-enterprise fund are as follows:

Conventional Public Housing (PH) **-** Under the Conventional Public Housing Program, LMHA rents 99 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the LMHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

Capital Fund Program (CFP) **-** This is the current primary funding source for LMHA's physical and management improvements for PH. Funds are allocated by a formula based on size and age of the authority's units.

Housing Choice Voucher Program (HCVP) **-** Under the Housing Choice Voucher Program, LMHA subsidizes rents to independent landlords who own the properties. LMHA subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable LMHA to subsidize a portion of a tenant's rent. The tenant typically pays 30 percent of their adjusted gross income toward their rent.

Other Business Activity **-** LMHA owns an office building/land, which it purchased in 2005 for Section 8 and administrative staff office space. A lease agreement with the local health clinic for the rental of a portion of the administrative building continued through 2019. This agreement allows the local health clinic to provide a centralized location for their facility and provided LMHA's business activities with $7,200 income in the period.

Continuum of Care - The Continuum of Care Programs, funded by the McKinney-Vinto Homeless Assistance Act, provide rental assistance, in connection with supportive services to homeless persons with disabilities, (primarily persons who are seriously mentally ill and/or chronic substance abuse) and their families. The programs provide tenant-based rental assistance.

Mainstream 5 (MS5) – The Program, newly awarded in 2019, involves tenant-based vouchers that serve households that include a non-elderly person with a disability. Above and beyond requiring a household member who is disabled and between the ages of 18 and 61, LMHA chose local preferences for this grant to include being homeless, at risk of becoming homeless, and at risk of being institutionalized. Aside from assisting a special population, the MS5 vouchers follow the same program policies as the regular tenant-based voucher program. Funding and financial reporting for MS5 Program are separate from Housing Choice Voucher and other programs.

COVID Cares-Act Funding – In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided COVID-Cares administrative funds to the Authority's Public Housing and HCVP to help the Authority prepare for, prevent, and respond to the coronavirus, which helped the Authority maintain normal operations during the period. HUD also provided additional COVID-Cares HAP funding for the HCV Program to help cover shortages during the pandemic.

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

	2020	2019	Change	Percent Change
Assets and Deferred Outflows of Resources				
Assets				
Current Assets	$ 1,308,268	$ 533,438	$ 774,830	145.25%
Capital Assets	1,706,231	1,710,963	(4,732)	-0.28%
Total Assets	3,014,499	2,244,401	770,098	34.31%
Deferred Outflow of Resources	181,212	329,228	(148,016)	-44.96%
Total Assets and Deferred Outflows of Resources	$ 3,195,711	$ 2,573,629	$ 622,082	24.17%
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current Liabilities	$ 464,956	$ 65,385	$ 399,571	611.10%
Non-current Liabilities	1,218,556	1,494,569	(276,013)	-18.47%
Total Liabilities	1,683,512	1,559,954	123,558	7.92%
Deferred Inflow of Resources	259,480	44,126	215,354	488.04%
Net Position				
Investment in Capital Assets	1,706,231	1,710,963	(4,732)	-0.28%
Restricted Net Position	339,752	214,244	125,508	58.58%
Unrestricted Net Position	(793,264)	(955,658)	162,394	-16.99%
Total Net Position	1,252,719	969,549	283,170	29.21%
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 3,195,711	$ 2,573,629	$ 622,082	24.17%

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

Major Factors Affecting the Statement of Net Position

Restricted net position (RNP) reported is $339,752 in HCVP HAP equity up from $128,153 in 2019. These were funds provided by HUD to be used by LMHA to make rental assistance payments under the HCVP that had not yet been spent at year end. This figure includes 50 percent of the fraud revenue received in 2020.

The 2020 figures presented above reflect balances reported in accordance with GASB Statements No. 68 and No. 75. A net pension liability and Other Post Employee Benefits (OPEB) Liability are being reported in the amount of $1,146,178 in 2020. This figure is down from the 2019 balance of $1,456,568.

Essentially, these accounting standards require LMHA to report on its financial statements the amount determined to be its share of the unfunded pension and OPEB liability of the Ohio Public Employees Retirement System (OPERS). The very large Net Pension Liability and OPEB Liability reported by LMHA in the amount $1,146,178 are unlike other liabilities, in that if LMHA ceased its operation today there would be no invoice in that amount to be paid. The concept behind the standard is ultimately for OPERS to resolve any unfunded pension and OPEB commitment, it will need to impose an additional funding burden on the entities contributing to it. Ohio State Law mandates employees of LMHA to participate in OPERS. Likewise, LMHA is mandated to make retirement contributions to OPERS on behalf of all its employees.

It should be noted, in Ohio, because members and employers pre-fund pension benefits for active employees through their regular contributions required by Ohio statute, current retiree liabilities are 100 percent funded, which makes default by OPERS very remote. The majority of systems in the news more recently for facing default did not deposit the required contributions over time needed to fund their members' pension benefits. To monitor the health of OPERS funding status, OPERS retains an external actuary to estimate the unfunded liabilities annually. OPERS informs its contributors that should OPERS funding levels begin to trend downward, OPERS will work with the General Assembly to pass legislation increasing statutory contributions or decreasing benefits for its members. As evidence, this action was taken in 2012, when the General Assembly and OPERS adjusted the cost of benefits to maintain the funding necessary to meet long-term pension obligations.

