

**LAKE METROPOLITAN  
HOUSING AUTHORITY  
LAKE COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2023**

***Zupka & Associates***  
**Certified Public Accountants**



# OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Lake Metropolitan Housing Authority, Lake County, prepared by Zupka & Associates, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

March 18, 2024

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**LAKE METROPOLITAN HOUSING AUTHORITY**  
**LAKE COUNTY, OHIO**  
**SINGLE AUDIT REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

### Report on the Financial Statements

#### *Opinion*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lake Metropolitan Housing Authority as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

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

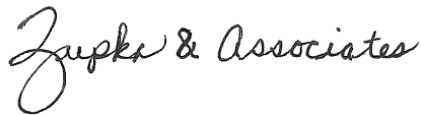


***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Zupka & Associates  
Certified Public Accountants

January 12, 2024

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**LAKE METROPOLITAN HOUSING AUTHORITY**  
**LAKE COUNTY, OHIO**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(Unaudited)**

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

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

**FINANCIAL HIGHLIGHTS**

- During fiscal year 2023, the Authority’s net position decreased by \$436,390 from the previous period. Total net position was \$9,029,718 and \$9,466,108 for fiscal year 2023 and fiscal year 2022, respectively.
- Total expenses for the Authority increased by \$419,775 from the previous period. This was largely a result of the sharp increase in Administrative Expenses of \$545,951 over the prior fiscal period.
- HUD Operating Subsidies and Grants and Tenant Revenue continued to decline; however, the Authority expects leasing activity to pick up during the 2024 fiscal year and should recapture a large portion of the losses in Tenant Revenue that were realized in fiscal years 2021 and 2022.

**Authority Financial Statements**

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

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

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

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

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

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The Authority is required to report a net pension/OPEB liability (asset), along with deferred outflows and inflows. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension/OPEB and the net pension liability to the reported net position, and subtracting deferred outflows related to pension/OPEB and the OPEB asset.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability (asset), but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

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

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

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

### **Fund Financial Statements**

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

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

### **The Authority's Programs**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Capital Fund Program:** The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of existing Public Housing units.

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

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

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

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

**Statement of Net Position**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Unaudited)**

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

	6/30/2023	6/30/2022
<b><u>Assets and Deferred Outflows of Resources</u></b>		
<b><u>Assets</u></b>		
Current Assets	\$ 4,581,489	\$ 4,890,904
Capital Assets	5,906,374	5,956,349
Net OPEB Asset	0	184,672
<b>Total Assets</b>	<b>10,487,863</b>	<b>11,031,925</b>
<b>Deferred Outflows of Resources</b>	<b>885,294</b>	<b>212,057</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 11,373,157</b>	<b>\$ 11,243,982</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Net Position</u></b>		
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 295,162	\$ 297,118
Non-Current Liabilities	170,686	160,772
Net Pension Liability	1,863,591	477,913
<b>Total Liabilities</b>	<b>2,329,439</b>	<b>935,803</b>
<b>Deferred Inflows of Resources</b>	<b>14,000</b>	<b>842,071</b>
<b><u>Net Position</u></b>		
Investment in Capital Assets	5,863,403	5,895,836
Restricted	1,360,597	1,577,891
Unrestricted	1,805,718	1,992,381
<b>Total Net Position</b>	<b>9,029,718</b>	<b>9,466,108</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 11,373,157</b>	<b>\$ 11,243,982</b>

For more detailed information, see page 13 for the Statement of Net Position.

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

Current assets decreased in fiscal year 2023 by \$309,415 as CARES Act funds from the prior period were fully expensed having no impact on the current period. Moreover, this decrease is also partly attributed to the hiring of additional FTEs to address the immediate administrative needs of the Authority.

In addition, net pension liability increased sharply for the period driving total liabilities noticeably higher in comparison to the prior period. However, both current and non-current liabilities remained relatively unchanged in comparison to fiscal year 2022.

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
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Table 2 presents details on the change in Unrestricted Net Position and Table 3 details the change in Restricted Net Position, which primarily consists of Housing Assistance Payment (HAP) funds in the HCV and Mainstream Voucher programs and the Replacement Reserve in the Multi-Family Program.

**Table 2 - Statement of Unrestricted Net Position**

Unrestricted Net Position at June 30, 2022		\$ 1,992,381
Results of Operations	\$ (440,839)	
Adjustments:		
Depreciation (1)	265,385	
Change in Restricted Net Position	217,294	
Adjusted Results from Operations		41,840
Net Change in Capital Assets		(216,960)
Net Change in Lease Liability		(17,544)
Other Changes		6,001
<b>Unrestricted Net Position at June 30, 2023</b>		<b>\$ 1,805,718</b>

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

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

**Table 3 - Statement of Restricted Net Position**

Restricted Net Position at June 30, 2022		\$ 1,577,891
Adjustments:		
HAP Revenue Less Expense	\$ (255,086)	
Fraud Revenue Collection	12,598	
Change in Replacement Reserve	25,184	
Rounding	10	
Change in Restricted Net Position		(217,294)
<b>Restricted Net Position at June 30, 2023</b>		<b>\$ 1,360,597</b>

