

LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

SINGLE AUDIT

JANUARY 1, 2024 – DECEMBER 31, 2024





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Board of Directors
Licking Metropolitan Housing Authority
144 W Main St. Admin Office
Newark, OH 43055

We have reviewed the *Independent Auditor's Report* of the Licking Metropolitan Housing Authority, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh".

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 13, 2026

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**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Licking Metropolitan Housing Authority, Licking County, Ohio (the Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Licking Metropolitan Housing Authority, Licking County, Ohio as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report

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

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

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

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

Required Supplementary Information

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report

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 and Cost Certification as required by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules, Cost Certification, 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 September 22, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
September 22, 2025

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

Licking Metropolitan Housing Authority's (the Authority) *Management 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 year challenges).
- d) Identify the single enterprise fund issues or concerns.

Financial Highlights

- Total Revenue: FYE 12/31/24: \$11,172,942 an increase of \$1,678,298 over 2023
- Total Expenses: FYE 12/31/24: \$10,560,675 an increase of \$999,646 over 2023
- The Authority converted its former Public Housing in the period via HUD's Rental Asset Demonstration (RAD) program. The Authority recognized a special item of (\$442,513) as a result of the RAD conversion.

USING THIS ANNUAL REPORT

The following is an outline of the format of this report:

**MD&A
Management Discussion and Analysis**

**BASIC FINANCIAL STATEMENTS
Statement of Net Position
Statement of Revenues, Expenses and Change in Net Position
Statement of Cash Flows
Notes to the Basic Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION
Pension and OPEB Schedules**

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

BASIC FINANCIAL STATEMENTS

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

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

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

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

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

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

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

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

Conventional Public Housing (PH) - Under the Conventional Public Housing Program, the Authority rents 99 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. This program terminated operations at the Authority due to the RAD conversion in this period.

Capital Fund Program (CFP) - This is the current primary funding source for the Authority’s physical and management improvements for PH. HUD uses a formula based on size and age of the Authority’s units to determine the funding level for this program. This program terminated operations at the Authority due to the RAD conversion in the period.

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

Other Business Activity – The Authority owns an office building/land, which it purchased in 2005 for Section 8 and administrative staff office space. A local health clinic continued to lease a portion of the administrative building throughout 2024. This agreement allows the local health clinic to provide a centralized location for their facility and provided the Authority’s business activities with \$7,200 income in the period. Upon the RAD conversion of the former PH property in the period through this program the Authority will provide management services to the new Terrace Gardens LP property.

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LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

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

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

Blended Component Unit – Licking County Action for Housing, Inc. was organized exclusively for charitable purposes to include making distributions to organizations which qualify as tax exempt organizations under the Internal Revenue Code; acquisition of land for affordable housing purposes in Licking County, Ohio; construction, development and rehabilitation of housing for affordable housing in Licking County, Ohio; management of affordable housing units in Licking County, Ohio; assisting local community and civic organizations with neighborhood revitalization efforts; and other lawful nonprofit corporation purposes.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

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

	2024	2023
<u>Assets and Deferred Outflows of Resources</u>		
Assets		
Current Assets	\$ 2,014,331	\$ 1,038,795
Capital Assets	881,715	1,336,029
Note Receivable	9,930,000	0
Net OPEB Asset	29,215	0
Other Non-Current Assets	0	28,893
Total Assets	<u>12,855,261</u>	<u>2,403,717</u>
Deferred Outflow of Resources	<u>305,412</u>	<u>494,151</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$13,160,673</u></u>	<u><u>\$ 2,897,868</u></u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities		
Current Liabilities	\$ 499,791	\$ 79,791
Non-current Liabilities	1,094,653	1,173,402
Total Liabilities	<u>1,594,444</u>	<u>1,253,193</u>
Deferred Inflow of Resources	<u>9,765,485</u>	<u>13,685</u>
Net Position		
Net Investment in Capital Assets	749,224	1,318,487
Restricted	441,170	21,865
Unrestricted	610,350	290,638
Total Net Position	<u>1,800,744</u>	<u>1,630,990</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$13,160,673</u></u>	<u><u>\$ 2,897,868</u></u>

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

Major Factors Affecting the Statement of Net Position

There are very dramatic changes on the statement and the dramatic changes are primarily related to the Authority culminating the conversion of the former public housing rental housing property using HUD's Residential Assistance Demonstration (RAD) program. Utilizing a combination of debt financing, Low Income Housing Tax Credits, grant funding from the city and county and a 99 year lease on the land, the former public housing rental property was conveyed to a new owner which will renovate and modernize the aging property that is on land being leased by the Authority which ensures the property will be maintained for use as affordable rental housing for years to come.