Table 2 - Condensed Statement of Revenue, Expenses, and Changes in Net Position

	2020	2019	Change	Percent Change
Revenues				
Total Tenant Revenues	$ 326,061	$ 316,468	$ 9,593	3.03%
Operating Subsidies	7,675,466	6,843,773	831,693	12.15%
Capital Grants	107,152	28,500	78,652	275.97%
Investment Income	980	2,729	(1,749)	-64.09%
Other Revenues	153,392	90,552	62,840	69.40%
Total Revenues	8,263,051	7,282,022	981,029	13.47%
Expenses				
Administrative	804,445	974,449	(170,004)	-17.45%
Tenant Services	135,876	1,121	134,755	12020.96%
Utilities	108,128	114,515	(6,387)	-5.58%
Maintenance	173,542	231,932	(58,390)	-25.18%
General	87,090	66,869	20,221	30.24%
Housing Assistance Payments	6,504,592	5,791,032	713,560	12.32%
Depreciation	166,208	150,125	16,083	10.71%
Total Expenses	7,979,881	7,330,043	649,838	8.87%
Net Increases (Decreases)	283,170	(48,021)	331,191	-689.68%
Beginning Net Position	969,549	1,017,570		
Ending Net Position	$ 1,252,719	$ 969,549		

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

In 2020, an $831,693 increase in operating subsidies revenue can be broken down by program as follows:

- Low-Rent Public Housing received $67,573 more
- HCVP received $235,552 more
- Continuum of Care Programs received $24,244 more
- Mainstream 5 Program received $36,427 more
- HCVP COVID-Cares relief received $436,429
- Low-Rent Public Housing COVID-Cares relief earned $31,468 (drawn down in 2021)

With $107,152 drawn in 2020 from capital-fund grants for capital improvements, income increased for this line item by $78,652. Other revenue increased by $62,840 in 2020 – in large part, each year, this line item includes PORT-IN HAP and ADMIN, and in 2020 also included COVID relief funding in the form of a dividend from the Ohio Bureau of Worker's Compensation.

Administrative expense decreased $170,004 in 2020. This is primarily due to the transition to COVID-related tasks performed by LMHA staff. For Public Housing, $32,066 in salaries and $5,187 in employee benefits contributions, and for the Section-8 program, $55,332 in salaries and $20,544 were determined to be COVID-related expenses. Per HUD instruction, these COVID-related expenses are included in the "Tenant Services expense" listed above. Also included in the "Tenant Services expense" is the cost for COVID-related supplies, equipment, and services, which totaled $6,021 for the Public Housing and $15,420 for HCVP.

In reviewing the per-unit cost in the HCVP in 2019 vs. 2020, the average per unit cost increased in 2020 by $45.56 per unit, from $436.62 to $482.18 – the largest increase reported looking back numerous years.

Total Housing Assistance Payments and HAP Portability-In increased by $713,560, of which $345,133 was HCVP Cares HAP, due to the increased per-unit costs in 2020. Below are the remaining figures by program:

HCVP HAP increased $138,115
HCVP Port-Ins increased $17,707
Continuum of Care HAP increased $15,407
MS5 Program increased $197,198

A comparison of 2020 and 2019 utilities for the LMHA's programs is as follows:

HCVP Utility	2020	2019
Water	$ 694	$ 722
Electric	4,138	4,880
Gas	1,794	1,877
Total	$ 6,626	$ 7,479

HCVP: A decrease of $853 (a 11.41 percent reduction) was seen in utility expenses from 2019 to 2020.

A comparison of 2020 and 2019 utility expense for the Public Housing Program is as follows:

Low Rent Public Housing Utility	2020	2019
Water	$ 25,515	$ 26,615
Electric	57,725	60,868
Gas	18,262	19,553
Total	$ 101,502	$ 107,036

Low-Rent PH: A decrease of $5,534 (a 5.17 percent reduction) was seen in utility expenses in 2020 from 2019. In analyzing the reduction, it was discovered that the average daily temperature in 2020 was seven degrees warmer than the prior year. The decrease was also due to three separate riders (retail stability, deferred asset phase-in, and phase-in recovery), as well as a power purchase rider which was imposed through the utility commission and the AEP Electric Company. This $3,765 expense was phased out in 2019.

DEBT

LMHA ended the year with no debt.

CAPITAL ASSETS

As of 2020-year end, LMHA had $1,706,231 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions, and depreciation) of $4,732 from the end of 2019 year-end balances. See tables 3 and 4.

