JEFFERSON METROPOLITAN HOUSING AUTHORITY

**JEFFERSON COUNTY**

Single Audit

For the Fiscal Year Ended December 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Jefferson Metropolitan Housing Authority
815 North Sixth Street
Steubenville, Ohio 43952

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

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

Keith Faber
Auditor of State
Columbus, Ohio

**November 21, 2023**

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**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**JEFFERSON, OHIO**

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Penn, Inc.

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# INDEPENDENT AUDITOR'S REPORT

Jefferson Metropolitan Housing Authority
Jefferson County
153 North 5th Avenue
Steubenville, Ohio 43952

To the Board of Trustees

## Report on the Audit of the Financial Statements

### *Opinions*

I have audited the financial statements of the business-type activities, of the Jefferson Metropolitan Housing Authority, Jefferson County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Jefferson Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Jefferson Metropolitan Housing Authority, Jefferson County, Ohio as of December 31, 2022, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 15, 2023, on my consideration of the Jefferson Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jefferson Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jefferson Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio
August 15, 2023

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**
**(Unaudited)**

The Jefferson Metropolitan Housing Authority ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities, (c) identify changes in the Authority's financial position and (d) identify individual fund issues or concerns.

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

## Financial Highlights

### Financial Highlights

- The Authority's net position increased by $1,340,922 (6.99 %) due to results from operation. Net position was $20,521,931 on December 31, 2022 and $19,181,009 at December 31, 2021.

- Total revenues of the Authority increased by $446,869 (3.85%) in 2022. Revenues were $11,603,527 in 2021 and $12,050,396 in 2022. The reason for the increase in revenue is due to a additional grant money received from HUD during the year.

- Total expenses of the Authority increased by $1,567,784 (17.15%) in 2022. Total expenses were $10,709,474 in 2022 and $9,141,690 in 2021.

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the individual programs. Both perspectives (Authority-wide and individual programs) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

## Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all activities are consolidated into columns, which add to a total for the entire Authority.

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

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

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

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

***Unrestricted Net Position***: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets, or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority-wide financial statements also include a *Statement of Revenues, Expenses and Changes in Net Position* (like 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.

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

## Fund Financial Statements

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

Accounting balances for many of the programs maintained by the Authority are segregated as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

## The Authority's Programs

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

Housing Choice Voucher Program - under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Section 8 New Construction - Gaylord Towers - under the Section 8 New Construction Program, the Authority rents units that it owns to elderly households. The program is operated to allow the Authority to provide the housing at a rent based on 30 percent of household income.

Section 8 Moderate Rehabilitation - Single Room Only - The Authority administers Section 8 rental assistance programs where The U.S. Department of Housing and Urban Development (HUD) enters into an annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the Housing Assistance Payment (HAP) contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

During the calendar year 2021 the Authority contract ended for this program. The program was closed, and all remaining assets were transferred into the Housing Choice Voucher Program.

Capital Fund Program - The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

## Blended Presented Component Units

During the current year, the Authority was the fiscal agent of Jefferson Housing Development Corporation (Corporation) a legally separate, non-profit organization. In accordance with the Governmental Accounting Standards Board (GASB) Statement 61, it was determined that Jefferson Development Corporation met the requirement to be considered a component unit of the Authority. Therefore, the financial statements of the Authority include the Corporation financials as a blended component unit.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**
**(Unaudited)**

## AUTHORITY-WIDE STATEMENT

The following is a condensed Statement of Net Position compared to the prior year-end. Jefferson Metropolitan Housing Authority is engaged only in business-type activities.

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

| | 2022 | Restated 2021 |
|---|---|---|
| Current and Other Assets | $ 8,872,056 | $ 8,202,213 |
| Capital Assets | 16,536,798 | 16,677,268 |
| Total Assets | 25,408,854 | 24,879,481 |
| Deferred Outflows of Resources | 433,366 | 583,339 |
| Total Assets and Deferred Outflows of Resources | $ 25,842,220 | $ 25,462,820 |
| Current Liabilities | $ 975,256 | $ 1,022,986 |
| Non-current Liabilities | 3,114,361 | 4,220,442 |
| Total Liabilities | 4,089,617 | 5,243,428 |
| Deferred Inflows of Resources | 1,230,672 | 1,038,383 |
| Net Position: | | |
| Net Investment in Capital Assets | 14,022,290 | 13,664,278 |
| Restricted Net Position | 43,427 | 27,178 |
| Unrestricted Net Position | 6,456,214 | 5,489,553 |
| Total Net Position | 20,521,931 | 19,181,009 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 25,842,220 | $ 25,462,820 |

**Major Factors Affecting the Statement of Net Position**

During 2022 current assets and other assets increased by $669,843. The current and other assets, primarily cash and investments, increased due to results from operation. Current liabilities decreased by $47,730. This was mostly due to invoices that were outstanding at the end of the year. Long Term Liabilities decreased by $1,106,081. The decrease was due to the retirement of debt and change in GASB 68 and 75.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**
**(Unaudited)**

During 2022 Net Investment in Capital Assets increased by $358,012 primarily due to net depreciation and current year purchases. Unrestricted Net Position increased by $966,661 and Restricted Net Position increased by $16,249. These changes are due to the result of the current year activities.

The following is the Statement of Revenues, Expenses and Changes in Net Position. Jefferson Metropolitan Housing Authority is engaged only in business-type activities.

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

| | 2022 | 2021 |
|---|---|---|
| **Revenues** | | |
| Total Tenant Revenues | $ 1,509,573 | $ 1,470,827 |
| Operating Subsidies | 8,877,878 | 7,758,171 |
| Capital Grants | 1,067,356 | 1,937,789 |
| Investment Income | 35,076 | 3,299 |
| Other Revenues | 493,235 | 396,873 |
| Gain on Disposition of Capital Assets | 67,278 | 36,568 |
| **Total Revenues** | **12,050,396** | **11,603,527** |
| **Expenses** | | |
| Administrative | 1,637,732 | 848,261 |
| Tenant Services | 4,715 | 5,137 |
| Utilities | 1,461,251 | 1,348,086 |
| Maintenance | 2,002,440 | 1,676,865 |
| Protection Services | 184,419 | 121,176 |
| General, Insurance and Interest Expenses | 794,853 | 778,797 |
| Housing Assistance Payments | 3,461,472 | 2,979,896 |
| Depreciation & Amortization | 1,162,592 | 1,383,472 |
| **Total Expenses** | **10,709,474** | **9,141,690** |
| Net Increases (Decreases) | 1,340,922 | 2,461,837 |
| Beginning Net Position - Restated | 19,181,009 | 16,719,172 |
| **Ending Net Position** | **$ 20,521,931** | **$ 19,181,009** |

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Net Position presented elsewhere in this report.

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

Total revenues increased by $446,869 (3.85 percent) in 2022. This increase is mainly due to HUD Grant Revenue received for the year and increases in other revenue.

Total expenses increased $1,567,784 (17.15 percent) in 2022; the main reason of the increases was due to change in GASB proportionate share of liability, increase in depreciation and amortization expenses due to additional assets. The following table shows the change in unrestricted net position of the Authority for the year ended December 31, 2022:

**Table 3 - Changes of Unrestricted Net Position**

| | | Unrestricted |
|---|---|---|
| Beginning Balance - December 31, 2021 - Restated | $ | 5,489,553 |
| Results of Operation | | 1,324,673 |
| Adjustments: | | |
| Current Year Depreciation / Amortization Expense (1) | | 1,162,592 |
| Capital Expenditure (2) | | (1,067,355) |
| Current year disposal, net of accum depreciation | | 45,233 |
| Retirement of Debt | | (506,563) |
| Lease Liability net of Payment | | 6,602 |
| Transfer Adjustment to Reconcile | | 1,479 |
| Ending Balance - December 31, 2022 | $ | 6,456,214 |

## Capital Assets

As of year-end, the Authority had $16,536,798 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $140,470 or 0.84 percent from the end of prior year.

The following is a condensed Statement of Changes in Capital Assets comparing the balance in capital assets at the year-end versus at the end of the prior year.

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**Table 4 - Condensed Statement of Changes in Capital Assets at Year End (Net of Depreciation)**

| | 2022 | Restated 2021 |
|---|---|---|
| Land | $2,697,982 | $2,697,982 |
| Building | 46,834,391 | 48,705,150 |
| Dwelling Equipment | 974,273 | 1,650,609 |
| Administration Equipment | 778,216 | 776,221 |
| Intangible Right-to-Use: Leased Equipment | 10,708 | 3,395 |
| Construction in Progress | 1,593,192 | 1,160,431 |
| Accumulated Depreciation/Amortization | (36,351,964) | (38,316,520) |
| Total | $16,536,798 | $16,677,268 |

The following reconciliation summarizes the change in Capital Assets.