The increase in current assets of \$975,536 (or 94%), generally corresponds to the increase in current liabilities of \$420,000 and restricted net position of \$419,305. To a large extent, responsible for those increases is cash already received or to be received by the Authority that the Authority will be loaning to the new RAD property to be used to fund renovations. The new notes receivable are loans already made to the RAD property. The loans were extended to the RAD property on the closing date of the transaction in

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

November 2024. The reduction in capital assets reflect disposals related to the converted former public housing property. The large increase in deferred inflows of resources reflect the ground lease with the converted property.

The one larger change on the statement not related to the RAD conversion is the decrease in deferred outflows of resources of \$188,739 (or 38%). That change is due to balances reported in accordance with GASB 68 and GASB 75. GASB 68 is an accounting standard that calls for Licking MHA to report what is determined to be its estimated share of the unfunded pension liability of the retirement system, the Ohio Public Employees Retirement System (OPERS). And GASB 75 is an accounting standard that calls for the Authority to report what is determined to be its estimated share of the unfunded OPEB (healthcare) liability (or OPEB funding surplus asset, at fiscal year-end 2024 the Authority reports a Net OPEB asset of \$29,215) of OPERS. Employees of the Authority are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. Some changes in the unfunded pension liability and OPEB liability/asset of the retirement system are amortized over a five-year period, and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. That means the larger change to the deferred outflows of resources does not represent changes in operations at the Authority but rather reflect changes in the funding of future obligations by the retirement system.

Table 2 - Condensed Statement of Revenues, Expenses, and Change in Net Position

	2024	2023
<u>Revenues</u>		
Total Tenant Revenues	\$ 299,708	\$ 375,497
Government Grants	9,906,635	8,913,293
Capital Grant Revenue	611,955	51,900
Interest and Investment Revenue	14,633	6,541
Other Revenues	340,011	147,413
Total Revenues	11,172,942	9,494,644
<u>Expenses</u>		
Administrative	1,105,886	1,098,456
Tenant Services	0	1,035
Utilities	137,581	146,592
Maintenance	225,159	266,944
General and Interest	119,091	72,177
Pension and OPEB	904	44,641
Housing Assistance Payments	8,696,600	7,652,923
Port in HAP	115,743	106,568
Depreciation	159,711	171,693
Total Expenses	10,560,675	9,561,029
Special Item	(442,513)	0
Change in Net Position	169,754	(66,385)
Beginning Net Position	1,630,990	1,697,375
Ending Net Position	\$ 1,800,744	\$ 1,630,990

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

Major Factors Affecting the Statement of Revenues, Expenses, and Change in Net Position

Overall revenues increased \$1,678,298 (or 18%). Changes to most of the revenue lines were related to the RAD conversion. Tenant revenues decreased \$75,789 (or 20%) in large part because tenant revenues were only realized by the Authority for 10 of the 12 months in the fiscal period as the operations of the Authority owned public housing units ceased upon the RAD conversion. The increase to capital grant revenue of \$560,055 was the result of the Authority allowing Capital Fund Program grant funds awarded for most recent years to accumulate and then drawing the funds upon the RAD conversion in this period to make the funds available to be loaned as financing for the renovations to the RAD property. The increase in other income was largely due to a developer fee paid to the component unit of the Authority at the RAD conversion.

The larger increase in revenue not primarily related to the RAD conversion was the increase in government grants (operating subsidies) income which increased \$993,342 (or 11%) and that was largely due to the increase in funding received by the Authority to use to make Housing Assistance Payments (HAP) under the Housing Choice Voucher and Mainstream Voucher programs. HUD provides HAP funding to those programs based on recent spending data reported by the Authority, so it is not just a coincidence that Housing Assistance Payments expense also increased notably in the period.

Expenses overall increased \$999,646 (or 10%) with the increase almost isolated to Housing Assistance Payments expense. HAP expense increased \$1,043,677 (or 14%). This change reflects the continuing trend of increasing rental rates in the area. HAP is rental assistance paid on behalf of families helped by the Voucher programs and is the difference between the cost of renting and what the family can afford to pay for rent and utilities based on Federal guidelines (generally 30% of family income). So as rental rates increase, so does the level of rental assistance needed to make renting affordable.