Table 3 - Condensed Statement of Changes in Capital Assets

	2020	2019	Change	Percent Change
Land	$ 276,250	$ 276,250	$ 0	0.00%
Buildings	6,391,998	6,258,804	133,194	2.13%
Equipment	302,351	274,069	28,282	10.32%
Accumulated Depreciation	(5,264,368)	(5,098,160)	(166,208)	-3.26%
Total Capital Assets, Net	$ 1,706,231	$ 1,710,963	$ (4,732)	-0.28%

Table 4 - Changes in Capital Assets

Beginning Balance - December 31, 2019	$ 1,710,963
Current Year Additions	161,476
Current Year Deductions	0
Current Year Depreciation Expense	(166,208)
Ending Balance - December 31, 2020	$ 1,706,231

HCVP capital assets in the amount of $19,615 purchased in 2020 are listed below:

- Dell R540 Rack Server, hardware - $8,893 and installation/migration - $5,600
- Two laptop Surface Books - $2,598.
- MRI Software, Inc. Assistance Connect Software & implementation - $1,325
- Malware Bytes Endpoint Security Software - $1,199

Additions in capital assets in the amount of $141,861 for the Public Housing Hi-Rise included the following purchases:

- Dell Optiplex 7070 MT PC - $1,160
- Dell R440 Server – hardware $6,569 and installation/migration - $938
- Replace 23 ceiling smoke detectors (hallways & common areas) - $5,919
- 80 Island Aire EZ Series air conditioners - $116,075
- New roof over common area at 85 W. Church Street - $11,200

ECONOMIC FACTORS

Significant economic factors affecting LMHA are as follows:

- Federal funding from the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs
- The COVID-19 pandemic emerged in Spring 2020. It presented various administrative and maintenance challenges, forced adaptations in numerous processes, and changed job duties throughout the organization. Fortunately, HUD provided additional funds to offset the administrative burdens incurred in 2020 and in the foreseeable future.

MANAGEMENT NOTES AND CONCLUSIONS:

LMHA ended the year with $733,085 more in cash. HCV HAP equity was $339,752 – up from $128,153 in 2019. MS5 Program ended no HAP equity in 2020 versus $89,601 in 2019. Business Activity Program cash at $65,782 increased by $2,636. There was an increase of $140,101 in unrestricted cash in the HCVP.

HCVP unit months leased totaled 11,913 of its allowable 12,420, which represents a 95.91 percent lease-up rate for 2020, down from 97.05 percent in 2019.

Public Housing Management and their maintenance staff, even during the events of the pandemic, were again successful in their unit turn over. Of the 1,188 unit-months available for the Public Housing Program, 1,185 were leased in 2020, resulting in a 99.75 percent occupancy rate.

In reviewing the per unit HAP costs for the HCVP, in 2020, LMHA saw a huge increase of $45.56 per unit. These figures appear to relate directly to the ramifications of the COVID-19 pandemic. In 2020, HUD recognized these trends and encouraged LMHA to apply for additional funding. In September, HUD awarded LMHA $521,510 COVID-Cares HAP to help cover the per-unit increases seen throughout 2020. Based on the per-unit increase calculations in the year, $346,133 of the COVID-Cares HAP was expended.

Many of the HCVP duties had to be performed within stricter deadlines due to the additional duties performed specifically because of the COVID pandemic. COVID-Cares expense for Public Housing salaries was $32,066 and $55,332 for HCVP. COVID-Cares employee benefits contributions equaled $5,187 for Public Housing and $20,544 for HCVPResearching, implementing, and training on DocuSign software.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jody Hull-Arthur, Executive Director of the Licking Metropolitan Housing Authority at 740-349-8069 Ext. 224, or Cynthia Hite, Financial Operations Manager, Ext. 229.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS	
Current Assets	
Cash and Cash Equivalents:	$ 495,514
Restricted Cash and Cash Equivalents	748,853
Prepaid Expenses and Other Assets	26,337
Accounts Receivable	37,564
Total Current Assets	1,308,268
Non-Current Assets	
Non-Depreciable Capital Assets	276,250
Depreciable Capital Assets, Net	1,429,981
Total Non-Current Assets	1,706,231
Deferred Outflows of Resources	
Deferred Outflow of Resources - Pension	109,682
Deferred Outflow of Resources - OPEB	71,530
Total Deferred Outflows of Resources	181,212
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$ 3,195,711
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 20,794
Accrued Wages - Payroll Taxes	10,808
Tenant Security Deposits	13,958
Intergovernmental Payable	22,456
Unearned Revenue	381,990
Other Current Liability	14,950
Total Current Liabilities	464,956
Non-Current Liabilities	
Accrued Compensated Absences	72,378
Net Pension Liability GASB 68	694,368
OPEB Liability GASB 75	451,810
Total Non-Current Liabilities	1,218,556
TOTAL LIABILITIES	1,683,512
Deferred Inflows of Resources	
Deferred Inflow of Resources - Pension	177,339
Deferred Inflow of Resources - OPEB	82,141
Total Deferred Inflows of Resources	259,480
Net Position	
Investment in Capital Assets	1,706,231
Unrestricted	(793,264)
Restricted	339,752
Total Net Position	1,252,719
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$3,195,711

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Operating Revenue	
Government Grants	$ 7,675,466
Tenant Revenue	326,061
Other Revenue	153,392
Total Operating Revenue	8,154,919
Operating Expenses	
Administrative	804,445
Tenant Services	135,876
Utilities	108,128
Maintenance	173,542
General	87,090
Housing Assistance Payments	6,504,592
Total Operating Expenses	7,813,673
Income Before Depreciation	341,246
Depreciation	166,208
Operating Income (Loss)	175,038
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	980
Total Non-Operating Revenues (Expenses)	980
Income (Loss) Before Capital Grants	176,018
Capital Grants	107,152
Change In Net Position	283,170
Total Net Position - Beginning of Year	969,549
Total Net Position - End of Year	$ 1,252,719