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Unaudited)**

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

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

	2023	2022
<b>Revenues</b>		
HUD Operating Subsidies and Grants	\$ 10,544,208	\$ 11,095,667
Tenant Revenue	785,152	817,568
Investment Income	4,449	451
Other Revenues	82,750	64,573
<b>Total Revenues</b>	<u>11,416,559</u>	<u>11,978,259</u>
<b>Expenses</b>		
Housing Assistance Payments	8,663,733	8,886,391
Administrative Expenses	1,703,809	1,157,858
Utilities	324,705	313,476
Maintenance	749,698	707,892
Protective Services	10,655	10,265
General Expenses	134,964	107,670
Depreciation Expense	265,385	249,622
<b>Total Expenses</b>	<u>11,852,949</u>	<u>11,433,174</u>
<b>Net Increase (Decrease)</b>	<u>(436,390)</u>	<u>545,085</u>
Beginning Net Position	<u>9,466,108</u>	<u>8,921,023</u>
<b>Ending Net Position</b>	<u><u>\$ 9,029,718</u></u>	<u><u>\$ 9,466,108</u></u>

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

Total income dropped for the second consecutive period by \$561,700 (or 4.7 percent) as both HUD Operating and Tenant Revenue continued a year-over-year decline. Conversely, total expenses increased by \$419,775 at 3.7 percent in comparison the prior period. The increase in expenses is largely a result of increases in Administrative Expenses in the Multi-Family program purposed to ramp up leasing and case management activity.

Maintenance expenses remained virtually unchanged from the numbers at the close of the prior period. This is a noticeable change from the 22 percent increase in Maintenance Expenses reported in the prior period comparisons. Maintenance expenses are expected to continue declining through fiscal year 2024, as the Authority has completed the first phase of its strategic capital investment. The Authority is currently positioned to realize increased tenant revenue throughout fiscal year 2024 as leasing activity is expected to continue.



**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2023, the Authority had \$5,911,559 in capital assets as reflected in the following schedule, which represents a net decrease of \$44,790 over last fiscal year end.

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

	2023	2022
Land and Land Rights	\$ 1,028,099	\$ 1,028,099
Buildings and Improvements	14,882,227	14,713,301
Equipment - Dwelling	71,942	41,171
Equipment - Administrative	689,388	672,125
Accumulated Depreciation	(10,765,282)	(10,498,347)
<b>Total</b>	<b>\$ 5,906,374</b>	<b>\$ 5,956,349</b>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 23 of the notes.

**Table 6 - Change in Capital Assets**

Beginning Balance - July 1, 2022	\$ 5,956,349
Additions	216,960
Depreciation	(266,935)
Ending Balance - June 30, 2023	<b>\$ 5,906,374</b>

**Debt Outstanding**

As of June 30, 2023, the Authority had no outstanding debt.

Due to the implementation of GASB Statement No. 87, the Authority has an equipment lease liability at June 30, 2023. The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability - June 30, 2022	\$ 60,515
Additions in Period	0
Retirements in Period	(17,544)
Equipment Lease Liability - June 30, 2023	<b>\$ 42,971</b>

**ECONOMIC FACTORS**

Affordable housing opportunities for Lake County residents continue to diminish in the wake of inflation. As a result, the Lake Metropolitan Housing Authority is making a targeted effort to improve its current housing inventory while seeking other opportunities to expand affordable housing for Lake County residents. The Authority, in early fiscal year 2024, has procured the services of two developer partners to assess the current housing needs across the local market and to determine available land opportunities for new housing development.

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Unaudited)**

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With respect to the Housing Choice Voucher Program, the Authority continues to experience declines in lease-ups. This is partly a result of the competitive rental market coupled with inflation in rents across the local market. While these challenges are expected to persist at least in the near term, the Authority will increase its efforts to issue more housing vouchers to eligible recipients, while investing time and resources to market the Housing Choice Voucher Program to area landlords. Moreover, the Authority will continue to offer payment standards as high as 120% of fair market rent in the area. This will help ensure that the Housing Choice Voucher Program remains an attractive option for landlords, particularly in areas of the market that offer better access to economic opportunities.

The Authority must also continue to maintain the viability of its Multi-Family PBRA-RAD Program. While increases in leasing activity will help to achieve the desired results, the Authority must also control maintenance expenses amidst inflation to preserve the long-term sustainability of the program.

**FINANCIAL CONTACT**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**Assets**

**Current Assets**

Cash and Cash Equivalents Unrestricted	\$ 2,758,354
Cash and Cash Equivalents - Restricted	1,540,922
Receivables, Net	229,393
Prepaid Expenses	52,820
<b>Total Current Assets</b>	<b>4,581,489</b>

**Non-Current Assets**

Capital Assets:

Non-Depreciable Capital Assets	1,050,889
Depreciable Capital Assets, Net	4,855,485
<b>Total Capital Assets</b>	<b>5,906,374</b>
<b>Total Non-Current Assets</b>	<b>5,906,374</b>

**Total Assets**

**10,487,863**

**Deferred Outflows of Resources**

Pension	751,634
OPEB	133,660

**Total Deferred Outflows of Resources**

**885,294**

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**\$ 11,373,157**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$ 126,376
Accrued Liabilities	60,980
Accrued Compensated Absences	11,479
Tenant Security Deposits	78,073
Other Current Liabilities	18,254
<b>Total Current Liabilities</b>	<b>295,162</b>

**Long-Term Liabilities**

Accrued Compensated Absences	45,916
Other Non-Current Liabilities	124,770
Net Pension Liability	1,821,144
Net OPEB Liability	42,447