The other notable balance on the statement is special item of (\$442,513). This is an accounting balance was recorded from the conveyance of the former assets and legacy liabilities as a result of the RAD conversion.

DEBT

The Authority has no outstanding debt at December 31, 2024. However, the Authority has an equipment lease liability at year-end 2024. The following summarizes the change in the lease liability from last year-end.

Intangible Right to Use Equipment Lease Liability, December 31, 2023	\$ 17,542
Additions in Period	8,443
Deletions in period	<u>(8,458)</u>
Intangible Right to Use Equipment Lease Liability, December 31, 2024	<u><u>\$ 17,527</u></u>

The Authority also has a software (SBITA) liability at year-end 2024. The following summarizes the change in the software (SBITA) liability from last year-end.

Intangible Right to Use Software (SBITA) Liability, December 31, 2023	\$ 0
Additions in Period	114,964
Deletions in period	0
Intangible Right to Use Software (SBITA) Liability, December 31, 2024	<u><u>\$ 114,964</u></u>

Intangible right to use equipment lease and software (SBITA) liabilities are presented in detail in Note 7.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

CAPITAL ASSETS

As of 2024 year end, the Authority had \$881,715 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions, and depreciation) of \$454,314 from year end 2023. More information to capital assets is presented in Note 4 to the basic financial statements.

Table 3 - Condensed Statement of Changes in Capital Assets

	2024	2023
Land	\$ 276,250	\$ 276,250
Buildings	4,738,882	6,270,720
Equipment	391,809	331,507
Accumulated Depreciation	(4,525,226)	(5,542,448)
Total Capital Assets, Net	\$ 881,715	\$ 1,336,029

Table 4 - Changes in Capital Assets

Beginning Balance - December 31, 2023	\$ 1,336,029
Current Year Additions	152,614
Current Year Deductions, Net of Depreciation	(447,217)
Current Year Depreciation Expense	(159,711)
Ending Balance - December 31, 2024	\$ 881,715

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding from the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jody Hull-Arthur, Executive Director of the Licking Metropolitan Housing Authority.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 952,375
Accounts Receivable	1,041,932
Prepaid Expenses	20,024
Total Current Assets	<u>2,014,331</u>

Non-Current Assets

Capital Assets:	
Non-Depreciable Capital Assets, Net	276,250
Depreciable Capital Assets, Net	605,465
Total Capital Assets	<u>881,715</u>
Note Receivable, Acquisition Note	9,730,000
Note Receivable, Capital Funds Note	200,000
Net OPEB Asset	29,215
Total Non-Current Assets	<u>10,840,930</u>

Deferred Outflows of Resources

Pension	280,191
OPEB	25,221
Total Deferred Outflows of Resources	<u>305,412</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,160,673</u>

LIABILITIES

Current Liabilities

Accounts Payable	\$ 110,173
Accrued Wages - Payroll Taxes	14,062
Interest Payable	3,446
Intergovernmental Payable	17,097
Unearned Revenue	325,000
Lease Payable	4,536
SBITA Payable	25,477
Total Current Liabilities	<u>499,791</u>

Non-Current Liabilities

Accrued Compensated Absences	83,191
Lease Payable, Net of Current	12,991
SBITA Payable, Net of Current	89,487
Net Pension Liability	908,984
Total Non-Current Liabilities	<u>1,094,653</u>
TOTAL LIABILITIES	<u>1,594,444</u>

Deferred Inflows of Resources

Pension	18,550
OPEB	16,935
Ground Lease	9,730,000
Total Deferred Inflows of Resources	<u>9,765,485</u>

Net Position

Net Investment in Capital Assets	749,224
Restricted	441,170
Unrestricted	610,350
Total Net Position	<u>1,800,744</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 13,160,673

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

Operating Revenue

Government Grants	\$ 9,906,635
Tenant Revenue	299,708
Other Revenue	340,011
Total Operating Revenue	<u>10,546,354</u>

Operating Expenses

Administrative	1,105,886
Utilities	137,581
Maintenance	225,159
General	113,248
Pension and OPEB Expense	904
Housing Assistance Payments	<u>8,812,343</u>
Total Operating Expenses	<u>10,395,121</u>
Income Before Depreciation	<u>151,233</u>
Depreciation	<u>159,711</u>
Operating Loss	<u>(8,478)</u>