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 8,022,065
Cash Received from Tenants	322,750
Cash Payments for Housing Assistance	(6,495,135)
Cash Payments for Administrative Expenses	(716,698)
Cash Payments for Other Operating Expenses	(499,945)
Cash Received - Other Revenue	153,392
Net Cash Provided (Used) by Operating Activities	786,429
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(161,476)
Capital Grants Received	107,152
Net Cash Provided (Used) by Capital and Related Financing Activities	(54,324)
Cash Flows from Investing Activities	
Interest and Investment Income Received	980
Net Cash Provided (Used) by Investing Activities	980
Net Increase in Cash and Cash Equivalents	733,085
Cash and Cash Equivalents - Beginning of Year	511,282
Cash and Cash Equivalents - End of Year	$ 1,244,367
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ 175,038
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Depreciation	166,208
Accounts Receivable	(37,564)
(Increase) Decrease in:	
Deferred Outflows of Resources	148,016
Prepaid Expenses	(4,181)
Increase (Decrease) in:	
Accounts Payable	8,715
Accrued Pension and OPEB Liability	(310,390)
Accrued Compensated Absences	34,377
Tenants' Security Deposits	900
Accrued Wages and Payroll Taxes	390
Unearned Revenue	380,109
Other Liabilities	9,457
Deferred Inflows of Resources	215,354
Net Cash Provided (Used) by Operating Activities	$ 786,429

See accomnpanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Licking Metropolitan Housing Authority (LMHA) is a political subdivision of the State of Ohio, located in Newark, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing programs. An Annual Contributions Contract was signed by the LMHA and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. LMHA was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring construction, maintenance, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 - as amended by GASB Statement No. 61, is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. LMHA is a political subdivision with no component units.

Basis of Presentation

The financial statements of LMHA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

LMHA's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of LMHA are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how LMHA finances and meets the cash flow needs of its enterprise activity.

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

Description of Programs

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

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

Capital Fund Program (CFP) - The CFP provides funds annually, via a formula, to PH agencies for capital and management activities, including modernization and development housing.

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

Continuum of Care - The Continuum of Care Program provides rental assistance, in connection with supportive services funded from sources other than this program to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The Program provides assistance through Tenant-based Rental Assistance (TRA).

Business Activities (BA) - Business Activities represents operations of LMHA other than HUD funded programming. Business Activities owns an office building and generates leasing revenue for space leased to other LMHA programs and a local health clinic. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

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

Mainstream 5 (MS5) – The MS5 Program involves tenant-based vouchers that serve households that include a non-elderly person with a disability. Aside from assisting a special population, the MS5 vouchers follow the same program policies as the regular tenant-based voucher program. Funding and financial reporting for MS5 Program are separate from HCVP and other programs.

COVID Cares-Act Funding – In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided COVID-Cares administrative funds to the Authority's Public Housing and HCVP to help the Authority prepare for, prevent, and respond to the coronavirus, which helped the Authority maintain normal operations during the period. HUD also provided additional COVID-Cares HAP funding for the HCV Program to help cover shortages during the pandemic.

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

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

Restricted Assets
Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include excess HCVP and MS5 housing assistance payments funding and security deposits collected from residents of LMHA's housing units.

Property and Equipment
Property and equipment are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. LMHA's capitalization threshold is $1,000. Depreciation is recorded on the straight-line method under the following lives:

Buildings	27.5 years
Building Improvements	15 years
Equipment	7 years
Autos	5 years

Compensated Absences
LMHA accounts for compensated absences in accordance with the GASB Statement No. 16 vesting method. Compensated absences are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employees, and 2) it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Compensated Absences (Continued)
All permanent employees earn vacation hours accumulated based on length of service. Unused vacation time may be accumulated up to 240 hours. All vacation time accumulated will be paid to an employee upon separation of employment. All permanent employees earn 5 hours of sick leave for 86.66 hours of service. Unused sick leave may be accumulated without limit. Accrued sick time is payable to an employee only upon their retirement at a rate of 55 percent. The Authority records a liability for unused sick leave based on the retirement probability for each employee.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. LMHA considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

Net Position
The investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LMHA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes what is known as HAP Equity in the HCVP and MS5 Mainstream Voucher programs. That is funding provided to the Agency by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended.

LMHA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates
The preparation of financial statements in conformity with 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
LMHA annually prepares funding requests as prescribed by HUD. Operating budgets are adopted for all Authority's programs by LMHA's Board.

Capitalization of Interest
LMHA's policy is not to capitalize interest related to the construction or purchase of capital assets.

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For LMHA, deferred outflows of resources are reported on the statement of net position for pension, and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For LMHA, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. Deferred inflows of resources related to pension and OPEB are explained in Notes 6 and 7.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2020, the carrying amount of LMHA's deposits was $1,244,367 (including $748,853 of restricted funds and $200 of petty cash).