**Total Long-Term Liabilities**

**2,034,277**

**Total Liabilities**

**2,329,439**

**Deferred Inflows of Resources**

OPEB	14,000
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**Total Deferred Inflows of Resources**

**14,000**

**Net Position**

Net Investment in Capital Assets	5,863,403
Restricted	1,360,597
Unrestricted	1,805,718

**Total Net Position**

**9,029,718**

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**\$ 11,373,157**

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

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

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**Operating Revenues**

Tenant Revenue	\$ 785,152
Government Operating Grants	10,544,208
Other Revenue	82,750
<b>Total Operating Revenues</b>	<u>11,412,110</u>

**Operating Expenses**

Administrative	1,703,809
Utilities	324,705
Maintenance	749,698
Insurance	81,845
Tenant Services	6,452
General	46,667
Protective Services	10,655
Housing Assistance Payments	8,663,733
Depreciation	265,385
<b>Total Operating Expenses</b>	<u>11,852,949</u>
Operating Income	<u>(440,839)</u>

**Non-Operating Revenues**

Investment Income - Unrestricted	1,062
Investment Income - Restricted	3,387
<b>Total Non-Operating Revenues</b>	<u>4,449</u>
<b>Change in Net Position</b>	<u>(436,390)</u>

Total Net Position - Beginning of the Year	<u>9,466,108</u>
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<b>Total Net Position - End of the Year</b>	<u><u>\$ 9,029,718</u></u>
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**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Operating Grants	\$ 10,404,615
Cash Received from Tenants	793,694
Cash Received from Other Income	82,750
Cash Payments for Housing Assistance Payments	(8,666,502)
Cash Payments for General and Administrative Expenses Paid	(2,801,117)
<b>Net Cash Used in Operating Activities</b>	<b><u>(186,560)</u></b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Interest Received	4,449
<b>Net Cash Provided by Investing Activities</b>	<b><u>4,449</u></b>
 <b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital Assets Purchased	(216,960)
Payments on Lease Liability	(17,544)
Interest Paid on Lease Liability	(2,111)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b><u>(236,615)</u></b>
Decrease in Cash and Cash Equivalents	(418,726)
 Cash and Cash Equivalents - Beginning of Year	 4,718,002
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 4,299,276</u></b>
 <b><u>Reconciliation of Operating Income to Net Cash Used in Operating Activities</u></b>	
Net Operating Income	\$ (440,839)
Adjustments:	
Depreciation	265,385
Interest Expense	2,111
Non-Cash Benefit Expense (GASB 68 & 75)	69,042
Changes in:	
Receivables, Net	(102,631)
Prepaid Expenses	(6,680)
Accounts Payable	25,459
Other Current Liabilities	(4,050)
Tenant Security Deposits	89
Other Non-current Liabilities	(2,769)
Accrued Compensated Absences	8,323
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (186,560)</u></b>

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**Organization and Reporting Entity**

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

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

**Basis of Presentation**

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

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY**  
**LAKE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(CONTINUED)**

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

**Measurement Focus and Basis of Accounting**

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

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

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

**Description of Programs**

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

**Public Housing Program**

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

**Capital Fund Program**

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

**Housing Choice Voucher Programs**

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

**Multi-Family (RAD - PBRA)**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

**Description of Programs** (Continued)

**Parkview Place (Other Federal Programs 2)**

Parkview Place, comprised of two adjacent apartment buildings located in Willoughby, Ohio was purchased in 2012 and renovated in 2013 and 2014. It consists of forty total units, twenty-five Public Housing units funded under the ACC, eligible to receive Operating Subsidy and Capital Funds, and fifteen affordable housing units reported as Other Federal Programs 2. These 15 units have been funded from sources “other than federal funds” and are operated from internally generated and other funds which may include, but are not limited to, State and Local Program funds. Occasionally, the Authority may apply for and receive additional funding from the Lake County allocation of federal funding, including Community Development Block Grant (CDBG) and HOME funds. This activity is reported in this fund. There was no such activity during fiscal year 2023.

**State and Local**

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

**Budgetary Accounting**

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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



**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

**Capital Assets**

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

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

Total depreciation expense for the 2023 fiscal year was \$265,385.

**Capitalization of Interest**

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

**Compensated Absences**

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

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

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

**Prepaid Items**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

**Operating Revenues and Expenses**

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

**Accounts Receivable**

Accounts receivable are reported net of a \$229,393 allowance for doubtful accounts.

**Accrued Interest Receivable**

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

**Net Position**

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

Net Position can be displayed in three components as follows:

1. Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation and related debt and other liabilities incurred to acquire the assets.
2. Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments in the HCV Program and the Replacement Reserve in the Multi-Family Program. When an expense is incurred for purposes which both restricted and unrestricted Net Positions are available, the Authority first applies restricted net position. Net Position restricted by HUD was \$1,360,597.
3. Unrestricted - This consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

**Income Taxes**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

**Pensions/Other Postemployment Benefits (OPEB)**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

**Deposits**

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

**Deposits** (Continued)

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

At year-end, the carrying amount of the Authority's deposits was \$4,299,276 (including \$242 of petty cash) and the bank balance was \$4,336,753. The difference is primarily outstanding checks at fiscal year-end.

**Custodial Credit Risk**

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. The financial institution collateral pool that insures public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$713,131 were covered by Federal Depository Insurance and the remaining balance of \$3,623,622 was collateralized with securities pledged specifically in the name of the Authority or collateralized as part of a pool.