Non-Operating Revenues (Expenses)

Capital Grant Revenue	611,955
Interest and Investment Revenue	14,633
Lease and SBITA Interest Expense	<u>(5,843)</u>
Total Non-Operating Revenues (Expenses)	<u>620,745</u>
Change In Net Position-Before Special Item	<u>612,267</u>
Special Item	<u>(442,513)</u>
Change in Net Position	<u>169,754</u>
Total Net Position - Beginning of Year	<u>1,630,990</u>
Total Net Position - End of Year	<u>\$ 1,800,744</u>

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

<u>Cash Flows from Operating Activities</u>	
Cash Received from Government Grants	\$ 8,993,794
Cash Received from Tenants	282,623
Cash Received - Other Revenue	565,226
Cash Payments for Housing Assistance	(8,819,071)
Cash Payments for Other Operating Expenses	(1,434,250)
Net Cash Used by Operating Activities	<u>(411,678)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(29,207)
Capital Grants Received	611,955
Lease Liability Retired	(4,782)
Lease Interest Paid	(1,369)
Net Cash Provided by Capital and Related Financing Activities	<u>576,597</u>
<u>Cash Flows from Investing Activities</u>	
Interest and Investment Income Received	14,633
Acquisition Note Receivables	(200,000)
Net Cash Used by Investing Activities	<u>(185,367)</u>
Net Decrease in Cash and Cash Equivalents	(20,448)
Cash and Cash Equivalents - Beginning of Year	972,823
Cash and Cash Equivalents - End of Year	<u>\$ 952,375</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Loss	\$ (8,478)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	159,711
(Increase) Decrease in:	
Accounts Receivable	(1,012,626)
Prepaid Expenses	16,642
Net OPEB Asset	(29,215)
Other Non-Current Assets	28,893
Deferred Outflows of Resources	188,739
Increase (Decrease) in:	
Accounts Payable	82,507
Accrued Wages and Payroll Taxes	12,783
Accrued Compensated Absences	12,953
Intergovernmental Payable	(6,154)
Security Deposits	(14,728)
Net Pension / Net OPEB Liabilities	(180,420)
Other Liabilities	315,915
Deferred Inflows of Resources	21,800
Net Cash Used by Operating Activities	<u>\$ (411,678)</u>
Noncash Capital Financing Activities:	
During 2024, the Authority entered into financing agreements \$8,443 for leased asset purchase and \$114,964 for SBITA asset purchase. In addition, during 2024 a copier lease was disposed of which had a lease liability of \$3,676. See accompanying notes to the basic financial statements.	

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

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

Basis of Presentation

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

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

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

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

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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, liabilities, and deferred outflows and inflows of resources 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 position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Programs

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

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

Capital Fund Program (CFP) - The CFP provides funds annually, via a formula, to PH agencies for capital and management activities, including modernization and development housing. This program ceased operations at the Authority upon the RAD conversion in the period.

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

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

Business Activities (BA) - Business Activities represents operations of the Authority other than HUD funded programming. Business Activities owns an office building and generates leasing revenue for space leased to other Authority programs and a local health clinic. Upon the RAD conversion of the former public housing property in the period, though this program the Authority will provide management services to the new Terrace Gardens LP property. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

Description of Programs (Continued)

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

Blended Component Unit – Licking County Action for Housing, Inc. was organized exclusively for charitable purposes to include making distributions to organizations which qualify as tax exempt organizations under the Internal Revenue Code; acquisition of land for affordable housing purposes in Licking County, Ohio; construction, development and rehabilitation of housing for affordable housing in Licking County, Ohio; management of affordable housing units in Licking County, Ohio; assisting local community and civic organizations with neighborhood revitalization efforts; and other lawful nonprofit corporation purposes.

Cash and Cash Equivalents

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

Investments

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

Property and Equipment

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

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

Compensated Absences

The Authority recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability is incurred in the proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation- The Authority's policy permits employees to accumulate earned but unused benefits, which are eligible for payments at the employee's current pay rate upon separation from employment.

Sick- The Authority's policy permits employees to accumulate earned but unused sick leave. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Authority's termination policy. The Authority adopted the last-in first-out (LIFO) method for sick time used.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

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

Net Position

The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding debt or other liabilities incurred for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Use of Estimates

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

Budgetary Accounting

The Authority annually prepares funding requests as prescribed by HUD. Operating budgets are adopted for all Authority's programs by the Authority's Board.