At December 31, 2020, the bank balance of LMHA's cash deposits was $1,272,328. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2020, deposits totaling $935,027 were covered by Federal Depository Insurance. Deposits of $337,301 are fully collateralized at the Federal Reserve Bank in the name of Licking MHA.

Custodial credit is the risk that, in the event of a bank failure, LMHA's deposits may not be returned. LMHA's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of LMHA.

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

Investments

LMHA complies with HUD regulations that provide a list of financial instruments in which PHAs are permitted to invest. Investments are valued at market value. At December 31, 2020, LMHA had no investments.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, LMHA's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, LMHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. LMHA has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Restricted Cash

The restricted cash balance of $748,853 on the financial statements represents the following:

Unspent cash advanced by HUD for:	
HCVP Housing Assistance Payments	$ 339,752
C of C Program Housing Assistance Payments	15
Mainstream CARES Act Funding (Admin)	6,490
HCVP CARES Act Funding (Admin)	199,108
HCVP CARES Act Funding (Housing Assistance Payments)	176,377
Cash Restricted for Payment of Current Liabilities	13,153
Tenant Security Deposits Liability	13,958
Total Restricted Cash	$ 748,853

NOTE 3: **CAPITAL ASSETS**

Following is a summary of capital assets:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Capital Assets Not Being Depreciated				
Land	$ 276,250	$ 0	$ 0	$ 276,250
Total Capital Assets Not Being Depreciated	276,250	0	0	276,250
Capital Assets Being Depreciated				
Buildings and Improvments	6,258,804	133,194	0	6,391,998
Furniture, Equipment, and Machinery	274,069	28,283	0	302,352
Subtotal Capital Assets Being Depreciated	6,532,873	161,477	0	6,694,350
Accumulated Depreciation -				
Buildings and Improvements	(4,887,607)	(142,140)	0	(5,029,747)
Furniture and Equipment	(210,553)	(24,068)	0	(234,621)
Total Accumulated Depreciation	(5,098,160)	(166,208)	0	(5,264,368)
Depreciable Assets, Net	1,434,713	(4,731)	0	1,429,982
Total Capital Assets, Net	$ 1,710,963	$ (4,731)	$ 0	$ 1,706,232

NOTE 4: **CAPITAL LEASE OBLIGATIONS**

LMHA had no capital lease obligations throughout 2020.

NOTE 5: **ALLOCATION OF COSTS**

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

NOTE 6: **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.

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

Net Pension Liability (Continued)

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 6: **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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.
A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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

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

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

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

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

	State and Local
2019-2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019-2020 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 and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

NOTE 6: **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. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for calendar years 2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for calendar years 2020. The Authority's contractually required contributions used to fund pension benefits was $72,594 for fiscal year ending December 31, 2020.

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, 2019, 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	0.003685%
Proportion of the Net Pension Liability Current Measurement Date	0.003513%
Change in Proportionate Share	-0.000172%
Proportionate Share of the Net Pension Liability	$ 694,368
Pension Expense	$ 88,521

At December 31, 2020, 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	
Changes of assumptions	$ 37,088
Authority contributions subsequent to the measurement date	72,594
Total Deferred Outflows of Resources	$ 109,682
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 138,513
Differences between expected and actual experience	8,779
Changes in proportion and differences between Authority contributions and proportionate share of contributions	30,047
Total Deferred Inflows of Resources	$ 177,339

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

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

$72,594 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2021	$ (38,127)
2022	(52,860)
2023	5,734
2024	(54,998)
Total	$ (140,251)

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, 2019, 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 methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

Actuarial Assumptions – OPERS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term 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.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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 table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

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

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. 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 7.2 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-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 1,145,238	$ 694,368	$ 289,050

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each 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 for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the 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 *intergovernmental payable*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2020, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar year 2020, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. 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 2020 was 4.0 percent.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (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.

The Authority's contractually required contribution allocated to health care was $0 for fiscal year 2020.

OPEB Liabilities, 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, 2018, rolled forward to the measurement date of December 31, 2019, 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 Liability:	
Prior Measurement Date	0.003431%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.003271%
Change in Proportionate Share	-0.000160%
Proportionate Share of the Net OPEB Liability	$ 451,810
OPEB Expense	$ 37,053

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual expenses	$ 13
Changes of assumptions	71,517
Total Deferred Outflows of Resources	$ 71,530
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 23,007
Differences between expected and actual experience	41,320
Changes in proportion and differences between Authority contributions and proportionate share of contributions	17,814
Total Deferred Inflows of Resources	$ 82,141

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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 December 31:		
2021	$	(936)
2022		137
2023		18
2024		(9,830)
Total	$	(10,611)

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 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, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent initial, 3.50 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

During 2019, 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 19.70 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 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 one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$591,266	$451,810	$340,151

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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 2020 is 10.50 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 that in the not-too-distant future, 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	$438,478	$451,810	$464,973

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE 8: NON-CURRENT LIABILITIES

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

	Balance 1/1/2019	Additions	Used	Balance 12/31/2020	Current Portion
Compensated Absence	$ 38,001	$ 67,209	$ (32,832)	$ 72,378	$ 0
Net Pension Liability	1,009,247	0	(314,879)	694,368	0
OPEB Liability	447,321	4,489	0	451,810	0
Total Non-Current Liabilities	$ 1,494,569	$ 71,698	$ (347,711)	$ 1,218,556	$ 0

NOTE 9: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member.