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

**Investments**

The Authority had only demand and time and savings deposits at June 30, 2023, therefore, is not subject to interest rate, credit concentration, or custodial credit risk.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of June 30, 2023 of \$1,540,922 consists of:

Family Self-Sufficiency Escrows	\$ 100,053
Replacement Reserve in the Multi-Family Program	1,360,587
Tenant Security Deposits	<u>80,282</u>
<b>Total</b>	<b><u><u>\$ 1,540,922</u></u></b>

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

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

	Balance at 6/30/2022	Additions	Reclass	Balance at 6/30/2023
<i>Capital Asset Not Depreciated</i>				
Land	\$ 1,028,099	\$ 0	\$ 0	\$ 1,028,099
Construction-in-Progress	19,088	22,790	(19,088)	22,790
<b>Total Capital Assets Not being Depreciated</b>	<b>1,047,187</b>	<b>22,790</b>	<b>(19,088)</b>	<b>1,050,889</b>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	14,694,213	146,136	19,088	14,859,437
Furniture, Equipment, and Machinery	639,495	48,034	0	687,529
Intangible Right-to-Use Lease - Equipment	73,801	0	0	73,801
<b>Total Capital Assets Being Depreciated</b>	<b>15,407,509</b>	<b>194,170</b>	<b>19,088</b>	<b>15,620,767</b>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	(9,929,954)	(226,998)	0	(10,156,952)
Furniture, Equipment, and Machinery	(554,071)	(21,874)	0	(575,945)
Intangible Right-to-Use Lease - Equipment	(14,322)	(18,063)	0	(32,385)
<b>Total Accumulated Depreciation</b>	<b>(10,498,347)</b>	<b>(266,935)</b>	<b>0</b>	<b>(10,765,282)</b>
Total Capital Assets being Depreciated, Net	4,909,162	(72,765)	19,088	4,855,485
<b>Capital Assets, Net</b>	<b>\$ 5,956,349</b>	<b>\$ (49,975)</b>	<b>\$ 0</b>	<b>\$ 5,906,374</b>

**NOTE 5: DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

*Net Pension Liability* (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

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

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

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

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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

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

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

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

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

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

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

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



**LAKE METROPOLITAN HOUSING AUTHORITY  
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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

For fiscal year ending June 30, 2023, the Authority’s contractually required contributions used to fund pension benefits was \$138,883 for the traditional plan.

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.005493%
Current Measurement Date	0.006165%
Change in Proportionate Share	0.000672%
Proportionate Share of the Ne Pension Liability:	\$ 1,821,144
Pension Expense	\$ 313,767

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

	OPERS Traditional Pension Plan
<b>Deferred Outflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 519,083
Differences between expected and actual experience	60,491
Changes of assumptions	19,240
Changes in proportion and differences between Authority contributions and proportionate share of contributions	86,393
Authority contributions subsequent to the measurement date	66,427
<b>Total Deferred Outflows of Resources</b>	<b>\$ 751,634</b>

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

\$66,427 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30:	<u>OPERS Traditional Pension Plan</u>
2024	\$ 134,000
2025	144,130
2026	152,793
2027	<u>254,284</u>
Total	<u>\$ 685,207</u>

***Actuarial Assumptions - OPERS***

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

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

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

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

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

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LAKE COUNTY, OHIO  
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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

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

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

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

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

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Authority's proportionate share of the net pension liability	\$ 2,728,013	\$ 1,821,144	\$ 1,066,792

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
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NOTE 6: **DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability*

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

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

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

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

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

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

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

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LAKE COUNTY, OHIO  
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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

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

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

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

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

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

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

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

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

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

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(CONTINUED)**

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

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

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

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

The Authority's contractually required contribution allocated to health care was \$3,934 for the fiscal year ending June 30, 2023.

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

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

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.005387%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.006732%
Change in Proportionate Share	0.001345%
Proportionate Share of the Net OPEB Liability	\$ 42,447
OPEB Expense	\$ (101,264)



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

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

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

	OPERS
<b>Deferred Outflows of Resources</b>	
Net difference between projected and actual earnings on OPEB plan investments	\$ 84,298
Changes of assumptions	41,459
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,310
Authority contributions subsequent to the measurement date	2,593
<b>Total Deferred Outflows of Resources</b>	<b>\$ 133,660</b>
 <b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$ 10,589
Changes of assumptions	3,411
<b>Total Deferred Inflows of Resources</b>	<b>\$ 14,000</b>

\$2,593 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2024	\$ 18,592
2025	31,465
2026	26,286
2027	40,724
Total	<b>\$ 117,067</b>

***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.

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

*Actuarial Assumptions – OPERS* (Continued)

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

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

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

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

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

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(CONTINUED)**

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

*Actuarial Assumptions – OPERS* (Continued)

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

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

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

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LAKE COUNTY, OHIO  
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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	\$ 144,469	\$ 42,447	\$ (41,738)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	\$ 39,786	\$ 42,447	\$ 45,441

NOTE 7: **RISK MANAGEMENT**

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

**NOTE 7: RISK MANAGEMENT** (Continued)

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

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

**NOTE 8: LONG-TERM LIABILITIES**

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 18,254	\$ 1,397	\$ 19,651
2025	18,998	654	19,652
2026	5,719	47	5,766
	<u>\$ 42,971</u>	<u>\$ 2,098</u>	<u>\$ 45,069</u>