**Table 5 - Capital Assets at Year-End**

| | |
|---|---|
| Beginning Balance - December 31, 2021 - Restated | $16,677,268 |
| Current year Additions | 1,067,355 |
| Current year disposal, net of accumulated depreciation | (45,233) |
| Current year Depreciation/Amortization Expense | (1,162,592) |
| Ending Balance - December 31, 2022 | $16,536,798 |

The current year additions represented various capital improvements such as: water heaters, sewer line replacement, security camera recorder and electric door operator. In additional it also includes the Lease Assets per implementation of GASB 87.

Debt Outstanding

As of year-end, the Authority had debt of $2,514,508 for the Energy Performance Contract. This is a decrease of $498,328 from prior year. In addition, there is a liability owe to HUD for a prior years IG audit finding.

Below is a summary of the change in the outstanding debt balance:

**Table 6 - Condensed Statement of Changes in Debt Outstanding**

| | |
|---|---|
| Beginning Balance - December 31, 2021 - Restated | $3,288,532 |
| Current Year Debt Retired | (506,563) |
| Ending Balance - December 31, 2022 | $2,781,969 |

## Economic Factors

Significant economic factors affecting the Authority are as follows:

1. Federal funding provided by Congress to the Department of Housing and Urban Development
2. Local labor and demand, which can affect salary and wage rates.
3. Local inflationary, recessionary and employment trends, which can affect resident incomes, and therefore the amount of rental income
4. Inflationary pressure on utility rates, supplies and other costs.
5. Property condition.
6. Unknown financial and operational impacts as well as impacts to federal programs because of the COVID-19 pandemic

Recommended

1) Keep expenses to a minimum.

2) Do not acquire any more debt.

3) Follow HUD recommendations for security to extent possible financially, without incurring outlays.

4) Financial issues should become paramount to Authority.

## Financial Contact

Questions concerning this report or requests for additional information should be directed to Melody McClurg, Executive Director of Jefferson Metropolitan Housing Authority, at (740) 282- 0994.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF NET POSITION**
**December 31, 2022**

| | |
|---|---|
| ***ASSETS*** | |
| **Current assets** | |
| Cash and Cash Equivalents | $7,992,905 |
| Restricted Cash and Cash equivalents | 190,137 |
| Receivables, Net | 101,362 |
| Inventories, Net | 67,247 |
| Prepaid Expenses and Other Assets | 248,346 |
| **Total Current Assets** | **8,599,997** |
| **Noncurrent Assets** | |
| Capital Assets | |
| Non-depreciable Capital Assets | 4,291,174 |
| Depreciable/Amortized capital assets, net | 12,245,624 |
| Total Capital Assets | 16,536,798 |
| OPEB Asset | 272,059 |
| **Total Noncurrent Assets** | ***16,808,857*** |
| **Total Assets** | ***$25,408,854*** |
| **Deferred Outflows of Resources** | |
| Pension | 401,979 |
| OPEB | 31,387 |
| **Total Deferred Outflows of Resources** | 433,366 |
| **TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES** | **$25,842,220** |
| ***LIABILITIES*** | |
| **Current Liabilities** | |
| Accounts payable | $76,245 |
| Accrued Compensated Absences - Current Portion | 42,228 |
| Accrued Liabilities | 102,228 |
| Tenant Security Deposits | 146,710 |
| Notes Payable - Current Portion | 529,523 |
| Lease Payable - Current Portion | 1,550 |
| Accrued Interest Payable | 44,038 |
| Intergovernmental Payable | 24,500 |
| Other Current Liabilities | 8,234 |
| **Total Current Liabilities** | ***975,256*** |

See accompanying notes to the basic financial statements.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF NET POSITION**
**December 31, 2022**

| | |
|---|---|
| **Noncurrent Liabilities** | |
| Accrued Compensated Absences - Net of Current Portion | $84,074 |
| Lease Payable - Net of Current Portion | 4,691 |
| Notes Payable - Net of Current Portion | 1,984,985 |
| Net Pension Liabilty | 781,384 |
| Other Noncurrent Liabilities | 259,227 |
| **Total Noncurrent Liabilities** | ***3,114,361*** |
| **TOTAL LIABILITIES** | **$4,089,617** |
| **Deferred Inflow of Resources** | |
| Pension | $946,565 |
| OPEB | 284,107 |
| **Total Deferred Inflow of Resources** | ***$1,230,672*** |
| **NET POSITION** | |
| Net Investment in Capital Assets | $14,022,290 |
| Restricted Net Position | 43,427 |
| Unrestricted Net Position | 6,456,214 |
| **Total Net Position** | **$20,521,931** |
| **TOTAL LIABLITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION** | **$25,842,220** |

See accompanying notes to the basic financial statements.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|---|
| ***OPERATING REVENUES*** | |
| Tenant Revenue | $1,509,573 |
| Government Operating Grants | 8,877,878 |
| Other Revenue | 493,235 |
| **Total Operating Revenues** | **10,880,686** |
| | |
| ***OPERATING EXPENSES*** | |
| Administrative | 1,637,732 |
| Tenant Services | 4,715 |
| Utilities | 1,461,251 |
| Maintenance | 2,002,440 |
| Protection Services | 184,419 |
| General and Insurance | 721,079 |
| Housing Assistance Payment | 3,461,472 |
| **Total Operating Expenses Before Depreciation** | **9,473,108** |
| Income (Loss) Before Depreciation | **1,407,578** |
| | |
| Depreciation/Amortization | 1,162,592 |
| **Operating Income (Loss)** | **244,986** |
| | |
| ***NON-OPERATING REVENUES (EXPENSES)*** | |
| Interest and Investment Revenue | 35,076 |
| Interest Expense | (73,774) |
| Capital Grant Revenue | 1,067,356 |
| Gain on Disposition of Capital Assets | 67,278 |
| **Total Non-Operating Revenues (Expenses)** | ***1,095,936*** |
| Change in Net Position | 1,340,922 |
| | |
| Total Net Position - Beginning of Year - Restated | 19,181,009 |
| | |
| **Total Net Position - End of Year** | **$20,521,931** |

See accompanying notes to the basic financial statements.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating grants received | $8,882,684 |
| Tenant revenue received | 1,714,266 |
| Other revenue received | 507,162 |
| General and administrative expenses paid | (6,417,294) |
| Housing assistance payments | (3,461,472) |
| **Net Cash Provided (Used) by Operating Activities** | **1,225,346** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest earned | 35,076 |
| **Net Cash Provided (Used) by Investing Activities** | **35,076** |
| **CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES** | |
| Gain from Disposal of Assets | 67,278 |
| Capital Grant Funds Received | 1,067,356 |
| Capital Assets Purchased | (1,067,355) |
| Debt Principal Payments | (506,563) |
| Lease Liability Net of Payment | 6,089 |
| Interest Payments | (73,774) |
| **Net Cash Provided (Used) by Capital and Related Activities** | **(506,969)** |
| Net Increase (Decrease) in Cash | 753,453 |
| Cash and Cash Equivalents - Beginning of Year | 7,429,589 |
| **Cash and cash equivalents - End of year** | **$8,183,042** |

See accompanying notes to the basic financial statements.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**Statement of Cash Flows (Continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | |
| Net Operating Income (Loss) | $244,986 |
| Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities | |
| - Depreciation / Amortization | 1,162,592 |
| - (Increases) Decreases in Accounts Receivable | 215,073 |
| - (Increases) Decreases in Prepaid Assets | (12,312) |
| - (Increases) Decreases in Inventory | 13,222 |
| - (Increases) Decreases in OPEB Asset | (118,986) |
| - (Increases) Decreases in Deferred Outflows | 149,973 |
| - Increases (Decreases) in Accounts Payable | (84,525) |
| - Increases (Decreases) in Accrued Liabilities | 15,919 |
| - Increases (Decreases) in Tenant Security Deposits | (2,814) |
| - Increases (Decreases) in Pension Liability | (539,180) |
| - Increases (Decreases) in Accrued Compensated Absences | (5,463) |
| - Increases (Decreases) in Deferred Inflows | 192,289 |
| - Increases (Decreases) in Accrued Interest Payable | (5,428) |
| **Net Cash Provided (Used) by Operating Activities** | **$1,225,346** |

See accompanying notes to the basic financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

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

### Reporting Entity

The Jefferson Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** (continued)
A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

The primary government consists of all funds, agencies, departments, and offices that are not legally separate from the Authority. The preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority's component units. The following organizations are described due to their relationship to the Authority.

**Blended Presented Component Units**

The Jefferson Housing Development Corporation (Corporation) is a legally separate, non-profit organization served by a five board of trustees. Two of the five board members are the board of commissioners of Jefferson Metropolitan Housing Authority (JMHA). In addition, the Executive Director of JMHA is also the Director of the Corporation.