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

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

NOTE 10: CONTINGENCIES

Grants

Amounts grantor agencies pay to LMHA are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of LMHA at December 31, 2020.

Litigations and Claims

In the normal course of operations, the PHA may be subject to litigations and claims. At December 31, 2020, LMHA was not aware of any such matters.

NOTE 11: OPERATING LEASES

LMHA leases equipment through operating leases. Minimum future rental payments under non-cancelable operating leases having terms in excess of one year as of December 31, 2020 are:

FYE 2021	$ 1,195
FYE 2022	$ 1,095

NOTE 12: **COVID-19**

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

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

Traditional Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.003513%	0.003685%	0.003819%	0.003863%	0.003844%	0.004012%	0.004012%
Authority's Proportionate Share of the Net Pension Liability	$ 694,368	$ 1,009,247	$ 599,127	$ 877,222	$ 665,831	$ 483,893	$ 472,963
Authority's Covered Payroll	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.50%	202.79%	118.71%	175.66%	139.18%	98.39%	100.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

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

Traditional Plan	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	$ 72,594	$ 69,192	$ 69,675	$ 65,612	$ 59,925	$ 57,409	$ 59,020	$ 60,898	$ 44,828	$ 45,006
Contributions in Relation to the Contractually Required Contribution	$ (72,594)	$ (69,192)	$ (69,675)	$ (65,612)	$ (59,925)	$ (57,409)	$ (59,020)	$ (60,898)	$ (44,828)	$ (45,006)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446	$ 448,280	$ 450,060
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

See accompanying notes to the required supplementary information.

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

	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.003271%	0.003431%	0.003560%	0.003610%
Authority's Proportionate Share of the Net OPEB Liability	$ 451,810	$ 447,321	$ 386,590	$ 364,622
Authority's Covered Payroll	$ 494,229	$ 497,679	$ 504,708	$ 499,375
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.42%	89.88%	76.60%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 5,047	$ 9,988	$ 9,568	$ 9,837	$ 4,685	$ 17,931	$ 18,002
Contributions in Relation to the Contractually Required Contribution	$ 0	$ 0	$ 0	$ (5,047)	$ (9,988)	$ (9,568)	$ (9,837)	$ (4,685)	$ (17,931)	$ (18,002)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 518,528	$ 494,229	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,466	$ 448,280	$ 450,060
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%

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 2014-2020.

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.

Net OPEB Liability

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

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 2020, 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%.

LICKING METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL SCHEDULE

ENTITY WIDE BALANCE SHEET SUMMARY

DECEMBER 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	185,790	-	-	65,782	-	-	243,942	-	495,514	-	495,514
113 Cash - Other Restricted	-	-	6,490	-	15	-	339,752	375,485	721,742	-	721,742
114 Cash - Tenant Security Deposits	13,958	-	-	-	-	-	-	-	13,958	-	13,958
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	13,153	-	13,153	-	13,153
100 Total Cash	199,748	-	6,490	65,782	15	-	596,847	375,485	1,244,367	-	1,244,367
122 Accounts Receivable - HUD Other Projects	-	31,468	-	-	-	3,766	-	-	35,234	-	35,234
126 Accounts Receivable - Tenants	2,330	-	-	-	-	-	-	-	2,330	-	2,330
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,330	31,468	-	-	-	3,766	-	-	37,564	-	37,564
142 Prepaid Expenses and Other Assets	12,437	-	-	-	-	-	13,900	-	26,337	-	26,337
144 Inter Program Due From	31,468	-	-	-	-	-	1,284	-	32,752	(32,752)	-
150 Total Current Assets	245,983	31,468	6,490	65,782	15	3,766	612,031	375,485	1,341,020	(32,752)	1,308,268
161 Land	201,250	-	-	75,000	-	-	-	-	276,250	-	276,250
162 Buildings	5,757,024	-	-	589,278	-	-	45,696	-	6,391,998	-	6,391,998
163 Furniture, Equipment & Machinery - Dwellings	11,498	-	-	-	-	-	-	-	11,498	-	11,498
164 Furniture, Equipment & Machinery - Administration	29,879	-	-	20,363	-	-	240,611	-	290,853	-	290,853
166 Accumulated Depreciation	(4,720,465)	-	-	(328,968)	-	-	(214,935)	-	(5,264,368)	-	(5,264,368)
160 Total Capital Assets, Net of Accumulated Depreciation	1,279,186	-	-	355,673	-	-	71,372	-	1,706,231	-	1,706,231
180 Total Non-Current Assets	1,279,186	-	-	355,673	-	-	71,372	-	1,706,231	-	1,706,231
200 Deferred Outflow of Resources	59,800	-	-	-	-	-	121,412	-	181,212	-	181,212
290 Total Assets and Deferred Outflow of Resources	1,584,969	31,468	6,490	421,455	15	3,766	804,815	375,485	3,228,463	(32,752)	3,195,711
312 Accounts Payable <= 90 Days	10,003	-	-	-	-	-	10,791	-	20,794	-	20,794
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	10,808	-	10,808	-	10,808
333 Accounts Payable - Other Government	22,456	-	-	-	-	-	-	-	22,456	-	22,456
341 Tenant Security Deposits	13,958	-	-	-	-	-	-	-	13,958	-	13,958
342 Unearned Revenue	-	-	6,490	-	15	-	-	375,485	381,990	-	381,990
345 Other Current Liabilities	-	-	-	-	-	1,797	13,153	-	14,950	-	14,950
347 Inter Program - Due To	-	31,468	-	-	-	1,284	-	-	32,752	(32,752)	-
310 Total Current Liabilities	46,417	31,468	6,490	-	15	3,081	34,752	375,485	497,708	(32,752)	464,956
354 Accrued Compensated Absences - Non Current	26,688	-	-	-	-	-	45,690	-	72,378	-	72,378
357 Accrued Pension and OPEB Liabilities	378,238	-	-	-	-	-	767,940	-	1,146,178	-	1,146,178
350 Total Non-Current Liabilities	404,926	-	-	-	-	-	813,630	-	1,218,556	-	1,218,556
300 Total Liabilities	451,343	31,468	6,490	-	15	3,081	848,382	375,485	1,716,264	(32,752)	1,683,512
400 Deferred Inflow of Resources	85,629	-	-	-	-	-	173,851	-	259,480	-	259,480
508.4 Net Investment in Capital Assets	1,279,186	-	-	355,673	-	-	71,372	-	1,706,231	-	1,706,231
511.4 Restricted Net Position	-	-	-	-	-	-	339,752	-	339,752	-	339,752
512.4 Unrestricted Net Position	(231,189)	-	-	65,782	-	685	(628,542)	-	(793,264)	-	(793,264)
513 Total Equity - Net Assets / Position	1,047,997	-	-	421,455	-	685	(217,418)	-	1,252,719	-	1,252,719
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	1,584,969	31,468	6,490	421,455	15	3,766	804,815	375,485	3,228,463	(32,752)	3,195,711