Changes in other long-term obligations of the Authority during the year ended June 30, 2032 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
FSS Liability	\$ 102,822	\$ 32,418	\$ (35,187)	\$ 100,053	\$ 0
Lease Liability	60,515	0	(17,544)	42,971	18,254
Accrued Compensated Absences	49,072	73,323	(65,000)	57,395	11,479
Net Pension Liability\	477,913	1,343,231	0	1,821,144	0
Net OPEB Liability	0	42,447	0	42,447	0
<b>Total</b>	<u>\$ 690,322</u>	<u>\$ 1,491,419</u>	<u>\$ (117,731)</u>	<u>\$ 2,064,010</u>	<u>\$ 29,733</u>

**NOTE 9: CONTINGENT LIABILITIES**

**Litigations and Claims**

In the normal course of operations, the Authority may be subject to litigation and claims other than those associated with routine eviction cases and administrative appeals of participants who have been terminated from the Housing Choice Voucher Program. As of June 30, 2023, the Authority was not involved in any such cases.

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(CONTINUED)**

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NOTE 9: **CONTINGENT LIABILITIES** (Continued)

**Grants**

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

NOTE 10: **COVID-19**

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

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

<b>Traditional Plan</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's Proportion of the Net Pension Liability	0.006165%	0.005493%	0.005053%	0.005862%	0.005723%	0.006015%	0.006316%	0.005391%	0.005801%	0.005801%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,821,141	\$ 477,913	\$ 748,239	\$ 1,158,664	\$ 1,567,414	\$ 943,637	\$ 1,434,256	\$ 933,791	\$ 699,665	\$ 683,862
Authority's Covered Payroll	\$ 955,677	\$ 797,151	\$ 711,630	\$ 824,718	\$ 773,054	\$ 794,890	\$ 816,422	\$ 670,973	\$ 711,242	\$ 709,889
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.14%	140.49%	202.76%	118.71%	175.68%	139.17%	98.37%	96.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's Proportion of the Net Pension Asset	0.000000%	0.000000%	0.000000%	0.000000%	0.003189%	0.012181%	0.012541%	0.013140%	0.013162%	0.013162%
Authority's Proportionate Share of the Net Pension (Asset)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,566)	\$ (16,582)	\$ (6,980)	\$ (6,394)	\$ (5,068)	\$ (1,381)
Authority's Covered Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,638	\$ 49,888	\$ 48,817	\$ 47,801	\$ 48,113	\$ 48,022
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	26.15%	33.24%	14.30%	13.38%	10.53%	2.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 138,883	\$ 118,513	\$ 105,011	\$ 104,955	\$ 115,721	\$ 104,768	\$ 102,048	\$ 92,653	\$ 82,539	[1]
Combined Plan	0	0	0	0	0	6,575	6,102	6,156	5,615	[1]
Total Required Contributions	138,883	118,513	105,011	104,955	115,721	111,343	108,150	98,809	88,154	108,414
Contributions in Relation to the Contractually Required Contribution										
	(138,883)	(118,513)	(105,011)	(104,955)	(115,721)	(111,343)	(108,150)	(98,809)	(88,154)	(108,414)
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 992,021	\$ 846,521	\$ 750,079	\$ 749,679	\$ 826,579	\$ 776,354	\$ 816,384	\$ 772,108	\$ 687,825	[1]
Combined Plan	0	0	0	0	0	48,725	48,816	51,300	46,792	[1]
Total Covered Payroll	\$ 992,021	\$ 846,521	\$ 750,079	\$ 749,679	\$ 826,579	\$ 825,079	\$ 865,200	\$ 823,408	\$ 734,617	\$ 867,804
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]
Combined Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]
Total	14.00%	14.00%	14.00%	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	12.49%

Total contributions reported include any amounts contributed to the Member-Directed Plan.

See accompanying notes to the required supplementary information



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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.006732%	0.005896%	0.005387%	0.006470%	0.006309%	0.006630%	0.006800%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 42,447	\$ (184,672)	\$ (95,974)	\$ 893,675	\$ 822,545	\$ 719,969	\$ 686,823
Authority's Covered Payroll	\$ 1,120,432	\$ 919,485	\$ 814,707	\$ 977,424	\$ 915,115	\$ 939,330	\$ 939,251
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	20.08%	11.78%	91.43%	89.88%	76.65%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,934	\$ 4,616	\$ 3,225	\$ 5,627	\$ 5,888	\$ 8,533	\$ 16,301	\$ 17,131	\$ 15,911
Contributions in Relation to the Contractually Required Contribution	<u>(3,934)</u>	<u>(4,616)</u>	<u>(3,225)</u>	<u>(5,627)</u>	<u>(5,888)</u>	<u>(8,533)</u>	<u>(16,301)</u>	<u>(17,131)</u>	<u>(15,911)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 1,156,078	\$ 1,010,498	\$ 830,698	\$ 890,352	\$ 973,777	\$ 904,661	\$ 957,270	\$ 864,361	\$ 834,633
Contributions as a Percentage of Covered Payroll	0.34%	0.46%	0.39%	0.63%	0.60%	0.94%	1.70%	1.98%	1.91%

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

See accompanying notes to the required supplementary information

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

***Net Pension Liability***

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY**  
**LAKE COUNTY, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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*Net OPEB Liability*