Allocation of Costs

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For 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 are explained in Notes 5 and 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported in the statement of net position for pension and OPEB, and the ground lease. Deferred inflows of resources related to pension and OPEB are explained in Notes 5 and 6. The ground lease is explained in Note 12.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. The Authority reported (\$442,513) as special items for 2024 based on transactions associated with the RAD conversion. The Authority had no extraordinary items for 2024.

Implement New Accounting Standards

GASB Statement No. 101, Compensated Absences The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2024, the carrying amount of the Authority's deposits was \$952,375 (including \$100 of petty cash). At December 31, 2024, the bank balance of the Authority's cash deposits was \$953,243. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2024, cash deposits in the amount of \$948,580 were covered by Federal Depository Insurance. The remaining deposits of \$4,663 were uninsured and not collateralized.

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

Investments

The Authority complies with HUD regulations that provide a list of financial instruments in which PHAs are permitted to invest. Investments are valued at market value. At December 31, 2024, the Authority had no investments.

Interest Rate Risk

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

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

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

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable of \$1,041,932 is composed of the following:

Due from HUD	\$ 917,644
Due from Terrace Gardens	120,931
Due from other PHAs for Ports	3,357
Total Accounts Receivable	<u>\$ 1,041,932</u>

NOTE 4: CAPITAL ASSETS

Following is a summary of capital assets:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 276,250	\$ 0	\$ 0	\$ 276,250
Total Capital Assets Not Being Depreciated	276,250	0	0	276,250
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	6,270,720	0	(1,531,838)	4,738,882
Furniture, Equipment, and Machinery	310,626	0	(86,978)	223,648
Intangible Right-to-use Lease - Equipment	20,881	8,443	(5,334)	23,990
Intangible Right-to-use - Subscription	0	144,171	0	144,171
Subtotal Capital Assets Being Depreciated	6,602,227	152,614	(1,624,150)	5,130,691
Accumulated Depreciation -				
Buildings and Improvements	(5,298,628)	(133,051)	1,141,288	(4,290,391)
Furniture and Equipment	(240,174)	0	33,867	(206,307)
Intangible Right-to-use Lease - Equipment	(3,646)	(5,034)	1,778	(6,902)
Intangible Right-to-use - Subscription	0	(21,626)	0	(21,626)
Total Accumulated Depreciation	(5,542,448)	(159,711)	1,176,933	(4,525,226)
Depreciable Assets, Net	1,059,779	(7,097)	(447,217)	605,465
Total Capital Assets, Net	\$ 1,336,029	\$ (7,097)	\$ (447,217)	\$ 881,715

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

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.

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 wages.

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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. 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 Pension Plan.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional Pension Plan and the Combined Plan 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 Pension Plan and the Combined Plan 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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

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

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

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 Pension 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.

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 Plan 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.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

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

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

	State and Local		
	Traditional Pension Plan	Combined Plan	Member- Directed Plan
2023-2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	14.0 %	14.0 %
Employee *	10.0 %	10.0 %	10.0 %
2023-2024 Actual Contribution Rates			
Employer:			
Pension	14.0 %	12.0 %	10.0 %
Post-Employment Health Care Benefits	0.0 %	2.0 %	4.0 %
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>10.0 %</u>

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

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

For fiscal year ending December 31, 2024, the Authority's contractually required contributions used to fund pension benefits was \$81,864 for the Traditional Pension 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, 2023, 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	0.003616%
Current Measurement Date	0.003472%
Change in Proportionate Share	<u>-0.000144%</u>
Proportionate Share of the Net Pension Liability	\$ 908,984
Pension Expense	\$ 86,524

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

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

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

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
	Traditional
	<u>Pension Plan</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 183,471
Differences between expected and actual experience	14,856
Authority contributions subsequent to the measurement date	<u>81,864</u>
Total Deferred Outflows of Resources	<u><u>\$ 280,191</u></u>
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>\$ 18,550</u>
Total Deferred Inflows of Resources	<u><u>\$ 18,550</u></u>

\$81,864 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
	Traditional
	<u>Pension Plan</u>
Year Ending December 31:	
2025	\$ 32,429
2026	56,391
2027	117,081
2028	<u>(26,124)</u>
Total	<u><u>\$ 179,777</u></u>

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

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

Traditional Pension Plan	
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	2.3 percent simple through 2024, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	6.9 percent
Actuarial Cost Method	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.