Jefferson Metropolitan Housing Authority serves as the fiscal agent of the corporation.

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

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

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

Enterprise fund reporting focuses on the determination of the change 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.

**Fund Accounting**
The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting** (continued)
Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**
Proprietary funds are used to account for the Authority's ongoing activities, which are like those found in the private sector. The following is the proprietary fund type:

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

**Description of Programs**
The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various programs which are included in the enterprise fund:

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

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

C. ***Housing Choice Voucher Program***
The Housing Choice Voucher Program 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.

D. ***New Construction***
Gaylord Tower is an apartment building owned by the Authority. The units are rented to elderly households. The building is operated under a Housing Assistance Payment (HAP) contract with HUD, and HUD provides subsidy to allow the Authority to provide the housing at a rent based on 30 percent of household income.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

E. ***Section 8 Moderate Rehabilitation Program***
The Authority administers Section 8 rental assistance programs where HUD enters into annual contribution contracts with a private owner. The owner rents housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the private owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

During the calendar year 2021 the Authority contract ended for this program. The program was closed, and any remaining assets were transferred into the Housing Choice Voucher Program.

F. ***Business Activity***
Washington Square - Washington Square is an apartment building owned by the Authority. The apartments are rented to moderate income individuals for a set low income rent.

**Investments**
The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in the year ended December 31, 2022, was $35,076.

**Capital Assets**
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives:

| | |
|---|---|
| Buildings | 40 years |
| Building Improvements | 15 years |
| Furniture, Equipment and Machinery | 3-7 years |

Expenses for repairs and maintenance are charged directly to expense as they are incurred. Expenses determine to represent additions or betterments are capitalized.

**Operating Revenues and Expenses**
Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operations. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**
This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**
For the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

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

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

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

**Net Position**
Net position represents the difference between assets and liabilities. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

**Budgetary Accounting**
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the HUD and once approved is adopted by the Board of the Housing Authority.

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

### Pensions/Other Postemployment Benefits (OPEB)

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

## NOTE 2: ACCOUNTABILITY AND COMPLIANCE

### Change in Accounting Principles

For fiscal year 2022, the Authority has implemented Government Accounting Standards Board (GASB) Statement No. 87 "*Leases*", and the related guidance from GASB Implementation Guide 2019-3, "*Leases*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A Lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The leases of the Authority have been reflected in the financial statements.

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

## NOTE 3: **DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year-end December 31, 2022, the carrying amount of the Authority's deposits totaled $8,183,042 (including $100 petty cash) and its bank balance was $8,492,669. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2022, $7,992,669 was exposed to custodial risk as discussed below, while $500,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits 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 the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3: **DEPOSITS AND INVESTMENTS**

**Investments**
In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposits. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

***Interest Rate Risk*** **-** The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

***Credit Risk*** **-** HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically required compliance with HUD requirements.

***Concentration of Credit Risk*** **-** The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments on December 31, 2022.

NOTE 4: **RESTRICTED CASH**

The restricted cash balance as of December 31, 2022, of $190,137 represents cash on hand for the following:

| | |
|---|---|
| - Housing Assistance funds on Hand | 43,427 |
| - Tenant Security Deposits | 146,710 |
| Total Restricted Cash | $ 190,137 |

NOTE 5: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2022 by class is as follows:

| | Restated Balance 12/31/2021 | Additions | Deletions | Balance 12/31/2022 |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated:** | | | | |
| Land | $2,697,982 | $0 | $0 | $2,697,982 |
| Construction in Progress | 1,160,431 | 432,761 | 0 | 1,593,192 |
| **Total Capital Assets Not Being Depreciated** | **3,858,413** | **432,761** | **0** | **4,291,174** |
| **Capital Assets Being Depreciated:** | | | | |
| Buildings | 48,705,150 | 625,286 | (2,496,045) | 46,834,391 |
| Furnt, Mach. and Equip: | | | | |
| - Dwelling | 1,650,609 | 0 | (676,336) | 974,273 |
| - Administration | 776,221 | 1,995 | 0 | 778,216 |
| - Intangible Right-To Use: Leased Equipment | 3,395 | 7,313 | 0 | 10,708 |
| **Total Capital Assets Being Depreciated** | **51,135,375** | **634,594** | **(3,172,381)** | **48,597,588** |
| **Accumulated Depreciation:** | | | | |
| Buildings | (36,256,411) | (970,409) | 2,193,687 | (35,033,133) |
| Furnt, Mach. and Equip. | | | | |
| - Dwelling | (1,186,751) | (24,758) | 374,691 | (836,818) |
| - Administration | (870,115) | (166,201) | 558,769 | (477,547) |
| - Intangible Right-To Use: Leased Equipment | (3,243) | (1,224) | 1 | (4,466) |
| **Total Accumulated Depreciation** | **(38,316,520)** | **(1,162,592)** | **3,127,148** | **(36,351,964)** |
| **Total Capital Assets Being Depreciated, Net** | **12,818,855** | **(527,998)** | **(45,233)** | **12,245,624** |
| **Total Capital Assets, Net** | **$16,677,268** | **($95,237)** | **($45,233)** | **$16,536,798** |

Please note that depreciation expense by category was not available.

NOTE 6: **<u>DEFINED BENEFIT PENSION PLANS</u>**

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

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

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

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* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued liabilities on the accrual basis of accounting.

Plan Description – 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 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.

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

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 www.opers.org/financial/reports.html by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-PERS.

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 reference 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 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 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| **Formula:** | **Formula:** | **Formula:** |
| 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form 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 members' 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.

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

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.

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.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $196,897 for year ending December 31, 2022. Of this amount $24,703 is reported within the accrued liabilities.

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

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

| | **Traditional Plan** |
|---|---|
| Proportionate Share of Net Pension Liability | $781,384 |
| Proportion of the Net Pension Liability | |
| - Prior Measurement Date | 0.008918% |
| - Current Meassurement Date | 0.008981% |
| Change in Proportion from Prior | 0.000063% |
| Pension Expense (Income) | ($156,008) |

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

On December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Traditional Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Assumption Changes | $97,711 |
| Difference between expected and actual experience | 39,834 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 73,058 |
| Authority contributions subsequent to the measurement date | 191,376 |
| Total Deferred Outflows of Resources | $401,979 |

| | Traditional Plan |
|---|---|
| **Deferred Inflows of Resources** | |
| Net Difference between projected and actual earning on pension plan investments | $929,427 |
| Difference between expected and actual experience | 17,138 |
| Total Deferred Inflows of Resources | $946,565 |

$191,376 reported as deferred outflows of resources related to pension resulting from Authority contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

| | Traditional Plan |
|---|---|
| Fiscal Year Ending December 31: | |
| 2023 | $52,044 |
| 2024 | 317,522 |
| 2025 | 218,546 |
| 2026 | 147,850 |
| Total | $735,962 |

***Actuarial Assumptions – OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| Actuarial Information | Traditional Plan |
|---|---|
| Measurement and Valuation Date | December 31, 2021 |
| Experience Study | 5-year ended 12/31/2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumption: | |
| Investment Rate of Return | 6.9% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75 % |
| Cost-of-Living Adjustment | Pre 01/07/13 Retirees: 3% Simple<br>Post 01/07/13 Retirees: 3.0% Simple through 2022, then 2.05% Simple |

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

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

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

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 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 2021 and the long-term expected real rates of return:

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

| Asset Class | Target Allocation as of December 31, 2021 | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 24.00% | 1.03% |
| Domestic Equities | 21.00% | 3.78% |
| Real Estate | 11.00% | 3.66% |
| Private Equity | 12.00% | 7.43% |
| International Equities | 23.00% | 4.88% |
| Risk Parity | 5.00% | 2.92% |
| Other Investments | 4.00% | 2.85% |
| TOTAL | 100.00% | 4.21% |

***Discount Rate*** The discount rate used to measure the total pension liability was 6.9 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 6.9 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

| | 1% Decrease (5.9%) | Current Discount Rate (6.9%) | 1% Increase (7.9%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability | | | |
| - Traditional Pension Plan | $2,060,152 | $781,384 | $282,722 |

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

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

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of 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.

The 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* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued liabilities on the accrual basis of accounting.

***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: **DEFINED BENEFIT OPEB PLANS** (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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

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

The Authority's contractually required contribution was $0 for 2022.