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

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

**LAKE METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2023**

	Project Total	14,896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14,149 Rent Supplements, Rental Housing for Lower Income Families	14,879 Mainstream Vouchers	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	302,190	-	220,919	408,398	638,331	16,167	1,172,349	2,758,354	-	2,758,354
112 Cash - Restricted - Modernization and Development	-	-	-	-	1,360,587	-	-	1,360,587	-	1,360,587
113 Cash - Other Restricted	-	-	-	-	-	-	100,053	100,053	-	100,053
114 Cash - Tenant Security Deposits	2,277	-	-	13,040	64,965	-	-	80,282	-	80,282
<b>100 Total Cash</b>	<b>304,467</b>	<b>-</b>	<b>220,919</b>	<b>421,438</b>	<b>2,063,883</b>	<b>16,167</b>	<b>1,272,402</b>	<b>4,299,276</b>	<b>-</b>	<b>4,299,276</b>
122 Accounts Receivable - HUD Other Projects	-	12,681	-	-	-	1,092	153,845	167,618	-	167,618
124 Accounts Receivable - Other Government	-	-	-	1,315	-	-	-	1,315	-	1,315
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	883	883	-	883
126 Accounts Receivable - Tenants	-	-	-	7,697	42,824	-	-	50,521	-	50,521
128 Fraud Recovery	-	-	-	-	9,056	-	34,977	44,033	-	44,033
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-34,977	-34,977	-	-34,977
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>-</b>	<b>12,681</b>	<b>-</b>	<b>9,012</b>	<b>51,880</b>	<b>1,092</b>	<b>154,728</b>	<b>229,393</b>	<b>-</b>	<b>229,393</b>
142 Prepaid Expenses and Other Assets	4,236	-	-	1,485	31,706	-	15,393	52,820	-	52,820
<b>150 Total Current Assets</b>	<b>308,703</b>	<b>12,681</b>	<b>220,919</b>	<b>431,935</b>	<b>2,147,469</b>	<b>17,259</b>	<b>1,442,523</b>	<b>4,581,489</b>	<b>-</b>	<b>4,581,489</b>
161 Land	179,025	-	-	126,852	722,222	-	-	1,028,099	-	1,028,099
162 Buildings	2,815,482	-	-	2,257,455	9,786,500	-	-	14,859,437	-	14,859,437
163 Furniture, Equipment & Machinery - Dwellings	23,470	-	-	-	48,472	-	-	71,942	-	71,942
164 Furniture, Equipment & Machinery - Administration	-	-	21,154	12,865	524,518	-	130,851	689,388	-	689,388
166 Accumulated Depreciation	-667,078	-	-21,154	-415,470	-9,563,927	-	-97,653	-10,765,282	-	-10,765,282
167 Construction in Progress	-	-	-	-	18,580	-	4,210	22,790	-	22,790
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,350,899</b>	<b>-</b>	<b>-</b>	<b>1,981,702</b>	<b>1,536,365</b>	<b>-</b>	<b>37,408</b>	<b>5,906,374</b>	<b>-</b>	<b>5,906,374</b>
<b>180 Total Non-Current Assets</b>	<b>2,350,899</b>	<b>-</b>	<b>-</b>	<b>1,981,702</b>	<b>1,536,365</b>	<b>-</b>	<b>37,408</b>	<b>5,906,374</b>	<b>-</b>	<b>5,906,374</b>
200 Deferred Outflow of Resources	53,118	-	-	-	354,118	-	478,058	885,294	-	885,294
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>2,712,720</b>	<b>12,681</b>	<b>220,919</b>	<b>2,413,637</b>	<b>4,037,952</b>	<b>17,259</b>	<b>1,957,989</b>	<b>11,373,157</b>	<b>-</b>	<b>11,373,157</b>
312 Accounts Payable <= 90 Days	-	12,681	-	-	107,825	-	1,925	122,431	-	122,431
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	60,980	-	-	60,980	-	60,980
322 Accrued Compensated Absences - Current Portion	333	-	-	166	4,575	-	6,405	11,479	-	11,479
333 Accounts Payable - Other Government	3,945	-	-	-	-	-	-	3,945	-	3,945
341 Tenant Security Deposits	2,277	-	-	13,040	62,756	-	-	78,073	-	78,073
345 Other Current Liabilities	532	-	-	47	4,381	-	13,294	18,254	-	18,254
<b>310 Total Current Liabilities</b>	<b>7,087</b>	<b>12,681</b>	<b>-</b>	<b>13,253</b>	<b>240,517</b>	<b>-</b>	<b>21,624</b>	<b>295,162</b>	<b>-</b>	<b>295,162</b>
353 Non-current Liabilities - Other	716	-	-	75	5,932	-	118,047	124,770	-	124,770
354 Accrued Compensated Absences - Non Current	1,333	-	-	666	18,673	-	25,244	45,916	-	45,916
357 Accrued Pension and OPEB Liabilities	111,816	-	-	-	745,437	-	1,006,338	1,863,591	-	1,863,591
<b>350 Total Non-Current Liabilities</b>	<b>113,865</b>	<b>-</b>	<b>-</b>	<b>741</b>	<b>770,042</b>	<b>-</b>	<b>1,149,629</b>	<b>2,034,277</b>	<b>-</b>	<b>2,034,277</b>
<b>300 Total Liabilities</b>	<b>120,952</b>	<b>12,681</b>	<b>-</b>	<b>13,994</b>	<b>1,010,559</b>	<b>-</b>	<b>1,171,253</b>	<b>2,329,439</b>	<b>-</b>	<b>2,329,439</b>
400 Deferred Inflow of Resources	840	-	-	-	5,600	-	7,560	14,000	-	14,000
508.4 Net Investment in Capital Assets	2,349,651	-	-	1,981,580	1,526,052	-	6,120	5,863,403	-	5,863,403
511.4 Restricted Net Position	-	-	-	-	1,360,597	-	-	1,360,597	-	1,360,597
512.4 Unrestricted Net Position	241,277	-	220,919	418,063	135,144	17,259	773,056	1,805,718	-	1,805,718
<b>513 Total Equity - Net Assets / Position</b>	<b>2,590,928</b>	<b>-</b>	<b>220,919</b>	<b>2,399,643</b>	<b>3,021,793</b>	<b>17,259</b>	<b>779,176</b>	<b>9,029,718</b>	<b>-</b>	<b>9,029,718</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>2,712,720</b>	<b>12,681</b>	<b>220,919</b>	<b>2,413,637</b>	<b>4,037,952</b>	<b>17,259</b>	<b>1,957,989</b>	<b>11,373,157</b>	<b>-</b>	<b>11,373,157</b>