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

Actuarial Assumptions – OPERS (Continued)

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 gain of 11.2 percent for 2023.

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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u><u>100.00 %</u></u>	

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	\$ 1,430,985	\$ 908,984	\$ 474,831

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability/Asset

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

The net OPEB liability/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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.

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

Net OPEB Liability/Asset (Continued)

GASB 75 assumes any liability/asset 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/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, the 115 Health Care Trust, which was established in 2014 to fund health care for the Traditional Pension, Combined, and Member-Directed plans. With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

Retirees and eligible dependents enrolled in Medicare Parts A and B, and non-Medicare retirees beginning in 2022, are able to participate in the OPERS Connector in lieu of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assist eligible retirees, spouses, and dependents in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.

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

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

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. **Age 65 or older** – minimum of 20 years of qualified health care service credit.
2. **Age 60 to 64** – based on the following age-and-service criteria:
 - a. Group A – 30 years of total service with at least 20 years of qualified health care service credit;
 - b. Group B – 31 years of total service with at least 20 years of qualified health care service credit; or
 - c. Group C – 32 years of total service with at least 20 years of qualified health care service credit.
3. **Age 59 or younger** – based on the following age-and-service criteria:
 - a. Group A – 30 years of qualified health care service credit;
 - b. Group B - 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or
 - c. Group C – 32 years of qualified health care service credit and at least age 55.

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

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

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

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 2023 and 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023-2024, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan. The employer contribution as a percent of covered payroll deposited for the Combined Plan and Member-Directed Plan health care programs in 2023-2024 was 2.0 percent and 4.0 percent, respectively.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. None of the Authority's contractually required contribution were allocated to health care for the year ending December 31, 2024.

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

The net OPEB liability/asset for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.003368%
Current Measurement Date	0.003237%
Change in Proportionate Share	<u><u>-0.000131%</u></u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ (29,215)
OPEB Expense	\$ (3,755)

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

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

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 17,544
Changes of assumptions	7,522
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>155</u>
Total Deferred Outflows of Resources	<u><u>\$ 25,221</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 4,159
Changes of assumptions	12,558
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>218</u>
Total Deferred Inflows of Resources	<u><u>\$ 16,935</u></u>

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

	<u>OPERS</u>
Year Ending December 31:	
2025	\$ (861)
2026	1,417
2027	13,656
2028	<u>(5,926)</u>
Total	<u><u>\$ 8,286</u></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.

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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/asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. 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, 2023	December 31, 2022
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	5.70 percent	5.22 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	3.77 percent	4.05 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2038	5.50 percent initial, 3.50 percent ultimate in 2036
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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

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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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability/asset on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 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 3.77 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 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability/asset calculated using the single discount rate of 5.70 percent, as well as what the Authority's proportionate share of the net OPEB liability/asset would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate (Continued)

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 16,056	\$ (29,215)	\$ (66,715)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/asset. The following table presents the net OPEB liability/asset 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 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	\$ (30,428)	\$ (29,215)	\$ (27,838)

NOTE 7: **NON-CURRENT LIABILITIES**

In November 2022, the Authority entered into a sixty-three month lease for a copier/printer/scanners calling for monthly payments of \$368 beginning February 1, 2023. In November 2024 a portion of this lease was transferred to Terrace Gardens and the remaining liability was retired by the Authority; this left the remaining payments on the lease to be \$274 per month. The equipment is being amortized over the life of the lease. The annual interest rate on the lease is estimated to be 4 percent.

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NOTE 7: NON-CURRENT LIABILITIES (Continued)

In 2024 the Authority entered into a sixty month lease for a postage machine calling for quarterly payments of \$468 beginning July 1, 2024. The equipment is being amortized over the life of the lease. The annual interest rate on the lease is estimated to be 4 percent.

Lease commitments for fiscal years ending December 31 are as follows:

	Principal	Interest	Total
2025	\$ 4,536	\$ 623	\$ 5,159
2026	4,720	439	5,159
2027	4,912	247	5,159
2028	2,894	73	2,967
2029	465	3	468
Total	<u>\$ 17,527</u>	<u>\$ 1,385</u>	<u>\$ 18,912</u>

In 2024, the Authority entered into a sixty month subscription-based information technology arrangement (SBITA) calling for increasing annual payments for the periods beginning April 1 of each year. The subscription is being amortized over the life of the arrangement. The annual interest rate on the lease is estimated to be 4 percent.