***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 were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB 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:

| | Health Care Plan |
|---|---|
| Proportionate Share of Net OPEB Asset | $272,059 |
| Proportion of the Net OPEB Liability | |
| - Prior Measurement Date | 0.008592% |
| - Current Meassurement Date | 0.008686% |
| Change in Proportion from Prior | 0.000094% |
| OPEB Expense (Revenue) | ($159,900) |

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

| | Health Care Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | $31,387 |
| Total Deferred Outflows of Resources | $31,387 |
| | |
| **Deferred Inflows of Resources** | |
| Net Difference between projected and actual earning on pension plan investments | $129,698 |
| Assumption Changes | 110,126 |
| Difference between expected and actual experience | 41,267 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 3,016 |
| Total Deferred Inflows of Resources | $284,107 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | Health Care Plan |
|---|---|
| Fiscal Year Ending December 31: | |
| 2023 | $144,431 |
| 2024 | 61,324 |
| 2025 | 28,338 |
| 2026 | 18,627 |
| Total | $252,720 |

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. 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:

| **Actuarial Information** | |
|---|---|
| Actuarial Valuation Date | December 31, 2020 |
| Rolled-Forward Measurement Date | December 31, 2021 |
| Experianse Study | 5-Year Period Ended December 31, 2020 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumptions | |
| Single Discount Rate | 6.00% |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 1.84% |
| Wage Inflation | 2.75% |
| Future Salary Increases, including inflation 2.75% | 2.75 - 10.75% |
| Health Care Cost Trend Rate | 5.5% initial, 3.5% ultimate in 2034 |

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

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

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

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

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

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

| Asset Class | Target Allocation as of December 31, 2021 | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 34.00% | 0.91% |
| Domestic Equities | 25.00% | 3.78% |
| REITs | 7.00% | 3.71% |
| International Equities | 25.00% | 4.88% |
| Risk Parity | 2.00% | 2.92% |
| Other Investments | 7.00% | 1.93% |
| TOTAL | 100.00% | 3.45% |

***Discount Rate*** A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. 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).

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, 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 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

| | 1% Decrease (5.00%) | Single Discount Rate (6.00%) | 1% Increase (7.00%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB asset | $159,996 | $272,059 | $365,073 |

***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 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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.

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (continued)

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Authority's proportionate share of the net OPEB asset | $274,999 | $272,059 | $268,571 |

***Changes Between Measurement Date and Report Date***

Subsequent to December 31, 2022, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2023 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: **LONG-TERM LIABILITIES**

Change in Long-Term Liabilities:

| Description | Restated Balance 12/31/21 | Issued | Retired | Balance 12/31/22 | Due Within One Year |
|---|---|---|---|---|---|
| Long-Term Debt | $ 3,012,837 | $ - | $ 498,329 | $ 2,514,508 | $ 529,523 |
| Compensated Absences | 131,765 | - | 5,463 | 126,302 | 42,228 |
| Other - Payable to HUD | 275,695 | - | 8,234 | 267,461 | 8,234 |
| Net Pension Liability | 1,320,654 | - | 539,270 | 781,384 | - |
| Leases Payable | 152 | 7,313 | 1,224 | 6,241 | 1,550 |
| Total | $ 4,741,103 | $ 7,313 | $ 1,052,520 | $ 3,695,896 | $ 581,535 |

The other payable to HUD balance per above is restated to correct a typo on last year audit report.

NOTE 8: **LONG-TERM LIABILITIES** (continued)

On August 26, 2013, the Authority entered into an equipment lease-purchase agreement to acquire equipment under an energy performance contract in order to upgrade the heating and energy efficiency of several properties in the amount of $5,869,771. Annual principal payments began on May 15, 2014. The annual rate of interest is 2.267 percent with the agreement maturing on August 26, 2026.

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2022:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | 529,523 | 66,056 | 595,579 |
| 2024 | 562,080 | 52,146 | 614,226 |
| 2025 | 596,052 | 37,380 | 633,432 |
| 2026 | 826,853 | 23,190 | 850,043 |
| Total | $2,514,508 | $178,772 | $2,693,280 |

NOTE 9: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2022, the Authority maintained comprehensive insurance coverage with private carriers for general liability, real property, building contents, and vehicles through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of thirty-nine (39) Ohio Housing Authorities, of which Jefferson Metropolitan Housing Authority is a member. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

The Authority provides health care benefits to its employees via participation in a partially self-funded health care plan, OME-RESA Health Benefits Program. The Authority makes monthly payments to the Plan Administrator based on single or family coverage.

NOTE 10: **CONTINGENCIES**

The Office of Inspector General U.S. Department of Housing and Urban Development issued three reports in the prior period and subsequent to it in the current year (2015-CH-1004, 2015-CH-1007 and 2016-CH-1005) of audits it has completed of certain activities of the Authority. The reports contained audit findings that resulted in disallowed costs. On September 29, 2017, the Authority signed a repayment agreement whereas the Jefferson Metropolitan Housing Authority is to make repayment of $463,885 to the Operating Fund Reserves, $375,336 to the Housing Assistance Payment Reserve and $39,445 to the Housing Assistance Administrative Fee Reserve over a period of no more than forty years. On April 26, 2018 the agreement was amended to reflect the following repayment terms:

- Reimburse the Operating Fund Reserves $463,885 from non-federal funds in thirty-nine equal installments of $11,598 and $11,563 in the fortieth year. Payment is due no later than November 30th of each year. During the calendar year 2021, the balance for this repayment was forgiven.

- Reimburse the Housing Assistance Payment Reserve $329,328 from non-federal funds in thirty-nine equal installments of $8,234 and $8,202 in the fortieth year. Payment is due no later than November 30th of each year.

- Reimburse the Administrative Fee Reserve $28,779 from non-federal funds in thirty-nine equal installments of $720 and $699 in the fortieth year. Payment is due no later than November 30th of each year.

During the year the Authority made payments of $8,954 leaving a balance of $289,201 as of December 31, 2022, is as follows:

| Description | Balance 12/31/21 | Forgiven | Retired | Balance 12/31/22 | Due Within One Year |
|---|---|---|---|---|---|
| Housing Assistance Reserve | $ 275,695 | $ - | $ 8,234 | $ 267,461 | $ 8,234 |
| Admin Fee Reserve | 22,460 | - | 720 | 21,740 | 720 |
| Total | $ 298,155 | $ - | $ 8,954 | $ 289,201 | $ 8,954 |

**NOTE 11: LEASES**

GASB Statement No. 87, *Leases* (GASB 87), is a comprehensive change by the governmental accounting standards board for lease arrangements. Previous GASB lease guidance, including GASB 13 and GASB 62, did not require all leases to be recognized on the statement of financial position. Instead, only those classified as capital leases were recognized and disclosed as assets and liabilities in the financial statements.

To improve the consistency and transparency of accounting and financial reporting for leases by governments, GASB 87 requires lessees to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases and establishes a single classification model for leases going forward.

GASB 87 requires lessees to recognize a lease asset associated with their lease agreements. Therefore, one of the newly required quantitative disclosures is to disclose the total amount of lease assets and the related accumulated amortization, summarized by the major classifications of the underlying assets:

| PURPOSE | LEASE COMMENCEMENT DATE | TERM (YEARS) | LEASE END DATE | PAYMENT METHOD |
|---|---|---|---|---|
| Postage Meter | April 1, 2017 | 5 | April 30, 2022 | Monthly |
| Postage Meter | May 1, 2022 | 5 | April 30, 2027 | Monthly |

The table below report projects the undiscounted cash flows to be made in the future:

| Fiscal Year Ending | Principal | Interest | Total |
|---|---|---|---|
| December 31, 2023 | $ 1,550 | $ 86 | $ 1,636 |
| December 31, 2024 | 1,482 | 154 | 1,636 |
| December 31, 2025 | 1,417 | 219 | 1,636 |
| December 31, 2026 | 1,354 | 282 | 1,636 |
| December 31, 2027 | 439 | 107 | 546 |
| Total | $ 6,242 | $ 848 | $ 7,090 |

## 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Authority received COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Authority. The pension and other employee benefit plans in which the Authority participates fluctuate with market conditions and, due to market volatility, the amounts of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

## NOTE 13. PRIOR PERIOD ADJUSTMENTS

The December 31, 2021 financial statements were adjusted to reflect the following corrections:

- To write-off $218,189 of Construction in Process.
- To write-off $289,961 of prepaid health insurance.
- Implementation of GASB 87.