**LAKE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Project Total	14,896 PIH Family Self-Sufficiency Program	2 State/Local	9 Other Federal Program 2	14,149 Rent Supplements_Rental Housing for Lower Income Families	14,879 Mainstream Vouchers	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	4,962	-	-	149,249	623,560	-	-	777,771	-	777,771
70400 Tenant Revenue - Other	120	-	-	852	6,409	-	-	7,381	-	7,381
<b>70500 Total Tenant Revenue</b>	<b>5,082</b>	<b>-</b>	<b>-</b>	<b>150,101</b>	<b>629,969</b>	<b>-</b>	<b>-</b>	<b>785,152</b>	<b>-</b>	<b>785,152</b>
70600 HUD PHA Operating Grants	131,655	49,818	-	-	905,324	225,579	9,231,832	10,544,208	-	10,544,208
71100 Investment Income - Unrestricted	-	-	197	865	-	-	-	1,062	-	1,062
71400 Fraud Recovery	-	-	-	-	-	-	25,196	25,196	-	25,196
71500 Other Revenue	-	-	20,701	75	36,778	-	-	57,554	-	57,554
72000 Investment Income - Restricted	-	-	-	-	3,387	-	-	3,387	-	3,387
<b>70000 Total Revenue</b>	<b>136,737</b>	<b>49,818</b>	<b>20,898</b>	<b>151,041</b>	<b>1,575,458</b>	<b>225,579</b>	<b>9,257,028</b>	<b>11,416,559</b>	<b>-</b>	<b>11,416,559</b>
91100 Administrative Salaries	26,407	36,283	-	14,480	303,260	13,027	550,543	944,000	-	944,000
91200 Auditing Fees	352	-	-	118	2,467	176	8,636	11,749	-	11,749
91400 Advertising and Marketing	96	-	-	53	1,428	30	1,482	3,089	-	3,089
91500 Employee Benefit contributions - Administrative	13,786	11,734	-	5,476	140,349	4,220	235,008	410,573	-	410,573
91600 Office Expenses	12,386	-	-	6,766	112,811	3,258	159,224	294,445	-	294,445
91700 Legal Expense	1,062	-	-	3,012	11,719	80	4,390	20,263	-	20,263
91800 Travel	99	1,801	-	62	4,824	-	5,014	11,800	-	11,800
91900 Other	-	-	7,890	-	-	-	-	7,890	-	7,890
<b>91000 Total Operating - Administrative</b>	<b>54,188</b>	<b>49,818</b>	<b>7,890</b>	<b>29,967</b>	<b>576,858</b>	<b>20,791</b>	<b>964,297</b>	<b>1,703,809</b>	<b>-</b>	<b>1,703,809</b>
92200 Relocation Costs	6,452	-	-	-	-	-	-	6,452	-	6,452
<b>92500 Total Tenant Services</b>	<b>6,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,452</b>	<b>-</b>	<b>6,452</b>
93100 Water	6,275	-	-	3,733	75,194	12	597	85,811	-	85,811
93200 Electricity	9,768	-	-	2,721	176,426	60	2,962	191,937	-	191,937
93300 Gas	17,915	-	-	2,710	25,841	10	481	46,957	-	46,957
<b>93000 Total Utilities</b>	<b>33,958</b>	<b>-</b>	<b>-</b>	<b>9,164</b>	<b>277,461</b>	<b>82</b>	<b>4,040</b>	<b>324,705</b>	<b>-</b>	<b>324,705</b>
94100 Ordinary Maintenance and Operations - Labor	29,962	-	-	17,828	207,911	-	-	255,701	-	255,701
94200 Ordinary Maintenance and Operations - Materials and Other	11,332	-	-	6,302	149,458	-	3,592	170,684	-	170,684
94300 Ordinary Maintenance and Operations Contracts	25,998	-	4,151	10,020	185,994	-	4,522	230,685	-	230,685
94500 Employee Benefit Contributions - Ordinary Maintenance	10,472	-	-	6,269	75,887	-	-	92,628	-	92,628
<b>94000 Total Maintenance</b>	<b>77,764</b>	<b>-</b>	<b>4,151</b>	<b>40,419</b>	<b>619,250</b>	<b>-</b>	<b>8,114</b>	<b>749,698</b>	<b>-</b>	<b>749,698</b>
95200 Protective Services - Other Contract Costs	1,755	-	-	1,053	7,258	-	589	10,655	-	10,655
<b>95000 Total Protective Services</b>	<b>1,755</b>	<b>-</b>	<b>-</b>	<b>1,053</b>	<b>7,258</b>	<b>-</b>	<b>589</b>	<b>10,655</b>	<b>-</b>	<b>10,655</b>
96110 Property Insurance	6,016	-	-	3,596	63,039	-	9,194	81,845	-	81,845
<b>96100 Total Insurance Premiums</b>	<b>6,016</b>	<b>-</b>	<b>-</b>	<b>3,596</b>	<b>63,039</b>	<b>-</b>	<b>9,194</b>	<b>81,845</b>	<b>-</b>	<b>81,845</b>
96200 Other General Expenses	-	-	-	-	-	-	9,810	9,810	-	9,810
96300 Payments in Lieu of Taxes	-	-	-	508	3,397	-	-	3,905	-	3,905
96400 Bad debt - Tenant Rents	847	-	-	-	24,274	-	-	25,121	-	25,121
96500 Bad debt - Mortgages	7,831	-	-	-	-	-	-	7,831	-	7,831
<b>96000 Total Other General Expenses</b>	<b>8,678</b>	<b>-</b>	<b>-</b>	<b>508</b>	<b>27,671</b>	<b>-</b>	<b>9,810</b>	<b>46,667</b>	<b>-</b>	<b>46,667</b>
<b>96900 Total Operating Expenses</b>	<b>188,811</b>	<b>49,818</b>	<b>12,041</b>	<b>84,707</b>	<b>1,571,537</b>	<b>20,873</b>	<b>996,044</b>	<b>2,923,831</b>	<b>-</b>	<b>2,923,831</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>-52,074</b>	<b>-</b>	<b>8,857</b>	<b>66,334</b>	<b>3,921</b>	<b>204,706</b>	<b>8,260,984</b>	<b>8,492,728</b>	<b>-</b>	<b>8,492,728</b>
97300 Housing Assistance Payments	-	-	-	-	-	187,724	8,476,009	8,663,733	-	8,663,733
97400 Depreciation Expense	74,816	-	-	45,895	130,506	-	14,168	265,385	-	265,385
<b>90000 Total Expenses</b>	<b>263,627</b>	<b>49,818</b>	<b>12,041</b>	<b>130,602</b>	<b>1,702,043</b>	<b>208,597</b>	<b>9,486,221</b>	<b>11,852,949</b>	<b>-</b>	<b>11,852,949</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-126,890</b>	<b>-</b>	<b>8,857</b>	<b>20,439</b>	<b>-126,585</b>	<b>16,982</b>	<b>-229,193</b>	<b>-436,390</b>	<b>-</b>	<b>-436,390</b>
11030 Beginning Equity	2,717,818	-	212,062	2,379,204	3,148,378	277	1,008,369	9,466,108	-	9,466,108
11170 Administrative Fee Equity	-	-	-	-	-	-	779,176	779,176	-	779,176
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-
11190 Unit Months Available	300	-	-	180	-	398	18,168	19,046	-	19,046
11210 Number of Unit Months Leased	27	-	-	164	-	329	13,831	14,351	-	14,351