LICKING METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL SCHEDULE

ENTITY WIDE REVENUE AND EXPENSE SUMMARY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	326,061	-	-	-	-	-	-	-	326,061		326,061
70500 Total Tenant Revenue	326,061	-	-	-	-	-	-	-	326,061	-	326,061
70600 HUD PHA Operating Grants	289,240	31,468	-	-	428,681	223,092	6,266,556	436,429	7,675,466	-	7,675,466
70610 Capital Grants	107,152	-	-	-	-	-	-	-	107,152	-	107,152
71100 Investment Income - Unrestricted	447	-	-	83	-	101	349	-	980	-	980
71400 Fraud Recovery	-	-	-	-	-	-	1,948	-	1,948	-	1,948
71500 Other Revenue	21,264	-	-	7,243	-	-	122,937	-	151,444	-	151,444
70000 Total Revenue	744,164	31,468	-	7,326	428,681	223,193	6,391,790	436,429	8,263,051	-	8,263,051
91100 Administrative Salaries	95,888	-	-	-	36,329	26,776	221,436	-	380,429	-	380,429
91200 Auditing Fees	2,891	-	-	-	-	-	9,281	-	12,172	-	12,172
91400 Advertising and Marketing	286	-	-	-	-	-	734	-	1,020	-	1,020
91500 Employee Benefit contributions - Administrative	59,762	-	-	-	-	-	169,749	-	229,511	-	229,511
91600 Office Expenses	29,008	-	-	-	-	-	130,502	-	159,510	-	159,510
91700 Legal Expense	3,894	-	-	-	-	-	7,942	-	11,836	-	11,836
91800 Travel	123	-	-	-	-	-	5,419	-	5,542	-	5,542
91900 Other	-	-	-	-	-	-	4,425	-	4,425	-	4,425
91000 Total Operating - Administrative	191,852	-	-	-	36,329	26,776	549,488	-	804,445	-	804,445
92100 Tenant Services - Salaries	-	32,066	-	-	-	-	-	55,332	87,398	-	87,398
92300 Employee Benefit Contributions - Tenant Services	-	5,187	-	-	-	-	-	20,544	25,731	-	25,731
92400 Tenant Services - Other	1,306	6,021	-	-	-	-	-	15,420	22,747	-	22,747
92500 Total Tenant Services	1,306	43,274	-	-	-	-	-	91,296	135,876	-	135,876
93100 Water	25,515	-	-	-	-	-	694	-	26,209	-	26,209
93200 Electricity	57,725	-	-	-	-	-	4,138	-	61,863	-	61,863
93300 Gas	18,262	-	-	-	-	-	1,794	-	20,056	-	20,056
93000 Total Utilities	101,502	-	-	-	-	-	6,626	-	108,128	-	108,128
94100 Ordinary Maintenance and Operations - Labor	78,940	-	-	-	-	-	-	-	78,940	-	78,940
94200 Ordinary Maintenance and Operations - Materials and Other	15,389	-	-	-	-	-	723	-	16,112	-	16,112
94300 Ordinary Maintenance and Operations Contracts	30,679	-	-	-	-	-	9,573	-	40,252	-	40,252
94500 Employee Benefit Contributions - Ordinary Maintenance	26,731	-	-	-	-	-	-	-	26,731	-	26,731
94000 Total Maintenance	151,739	-	-	-	-	-	10,296	-	162,035	-	162,035
95200 Protective Services - Other Contract Costs	1,509	-	-	-	-	-	-	-	1,509	-	1,509
95000 Total Protective Services	1,509	-	-	-	-	-	-	-	1,509	-	1,509