The Statement of Net Position as of December 31, 2021 was restated as follows:

| | Balance 12/31/2021 | CIP | Prepaid Assets | Rounding/ GASB 87 | Restated 12/31/2021 |
|---|---|---|---|---|---|
| Total Current Assets | $ 8,339,101 | $ - | $(289,961) | $ - | $ 8,049,140 |
| Total Capital Assets | 16,895,303 | (218,189) | | 154 | 16,677,268 |
| OPEB Asset | 153,073 | | | | 153,073 |
| Deferred Outflows of Resources | 583,339 | | | | 583,339 |
| Total Assets & Deferred Outflows of Resources | 25,970,816 | (218,189) | (289,961) | 154 | 25,462,820 |
| Total Current Liabilities | 1,022,834 | | | 152 | 1,022,986 |
| Total Noncurrent Liabilities | 4,220,441 | | | 1 | 4,220,442 |
| Deferred Inflows of Resources | 1,038,383 | | | | 1,038,383 |
| Total Liabilities & Deferred Outflows of Resources | 6,281,658 | - | - | 153 | 6,281,811 |
| Net Investment in Capital Assets | 13,882,466 | (218,189) | | 1 | 13,664,278 |
| Restricted Net Position | 27,178 | | | | 27,178 |
| Unrestricted Net Position | 5,779,514 | | (289,961) | | 5,489,553 |
| Total Net Position | 19,689,158 | (218,189) | (289,961) | 1 | 19,181,009 |
| Total Liabilities, Deferred Outflows of Resources & Net Position | $25,970,816 | $(218,189) | $(289,961) | $ 154 | $25,462,820 |

Jefferson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority
Proportionate Share of the Net Pension Liability
Last Fiscal Years Available

| Traditional Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.008981% | 0.008918% | 0.007504% | 0.006873% | 0.007726% | 0.009498% | 0.011681% | 0.012994% | 0.012994% |
| Authority's Proportionate Share of the Net Pension Liability | $781,384 | $1,320,564 | $1,483,218 | $1,882,375 | $1,212,060 | $2,156,834 | $2,023,296 | $1,567,218 | $1,531,820 |
| Authority's Covered-Employee Payroll | $1,303,348 | $1,354,542 | $1,311,386 | $1,095,150 | $1,052,853 | $1,260,376 | $1,593,071 | $1,531,414 | $1,603,290 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 59.95% | 97.49% | 113.10% | 171.88% | 115.12% | 171.13% | 127.01% | 102.34% | 95.55% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 92.62% | 86.88% | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
2) Information prior to 2014 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

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

| Traditional Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | | | | | |
| Pension | $191,379 | $189,636 | $176,990 | $147,696 | $131,754 | $132,736 | $147,343 | $174,458 | $191,169 | $199,084 |
| Contributions in Relation to the Contractually Required Contribution | $191,379 | $189,636 | $176,990 | $147,696 | $131,754 | $132,736 | $147,343 | $174,458 | $191,169 | $199,084 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered-Employee Payroll | $1,366,995 | $1,354,542 | $1,264,217 | $1,055,757 | $941,100 | $1,021,043 | $1,227,857 | $1,453,814 | $1,593,071 | $1,531,414 |
| Contributions as a Percentage of Covered-Employee Payroll | | | | | | | | | | |
| Pension | 14.00% | 14.00% | 14.00% | 13.99% | 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |

Jefferson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority
Proportionate Share of the Net OPEB Liability (Assets)
For the Fiscal Years Available

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| Authority's Proportion of the Net OPEB Liability/Asset | 0.008686% | 0.008592% | 0.007249% | 0.006644% | 0.007430% | 0.009120% |
| Authority's Proportionate Share of the Net OPEB Liability (Asset) | ($272,059) | ($153,073) | $1,001,275 | $866,221 | $806,843 | $921,151 |
| Authority's Covered-Employee Payroll | $1,303,348 | $1,320,562 | $1,311,386 | $1,095,150 | $1,052,860 | $1,260,293 |
| Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll | (20.87%) | (11.59%) | 76.35% | 79.10% | 76.63% | 73.09% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 128.23% | 115.57% | 47.80% | 46.33% | 54.14% | 68.52% |

1) The amounts presented is as of the Authority's plan measurement date, which is the prior calendar year.

2) Information prior to 2017 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Jefferson Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions - OPEB
Ohio Public Employees Retirement System
For the Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | | | | | |
| OPEB | $0 | $0 | $0 | $0 | $0 | $11,483 | $25,196 | $29,404 | $31,861 | $15,314 |
| Contributions in Relation to the Contractually Required Contribution | 0 | 0 | 0 | 0 | 0 | 11,483 | 25,196 | 29,404 | 31,861 | 15,314 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered-Employee Payroll | $1,366,995 | $1,320,562 | $1,264,217 | $1,095,150 | $963,652 | $1,052,853 | $1,260,376 | $1,593,071 | $1,531,414 | $1,603,290 |
| Contributions as a Percentage of Covered-Employee Payroll | | | | | | | | | | |
| OPEB | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.09% | 2.00% | 1.85% | 2.08% | 0.96% |