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	Federal ALN Number	Total Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Rent Supplements - Rental Housing for Lower Income Families	14.149	\$ 895,461
Public and Indian Housing	14.850	89,791
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	9,231,832
Mainstream Vouchers	14.879	225,579
Total Housing Voucher Cluster		9,457,411
Public Housing Capital Fund	14.872	41,864
Family Self-Sufficiency Program	14.896	49,818
<b>Total U.S. Department of Housing and Urban Development</b>		<b>10,534,345</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 10,534,345</b>

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

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**NOTE 1: BASIS OF PRESENTATION**

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

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

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

**NOTE 3: INDIRECT COST RATE**

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



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

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

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lake Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 12, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

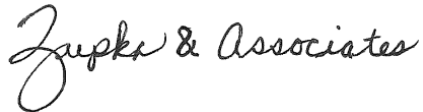
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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



Zupka & Associates  
Certified Public Accountants

January 12, 2024

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

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

To the Members of the Board:

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

***Opinion on Each Major Federal Program***

We have audited the Lake Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

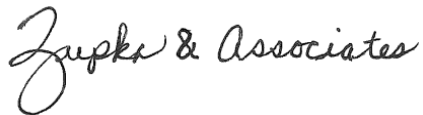
### **Report on Internal Control over Compliance**

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

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

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

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



Zupka & Associates  
Certified Public Accountants

January 12, 2024

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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

2023(i)	Type of Financial Statement Opinion	Unmodified
2023(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2023(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2023(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2023(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2023(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2023(v)	Type of Major Programs' Compliance Opinions	Unmodified
2023(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2023(vii)	Major Programs (list):  Rent Supplements - Rental Housing for Lower Income Families - CFDA #14.149 Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871 Mainstream Vouchers - CFDA #14.879	
2023(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2023(ix)	Low Risk Auditee?	Yes

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

None.

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

None.

**LAKE METROPOLITAN HOUSING AUTHORITY  
LAKE COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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The prior audit report, as of June 30, 2022, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# OHIO AUDITOR OF STATE KEITH FABER



**LAKE METROPOLITAN HOUSING AUTHORITY**

**LAKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/28/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)