LICKING METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96110 Property Insurance	10,813	-	-	-	-	-	-	-	10,813	-	10,813
96120 Liability Insurance	-	-	-	-	-	-	5,045	-	5,045	-	5,045
96130 Workmen's Compensation	1,332	-	-	-	-	-	2,953	-	4,285	-	4,285
96140 All Other Insurance	-	-	-	-	-	-	642	-	642	-	642
96100 Total insurance Premiums	12,145	-	-	-	-	-	8,640	-	20,785	-	20,785
96200 Other General Expenses	182	-	-	4,690	-	-	812	-	5,684	-	5,684
96210 Compensated Absences	11,175	-	-	-	-	-	23,202	-	34,377	-	34,377
96300 Payments in Lieu of Taxes	22,456	-	-	-	-	-	-	-	22,456	-	22,456
96400 Bad debt - Tenant Rents	2,279	-	-	-	-	-	-	-	2,279	-	2,279
96000 Total Other General Expenses	36,092	-	-	4,690	-	-	24,014	-	64,796	-	64,796
96900 Total Operating Expenses	496,145	43,274	-	4,690	36,329	26,776	599,064	91,296	1,297,574	-	1,297,574
97000 Excess of Operating Revenue over Operating Expenses	248,019	(11,806)	-	2,636	392,352	196,417	5,792,726	345,133	6,965,477	-	6,965,477
97100 Extraordinary Maintenance	11,507	-	-	-	-	-	-	-	11,507	-	11,507
97300 Housing Assistance Payments	-	-	-	-	392,352	285,917	5,399,085	345,133	6,422,487	-	6,422,487
97350 HAP Portability-In	-	-	-	-	-	-	80,010	-	80,010	-	80,010
97400 Depreciation Expense	119,808	-	-	23,223	-	-	23,177	-	166,208	-	166,208
90000 Total Expenses	627,460	43,274	-	27,913	428,681	312,693	6,101,336	436,429	7,977,786	-	7,977,786
10010 Operating Transfer In	84,776	11,806	-	-	-	-	-	-	96,582	(96,582)	-
10020 Operating transfer Out	(96,582)	-	-	-	-	-	-	-	(96,582)	96,582	-
10100 Total Other financing Sources (Uses)	(11,806)	11,806	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	104,898	-	-	(20,587)	-	(89,500)	290,454	-	285,265	-	285,265
11030 Beginning Equity	943,099	-	-	442,042	-	90,185	(505,777)	-	969,549	-	969,549
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	(2,095)	-	(2,095)	-	(2,095)
11170 Administrative Fee Equity	-	-	-	-	-	-	(557,170)	-	(557,170)	-	(557,170)
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	339,752	-	339,752	-	339,752
11190 Unit Months Available	1,188	-	-	-	677	685	12,420	-	14,970	-	14,970
11210 Number of Unit Months Leased	1,185	-	-	-	677	497	11,913	-	14,272	-	14,272
11270 Excess Cash	145,784	-	-	-	-	-	-	-	145,784	-	145,784
11620 Building Purchases	107,152	-	-	-	-	-	-	-	107,152	-	107,152

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Total Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Continuum of Care Program	14.267	$ 428,681
Public and Indian Housing	14.850	204,464
Public and Indian Housing - CARES Act	14.850	31,468
Total CFDA #14.850		235,932
Public Housing Capital Fund	14.872	191,928
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	6,266,556
Section 8 Housing Choice Vouchers - CARES Act	14.871	436,429
Mainstream Vouchers	14.879	223,092
Total Housing Voucher Cluster		6,926,077
Total Direct Programs		7,782,618
Total U.S. Department of Housing and Urban Development		7,782,618
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 7,782,618

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

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Licking Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2020. The information in this schedule is presented 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 Licking Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Licking Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

Licking Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate 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*

Licking Metropolitan Housing Authority
Licking County
144 W Main Street
Newark, Ohio 43055

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Licking Metropolitan Housing Authority, Licking County, (the LMHA) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the LMHA's basic financial statements and have issued our report thereon dated December 10, 2021 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the LMHA.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the LMHA's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the LMHA's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the LMHA's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the LMHA's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the LMHA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the LMHA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

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

Licking Metropolitan Housing Authority
Licking County
144 W Main Street
Newark, Ohio 43055

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Licking Metropolitan Housing Authority's (the LMHA) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Licking Metropolitan Housing Authority's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the LMHA's major federal program.

Management's Responsibility

The LMHA's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the LMHA's compliance for the LMHA's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the LMHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the LMHA's major program. However, our audit does not provide a legal determination of the LMHA's compliance.

Opinion on the Major Federal Program

In our opinion, the Licking Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The LMHA's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the LMHA's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the LMHA's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE
KEITH FABER

LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/4/2022

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