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

***Net Pension Liability***

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

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

***Net OPEB Liability***

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

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

Jefferson Metropolitan Housing Authority
Balance Sheet
December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Public Housing | Component Unit - Blended | Section 8 Housing Assistance Payments | Business Activities |
|---|---|---|---|---|---|
| 111 | Cash - Unrestricted | $ 4,047,066 | 33,517 | 992,571 | 892,629 |
| 113 | Cash - Other Restricted | | | | |
| 114 | Cash - Tenant Security Deposits | 116,581 | | 20,685 | 9,444 |
| 100 | Total Cash | 4,163,647 | 33,517 | 1,013,256 | 902,073 |
| 125 | Acct. Rec. - Misc. | | | | 2,849 |
| 126 | Acct. Rec. - Tenants | 103,078 | | 11,476 | 437 |
| 126.1 | Allowance Doubtful Accts. - Tenants | (35,820) | | | (396) |
| 126.2 | Allowance Doubtful Accts. - Other | (1,314) | | | |
| 127 | Notes, Loans, & Mortgages Rec. - Current | 18,705 | | 2,347 | |
| 120 | Net Total Receivables | 84,649 | - | 13,823 | 2,890 |
| 142 | Prepaid Expenses | 209,919 | | 19,854 | 5,744 |
| 143 | Inventories | 62,174 | | 8,985 | 3,142 |
| 143.1 | Allowance for Obsolete Inventories | (6,217) | | (899) | (315) |
| **150** | **Total Current Assets** | 4,514,172 | 33,517 | 1,055,019 | 913,534 |
| 161 | Land | 2,581,882 | | 70,000 | 41,100 |
| 162 | Buildings | 42,011,494 | | 4,129,620 | 558,900 |
| 163 | Furniture, Equip. & Mach. - Dwellings | 837,476 | | 142,551 | 4,954 |
| 164 | Furniture, Equip. & Mach. - Admin. | 527,255 | | 76,859 | |
| 166 | Accumulated Depreciation | (32,090,951) | | (3,993,409) | (137,481) |
| 167 | Construction in Progress | 1,567,469 | | | |
| 160 | Net Fixed Assets | 15,434,625 | - | 425,621 | 467,473 |
| 171 | Notes, Loans, & Mortgages Rec. - Non Current | | | | |
| 174 | Other Assets | 134,294 | | 35,065 | 8,141 |
| 200 | Deferred Outflow of Resources | 213,921 | | 55,855 | 12,968 |
| **290** | **TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES** | **$ 20,297,012** | **$ 33,517** | **$ 1,571,560** | **$ 1,402,116** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Balance Sheet
December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Public Housing | Component Unit - Blended | Section 8 Housing Assistance Payments | Business Activities |
|---|---|---|---|---|---|
| 312 | A/P <= 90 days | $ 44,343 | | $ 18,862 | $ 587 |
| 321 | Accrued Wage/Taxes Payable | 30,243 | 773 | 7,397 | 1,900 |
| 322 | Accrued Compensated Absences - Current Portion | 9,075 | | 4,973 | |
| 325 | Accrued Interest Payable | 44,038 | | | |
| 331 | Accounts Payable - HUD PHA Programs | | | | |
| 333 | Accounts Payable - Other Government | | | | 2,799 |
| 341 | Tenant Security Deposits | 116,581 | | 20,685 | 9,444 |
| 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Rev. | 529,523 | | | |
| 345 | Other Current Liabilities | | | | |
| 310 | Total Current Liabilities | 773,803 | 773 | 51,917 | 14,730 |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage Rev, | 1,984,985 | | | |
| 353 | Non-current Liabilities - Other | | | | |
| 354 | Accrued Compensated Absences - Non Current | 27,714 | 89 | 16,570 | 1,706 |
| 357 | Accrued Pension and OPEB Liabilities | 385,708 | | 100,710 | 23,383 |
| | TOTAL Liabilities | 3,172,210 | 862 | 169,197 | 39,819 |
| 400 | Deferred Inflow of Resources | 607,487 | | 158,619 | 36,828 |
| 508.1 | Invested in Capital Assets Net | 12,920,117 | | 425,621 | 467,473 |
| 511.1 | Restricted Net Position | | | | |
| 512.1 | Unrestricted Net Position | 3,597,198 | 32,655 | 818,123 | 857,996 |
| 513 | TOTAL Equity/Net Position | 16,517,315 | 32,655 | 1,243,744 | 1,325,469 |
| **600** | **TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY** | **$ 20,297,012** | **$ 33,517** | **$1,571,560** | **$1,402,116** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Balance Sheet
December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Housing Choice Voucher | Section 8 Moderate Rehabilitation | COCC |
|---|---|---|---|---|
| 111 | Cash - Unrestricted | $ 132,984 | $ - | $ 1,894,138 |
| 113 | Cash - Other Restricted | 43,427 | | |
| 114 | Cash - Tenant Security Deposits | | | |
| 100 | Total Cash | 176,411 | - | 1,894,138 |
| 125 | Acct. Rec. - Misc. | | | |
| 126 | Acct. Rec. - Tenants | | | |
| 126.1 | Allowance Doubtful Accts. - Tenants | | | |
| 126.2 | Allowance Doubtful Accts. - Other | | | |
| 127 | Notes, Loans, & Mortgages Rec. - Current | | | |
| 120 | Net Total Receivables | - | - | - |
| 142 | Prepaid Expenses | 1,896 | | 10,933 |
| 143 | Inventories | | | 377 |
| 143.1 | Allowance for Obsolete Inventories | | | |
| **150** | **Total Current Assets** | 178,307 | - | 1,905,448 |
| 161 | Land | | | 5,000 |
| 162 | Buildings | | | 134,377 |
| 163 | Furniture, Equip. & Mach. - Dwellings | | | |
| 164 | Furniture, Equip. & Mach. - Admin. | 40,028 | | 134,074 |
| 166 | Accumulated Depreciation | (24,631) | | (105,492) |
| 167 | Construction in Progress | | | 25,723 |
| 160 | Net Fixed Assets | 15,397 | - | 193,682 |
| 171 | Notes, Loans, & Mortgages Rec. - Non Current | 21,740 | | |
| 174 | Other Assets | 34,556 | | 60,003 |
| 200 | Deferred Outflow of Resources | 55,045 | | 95,577 |
| **290** | **TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES** | **$ 305,045** | **$ -** | **$ 2,254,710** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Balance Sheet
December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Housing Choice Voucher | Section 8 Moderate Rehabilitation | COCC |
|---|---|---|---|---|
| 312 | A/P <= 90 days | $ 4,782 | $ - | $ 7,671 |
| 321 | Accrued Wage/Taxes Payable | 6,673 | | 55,242 |
| 322 | Accrued Compensated Absences - Current Portion | | | 28,180 |
| 325 | Accrued Interest Payable | | | |
| 331 | Accounts Payable - HUD PHA Programs | 21,701 | | |
| 333 | Accounts Payable - Other Government | | | |
| 341 | Tenant Security Deposits | | | |
| 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Rev. | | | |
| 345 | Other Current Liabilities | | | 9,784 |
| 310 | Total Current Liabilities | 33,156 | - | 100,877 |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage Rev, | | | |
| 353 | Non-current Liabilities - Other | | | 285,658 |
| 354 | Accrued Compensated Absences - Non Current | 4,376 | | 33,619 |
| 354 | Accrued Comp. Abs. - Noncurrent | 99,249 | | 172,334 |
| | TOTAL Liabilities | 136,781 | - | 592,488 |
| 400 | Deferred Inflow of Resources | 156,315 | | 271,423 |
| 508.1 | Invested in Capital Assets Net | 15,397 | | 193,682 |
| 511.1 | Restricted Net Position | 43,427 | | |
| 512.1 | Unrestricted Net Position | (46,875) | | 1,197,117 |
| 513 | TOTAL Equity/Net Position | 11,949 | - | 1,390,799 |
| **600** | **TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY** | **$ 305,045** | **$ -** | **$ 2,254,710** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Balance Sheet
December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Subtotal | Elimination | Total |
|---|---|---|---|---|
| 111 | Cash - Unrestricted | $ 7,992,905 | $ - | $ 7,992,905 |
| 113 | Cash - Other Restricted | 43,427 | | 43,427 |
| 114 | Cash - Tenant Security Deposits | 146,710 | | 146,710 |
| 100 | Total Cash | 8,183,042 | - | 8,183,042 |
| | | | | |
| 125 | Acct. Rec. - Misc. | 2,849 | | 2,849 |
| 126 | Acct. Rec. - Tenants | 114,991 | | 114,991 |
| 126.1 | Allowance Doubtful Accts. - Tenants | (36,216) | | (36,216) |
| 126.2 | Allowance Doubtful Accts. - Other | (1,314) | | (1,314) |
| 127 | Notes, Loans, & Mortgages Rec. - Current | 21,052 | | 21,052 |
| 120 | Net Total Receivables | 101,362 | - | 101,362 |
| | | | | |
| 142 | Prepaid Expenses | 248,346 | | 248,346 |
| 143 | Inventories | 74,678 | | 74,678 |
| 143.1 | Allowance for Obsolete Inventories | (7,431) | | (7,431) |
| **150** | **Total Current Assets** | 8,599,997 | - | 8,599,997 |
| | | | | |
| 161 | Land | 2,697,982 | | 2,697,982 |
| 162 | Buildings | 46,834,391 | | 46,834,391 |
| 163 | Furniture, Equip. & Mach. - Dwellings | 984,981 | | 984,981 |
| 164 | Furniture, Equip. & Mach. - Admin. | 778,216 | | 778,216 |
| 166 | Accumulated Depreciation | (36,351,964) | | (36,351,964) |
| 167 | Construction in Progress | 1,593,192 | | 1,593,192 |
| 160 | Net Fixed Assets | 16,536,798 | - | 16,536,798 |
| | | | | |
| 171 | Notes, Loans, & Mortgages Rec. - Non Current | 21,740 | (21,740) | - |
| 174 | Other Assets | 272,059 | | 272,059 |
| | | | | |
| 200 | Deferred Outflow of Resources | 433,366 | | 433,366 |
| | | | | |
| **290** | **TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES** | **$ 25,863,960** | **$ (21,740)** | **$ 25,842,220** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority

Balance Sheet

December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Subtotal | Elimination | Total |
|---|---|---|---|---|
| 312 | A/P <= 90 days | $ 76,245 | $ - | $ 76,245 |
| 321 | Accrued Wage/Taxes Payable | 102,228 | | 102,228 |
| 322 | Accrued Compensated Absences - Current Portion | 42,228 | | 42,228 |
| 325 | Accrued Interest Payable | 44,038 | | 44,038 |
| 331 | Accounts Payable - HUD PHA Programs | 21,701 | | 21,701 |
| 333 | Accounts Payable - Other Government | 2,799 | | 2,799 |
| 341 | Tenant Security Deposits | 146,710 | | 146,710 |
| 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Rev. | 529,523 | | 529,523 |
| 345 | Other Current Liabilities | 9,784 | | 9,784 |
| 310 | Total Current Liabilities | 975,256 | - | 975,256 |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage Rev, | 1,984,985 | | 1,984,985 |
| 353 | Non-current Liabilities - Other | 285,658 | (21,740) | 263,918 |
| 354 | Accrued Compensated Absences - Non Current | 84,074 | | 84,074 |
| 354 | Accrued Comp. Abs. - Noncurrent | 781,384 | | 781,384 |
| | TOTAL Liabilities | 4,111,357 | (21,740) | 4,089,617 |
| 400 | Deferred Inflow of Resources | 1,230,672 | | 1,230,672 |
| 508.1 | Invested in Capital Assets Net | 14,022,290 | | 14,022,290 |
| 511.1 | Restricted Net Position | 43,427 | | 43,427 |
| 512.1 | Unrestricted Net Position | 6,456,214 | | 6,456,214 |
| 513 | TOTAL Equity/Net Position | 20,521,931 | - | 20,521,931 |
| **600** | **TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY** | **$ 25,863,960** | **$ (21,740)** | **$ 25,842,220** |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Public Housing | Component Unit - Blended | Section 8 Housing Assistance Payments | Business Activities |
|---|---|---|---|---|---|
| 703 | Net Tenant Rental Revenue | $ 1,089,840 | $ - | $ 291,059 | $ 126,032 |
| 704 | Tenant Revenue - Other | 1,721 | | 921 | |
| 705 | Total Tenant Revenue | 1,091,561 | - | 291,980 | 126,032 |
| 706 | HUD PHA Operating Grants | 4,524,382 | | 493,435 | |
| 706.1 | Capital Grants | 1,067,356 | | | |
| 707.1 | Management Fee | | | | |
| 707.2 | Asset Management Fee | | | | |
| 707.3 | Bookkeeping Fee | | | | |
| 711 | Investment Income - Unrestricted | 21,537 | | 4,065 | 2,849 |
| 714 | Fraud Recovery | | | | |
| 715 | Other Revenue | 56,219 | 45,000 | 35,647 | 6,593 |
| 716 | Gain or Loss on Sale of Capital Assets | 65,750 | | 1,069 | |
| 700 | TOTAL REVENUE | 6,826,805 | 45,000 | 826,196 | 135,474 |
| 911 | Admin Salaries | 183,479 | 471 | 83,123 | 29,581 |
| 912 | Audit | 13,696 | | 2,422 | 618 |
| 913 | Management Fee | 405,893 | | | |
| 913.1 | Bookkeeping Fee | 53,595 | | | |
| 914 | Advertising and Marketing | 347 | | 832 | 371 |
| 915 | Employee Benefits | 28,312 | 3,889 | 42,530 | 26,973 |
| 916 | Office Expenses | 65,748 | | 27,836 | 4,840 |
| 917 | Legal Expense | 4,500 | 374 | 3,460 | |
| 918 | Travel | 19,545 | | 996 | |
| 919 | Other | 363,103 | 150 | 8,653 | 1,927 |
| | Total Operating - Admin. | 1,138,218 | 4,884 | 169,852 | 64,310 |
| 920 | Asset Management Fee | 76,200 | | | |
| 924 | Tenant Services - Other | 4,715 | | | |
| 925 | Total Tenant Services | 80,915 | - | - | - |
| 931 | Water | 390,177 | | 61,334 | 15,320 |
| 932 | Electricity | 479,563 | | 102,870 | 21,095 |
| 933 | Gas | 29,098 | | 8,217 | |
| 936 | Sewer | 295,255 | | 44,939 | 11,159 |
| 930 | Total Utilities | 1,194,093 | - | 217,360 | 47,574 |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Public Housing | Component Unit - Blended | Section 8 Housing Assistance Payments | Business Activities |
|---|---|---|---|---|---|
| 941 | Ordinary Maint. & Operations - Labor | 471,516 | 7,372 | 89,554 | 8,993 |
| 942 | Ordinary Maint. & Operations - Materials & Other | 237,426 | | 56,554 | 3,172 |
| 943 | Ordinary Maint. & Operations - Contracts | 810,620 | | 158,642 | 25,401 |
| 945 | Employee Benefits Contributions - Ordinary Maint. | 63,026 | | 45,820 | 8,200 |
| 940 | Total Maintenance | 1,582,588 | 7,372 | 350,570 | 45,766 |
| | | | | | |
| 951 | 95100 Protective Services - Labor | 83,985 | | 9,831 | 4,796 |
| 952 | 95200 Protective Services - Other Contract Costs | 25,922 | | 2,767 | 4,630 |
| 955 | 95500 Employee Benefit Contributions - Protective Services | 44,670 | | 5,316 | 2,502 |
| 950 | 95000 Total Protective Services | 154,577 | - | 17,914 | 11,928 |
| | | | | | |
| 961.1 | Property Insurance | 126,802 | | 40,418 | 4,002 |
| 961.2 | Liability Insurance | 130,109 | | 11,589 | 2,527 |
| 961.3 | Workmen's Compensation | 11,237 | | | |
| 961 | Total Insurance | 268,148 | - | 52,007 | 6,529 |
| | | | | | |
| 962.1 | Compensated Absences | 6,023 | 89 | | |
| 963 | Payments in Lieu of Taxes | 16,691 | | 8,719 | 2,029 |
| 964 | Bad Debt - Tenant Rents | 297,759 | | 25,352 | 3,372 |
| 968 | Severance Expense | | | (261) | (2,025) |
| 960 | Total Other General Expenses | 320,473 | 89 | 33,810 | 3,376 |
| | | | | | |
| 967.2 | Interest on Notes Payable (Short and Long Term) | 73,718 | | | - |
| 967 | Total Interest Expense and Amortization Cost | 73,718 | - | - | - |
| | | | | | |
| | TOTAL OPERATING EXPENSES | 4,812,730 | 12,345 | 841,513 | 179,483 |
| | | | | | |
| 970 | Excess Operating Revenue over Expenses | 2,014,075 | 32,655 | (15,317) | (44,009) |
| | | | | | |
| 973 | Housing Assistance Payments | | | | |
| 973.5 | HAP Portability-In | | | | |
| 974 | Depreciation Expense | 1,104,191 | | 25,816 | 14,113 |
| 900 | TOTAL EXPENSES | 5,916,921 | 12,345 | 867,329 | 193,596 |
| | | | | | |
| 1001 | Operating Transfer In | 460,000 | | | |
| 1002 | Operating Transfer Out | (460,000) | | | |
| | | | | | |
| 1010 | Total Other Financing Sources (Uses) | - | - | - | - |
| 1000 | Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | $ 909,884 | $ 32,655 | $ (41,133) | $ (58,122) |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| **Line item** | **Account Description** | **Housing Choice Voucher** | **Section 8 Moderate Rehabilitation** | **COCC** |
|---|---|---|---|---|
| 703 | Net Tenant Rental Revenue | $ - | $ - | - |
| 704 | Tenant Revenue - Other | | | |
| 705 | Total Tenant Revenue | - | - | - |
| 706 | HUD PHA Operating Grants | 3,860,061 | | |
| 706.1 | Capital Grants | | | |
| 707.1 | Management Fee | | | 490,013 |
| 707.2 | Asset Management Fee | | | 76,200 |
| 707.3 | Bookkeeping Fee | | | 106,170 |
| 711 | Investment Income - Unrestricted | | | 6,625 |
| 714 | Fraud Recovery | 4,486 | | |
| 715 | Other Revenue | 33,390 | | 311,900 |
| 716 | Gain or Loss on Sale of Capital Assets | | | 459 |
| 700 | TOTAL REVENUE | 3,897,937 | - | 991,367 |
| 911 | Admin Salaries | 164,515 | | 283,476 |
| 912 | Audit | 1,965 | | 1,307 |
| 913 | Management Fee | 84,120 | | |
| 913.1 | Bookkeeping Fee | 52,575 | | |
| 914 | Advertising and Marketing | | | 397 |
| 915 | Employee Benefits | 95,923 | | 32 |
| 916 | Office Expenses | | | 61,031 |
| 917 | Legal Expense | | | 9,771 |
| 918 | Travel | 1,796 | | 2,232 |
| 919 | Other | 58,400 | | 39,111 |
| | Total Operating - Admin. | 459,294 | - | 397,357 |
| 920 | Asset Management Fee | | | |
| 924 | Tenant Services - Other | | | |
| 925 | Total Tenant Services | - | - | - |
| 931 | Water | | | 452 |
| 932 | Electricity | | | 1,323 |
| 933 | Gas | | | 121 |
| 936 | Sewer | | | 328 |
| 930 | Total Utilities | - | - | 2,224 |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Housing Choice Voucher | Section 8 Moderate Rehabilitation | COCC |
|---|---|---|---|---|
| 941 | Ordinary Maint. & Operations - Labor | $ - | $ - | $ - |
| 942 | Ordinary Maint. & Operations - Materials & Other | 114 | - | 8,831 |
| 943 | Ordinary Maint. & Operations - Contracts | 483 | - | 7,554 |
| 945 | Employee Benefits Contributions - Ordinary Maint. | - | - | (838) |
| 940 | Total Maintenance | 597 | - | 15,547 |
| 951 | 95100 Protective Services - Labor | | | |
| 952 | 95200 Protective Services - Other Contract Costs | | | |
| 955 | 95500 Employee Benefit Contributions - Protective Services | - | - | - |
| 950 | 95000 Total Protective Services | - | - | - |
| 961.1 | Property Insurance | | | 608 |
| 961.2 | Liability Insurance | 4,571 | | 7,271 |
| 961.3 | Workmen's Compensation | | | 4,883 |
| 961 | Total Insurance | 4,571 | - | 12,762 |
| 962.1 | Compensated Absences | | | 18,893 |
| 963 | Payments in Lieu of Taxes | | | 2 |
| 964 | Bad Debt - Tenant Rents | | | |
| 968 | Severance Expense | 419 | | |
| 960 | Total Other General Expenses | 419 | - | 18,895 |
| 967.2 | Interest on Notes Payable (Short and Long Term) | | | 56 |
| 967 | Total Interest Expense and Amortization Cost | - | - | 56 |
| | TOTAL OPERATING EXPENSES | 464,881 | - | 446,841 |
| 970 | Excess Operating Revenue over Expenses | 3,433,056 | - | 544,526 |
| 973 | Housing Assistance Payments | 3,430,138 | | |
| 973.5 | HAP Portability-In | 31,334 | | |
| 974 | Depreciation Expense | 4,399 | | 14,073 |
| 900 | TOTAL EXPENSES | 3,930,752 | - | 460,914 |
| 1001 | Operating Transfer In | | | |
| 1002 | Operating Transfer Out | | | |
| 1010 | Total Other Financing Sources (Uses) | - | - | - |
| 1000 | Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | $ (32,815) | $ - | $ 530,453 |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| Line item | Account Description | Subtotal | Elimination | Total |
|---|---|---|---|---|
| 703 | Net Tenant Rental Revenue | $ 1,506,931 | | $ 1,506,931 |
| 704 | Tenant Revenue - Other | 2,642 | | 2,642 |
| 705 | Total Tenant Revenue | 1,509,573 | - | 1,509,573 |
| 706 | HUD PHA Operating Grants | 8,877,878 | | 8,877,878 |
| 706.1 | Capital Grants | 1,067,356 | | 1,067,356 |
| 707.1 | Management Fee | 490,013 | $ (490,013) | - |
| 707.2 | Asset Management Fee | 76,200 | (76,200) | - |
| 707.3 | Bookkeeping Fee | 106,170 | (106,170) | - |
| 711 | Investment Income - Unrestricted | 35,076 | | 35,076 |
| 714 | Fraud Recovery | 4,486 | | 4,486 |
| 715 | Other Revenue | 488,749 | | 488,749 |
| 716 | Gain or Loss on Sale of Capital Assets | 67,278 | | 67,278 |
| 700 | TOTAL REVENUE | 12,722,779 | (672,383) | 12,050,396 |
| 911 | Admin Salaries | 744,645 | | 744,645 |
| 912 | Audit | 20,008 | | 20,008 |
| 913 | Management Fee | 490,013 | (490,013) | - |
| 913.1 | Bookkeeping Fee | 106,170 | (106,170) | - |
| 914 | Advertising and Marketing | 1,947 | | 1,947 |
| 915 | Employee Benefits | 197,659 | | 197,659 |
| 916 | Office Expenses | 159,455 | | 159,455 |
| 917 | Legal Expense | 18,105 | | 18,105 |
| 918 | Travel | 24,569 | | 24,569 |
| 919 | Other | 471,344 | | 471,344 |
| | Total Operating - Admin. | 2,233,915 | (596,183) | 1,637,732 |
| 920 | Asset Management Fee | 76,200 | (76,200) | - |
| 924 | Tenant Services - Other | 4,715 | | 4,715 |
| 925 | Total Tenant Services | 80,915 | (76,200) | 4,715 |
| 931 | Water | 467,283 | | 467,283 |
| 932 | Electricity | 604,851 | | 604,851 |
| 933 | Gas | 37,436 | | 37,436 |
| 936 | Sewer | 351,681 | | 351,681 |
| 930 | Total Utilities | 1,461,251 | - | 1,461,251 |

See Auditor's Report.

Jefferson Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

| **Line item** | **Account Description** | **Subtotal** | **Elimination** | **Total** |
|---|---|---|---|---|
| 941 | Ordinary Maint. & Operations - Labor | $ 577,435 | $ - | $ 577,435 |
| 942 | Ordinary Maint. & Operations - Materials & Other | 306,097 | | 306,097 |
| 943 | Ordinary Maint. & Operations - Contracts | 1,002,700 | | 1,002,700 |
| 945 | Employee Benefits Contributions - Ordinary Maint. | 116,208 | | 116,208 |
| 940 | Total Maintenance | 2,002,440 | - | 2,002,440 |
| 951 | 95100 Protective Services - Labor | 98,612 | | 98,612 |
| 952 | 95200 Protective Services - Other Contract Costs | 33,319 | | 33,319 |
| 955 | 95500 Employee Benefit Contributions - Protective Services | 52,488 | | 52,488 |
| 950 | 95000 Total Protective Services | 184,419 | - | 184,419 |
| 961.1 | Property Insurance | 171,830 | | 171,830 |
| 961.2 | Liability Insurance | 156,067 | | 156,067 |
| 961.3 | Workmen's Compensation | 16,120 | | 16,120 |
| 961 | Total Insurance | 344,017 | - | 344,017 |
| 962.1 | Compensated Absences | 25,005 | | 25,005 |
| 963 | Payments in Lieu of Taxes | 27,441 | | 27,441 |
| 964 | Bad Debt - Tenant Rents | 326,483 | | 326,483 |
| 968 | Severance Expense | (1,867) | | (1,867) |
| 960 | Total Other General Expenses | 377,062 | - | 377,062 |
| 967.2 | Interest on Notes Payable (Short and Long Term) | 73,774 | | 73,774 |
| 967 | Total Interest Expense and Amortization Cost | 73,774 | | 73,774 |
| | TOTAL OPERATING EXPENSES | 6,757,793 | (672,383) | 6,085,410 |
| 970 | Excess Operating Revenue over Expenses | 5,964,986 | | 5,964,986 |
| 973 | Housing Assistance Payments | 3,430,138 | | 3,430,138 |
| 973.5 | HAP Portability-In | 31,334 | | 31,334 |
| 974 | Depreciation Expense | 1,162,592 | | 1,162,592 |
| 900 | TOTAL EXPENSES | 11,381,857 | (672,383) | 10,709,474 |
| 1001 | Operating Transfer In | 460,000 | (460,000) | - |
| 1002 | Operating Transfer Out | (460,000) | 460,000 | - |
| 1010 | Total Other Financing Sources (Uses) | - | - | - |
| 1000 | Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | $ 1,340,922 | $ - | $ 1,340,922 |

See Auditor's Report.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| Federal Grantor/ Pass Through Grantor/ Program Title | Federal CFDA Number | Expenditures |
|---|---|---|
| **U.S. Department of Housing and Urban Development** | | |
| Direct Programs: | | |
| Low Rent Public Housing Program: | 14.850 | $3,778,205 |
| Capital Fund Program | 14.872 | 1,813,533 |
| Housing Choice Voucher Program | 14.871 | 3,860,061 |
| N/C S/R Section 8 Programs | 14.182 | 493,435 |
| Total U.S. Department of Housing and Urban Development | | 9,945,234 |
| Total Federal Awards | | $9,945,234 |

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

**NOTE B – SUBRECIPIENTS**

The Authority provided no federal awards to subrecipients during the year ended December 31, 2022.

**NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE**

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2022.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2022.

Kevin L.
Penn, Inc.

Certified Public Accountant
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Cleveland, Ohio 44120
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Jefferson Metropolitan Housing Authority
Jefferson County
153 North 5th Avenue
Steubenville, Ohio 43952

To the Board of Trustees

I 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 business-type activities of the Jefferson Metropolitan Housing Authority, Jefferson County, (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated August 15, 2023.

***Internal Control Over Financial Reporting***

As part of my financial statement audit, I considered the Jefferson Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion**(s)** on the financial statements, but not to the extent necessary to opine on the effectiveness of the Jefferson Metropolitan Housing Authority's internal control. Accordingly, I 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 Jefferson Metropolitan Housing Authority'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.

My 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, I did not identify any deficiencies in internal control that I consider material weaknesses. However, unidentified material weaknesses may exist.

### *Compliance and Other Matters*

As part of reasonably assuring whether the Jefferson Metropolitan Housing Authority'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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of the Authority's in a separate letter dated August 15, 2023.

### *Purpose of this Report*

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

Kevin L. Penn, Inc.
Cleveland, Ohio

August 15, 2023

Kevin L.
Penn, Inc.

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**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**

Jefferson Metropolitan Housing Authority
Jefferson County
153 North 5th Avenue
Steubenville, Ohio 43952

To the Board of Trustees

***Report on Compliance for the Major Federal Program***

***Opinion on the Major Federal Program***

I have audited Jefferson Metropolitan Housing Authority's, Jefferson County, (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Jefferson Metropolitan Housing Authority's major federal program for the year ended December 31, 2022. Jefferson Metropolitan Housing Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying schedule of findings.

In my opinion, Jefferson Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

***Basis for Opinion on (Each/the) Major Federal Program***

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

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

### *Responsibilities of Management for Compliance*

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

### *Auditor's Responsibilities for the Audit of Compliance*

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

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

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

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

### *Report on Internal Control Over Compliance*

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Kevin L. Penn, Inc.
Cleveland, Oho

August 15, 2023

**Jefferson Metropolitan Housing Authority**
Schedule of Findings
December 31, 2022

Section I - Summary of Auditor's Results

*Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant Deficiency(ies) identified not considered to be material weaknesses? | No |
| Noncompliance material to financial statements noted? | No |

*Federal Awards*

| | |
|---|---|
| Internal control over compliance: | |
| Material weakness(es) identified? | No |
| Significant Deficiency(ies) identified not considered to be material weaknesses? | No |
| Type of auditor's report issued on compliance for major program: | Unmodified |
| Are there any reportable findings under 2 CFR Section 200.516(a)? | No |
| Identification of major programs: | |
| 14.850 | Low Rent Public Housing |
| Dollar threshold used to distinguish between Type A and Type B programs: | Type A: > $750,000<br>Type B: all others |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

**Jefferson Metropolitan Housing Authority**
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

There were no audit findings, during the 2021 fiscal year.

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OHIO AUDITOR OF STATE
KEITH FABER

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**

**JEFFERSON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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

**Certified for Release 12/5/2023**