SBITA commitments for fiscal years ending December 31 are as follows:

	Principal	Interest	Total
2025	\$ 25,477	\$ 3,909	\$ 29,386
2026	27,570	2,808	30,378
2027	29,786	1,617	31,403
2028	32,131	332	32,463
Total	<u>\$ 114,964</u>	<u>\$ 8,666</u>	<u>\$ 123,630</u>

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

	Balance			Balance	Current Portion
	1/1/2024	Additions	Retired		
Compensated Absence *	\$ 70,238	\$ 12,953	\$ 0	\$ 83,191	\$ 0
Net Pension Liability	1,068,168	0	(159,184)	908,984	0
Net OPEB Liability	21,236	0	(21,236)	0	0
Intangible Right-to-use SBITA	0	114,964	0	114,964	25,477
Intangible Right-to-use Lease	17,542	8,443	(8,458)	17,527	4,536
Total Non-Current Liabilities	<u>\$ 1,177,184</u>	<u>\$ 136,360</u>	<u>\$ (188,878)</u>	<u>\$ 1,124,666</u>	<u>\$ 30,013</u>

*- Net change reported

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NOTE 8: RISK MANAGEMENT

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 9: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2024.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2024, the Authority was not aware of any such matters.

NOTE 10: RESTRICTED NET POSITION

Restricted net position of \$441,170 is composed of the following:

Funds restricted to be loaned to Terrace Gardens	\$ 411,955
Restricted for the GASB 75 Net OPEB Asset	<u>29,215</u>
Total Restricted Net Position	<u>\$ 441,170</u>

NOTE 11: SPECIAL ITEM

The Authority participated in HUD's Residential Assistance Demonstration (RAD) program and converted its former Public Housing property in the period. This conversion occurred November 5, 2024. The new Terrace Gardens LP is not a part of the Authority's reporting entity. The Authority recognized a special item of (\$442,513) from the conversion in the period.

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

NOTE 12: GROUND LEASE AGREEMENT AND SELLER FINANCING

On November 1, 2024, the Authority entered into a loan with Terrace Gardens LP in the amount of \$9,730,000 related to the Authority's transfer of a leasehold interest in the Project (the "LMHA Acquisition Note"). A lease agreement was also entered into between the parties so that the entire \$9,730,000 represented a prepaid lease to the Authority. The LMHA Acquisition Note bears an interest rate of 4.52 percent per annum, compounding annually, and matures on or before October 31, 2066. Principal and interest payments shall be due and payable to the extent of available cash flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. As of December 31, 2024, the LMHA Acquisition Note had an outstanding balance of \$9,730,000, and the cumulative unrecorded and unpaid interest is \$68,680.

Due to the uncertainty of future principal and interest payments on the LMHA Acquisition Note, the interest will be recognized when it is received.

NOTE 13: CONDENSED FINANCIAL STATEMENT INFORMATION – Blended Component Unit

Licking County Action for Housing, Inc.	
Balance Sheet	
Current Assets	\$ 254,663
Capital Assets, Net	0
Current Liabilities	(75,225)
Non-Current Liabilities	0
Net Position	<hr/> <hr/> <hr/> 179,438
 Revenues, Expenses, and Changes in Net Position	
Total Revenues	180,043
Total Expenses	(605)
Excess Revenue Over Expenses	<hr/> <hr/> 179,438
 Beginning Net Position	0
Ending Net Position	<hr/> <hr/> \$ 179,438

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

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.003472%	0.003616%	0.003663%	0.003682%	0.003513%	0.003685%	0.003819%	0.003863%	0.003844%	0.004012%
Authority's Proportionate Share of the Net Pension Liability	\$ 908,984	\$ 1,068,168	\$ 318,696	\$ 545,224	\$ 694,368	\$ 1,009,247	\$ 599,127	\$ 877,222	\$ 665,831	\$ 483,893
Authority's Covered Payroll	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375	\$ 478,408	\$ 491,833
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.57%	59.95%	105.15%	140.50%	202.79%	118.71%	175.66%	139.18%	98.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

See accompanying notes to the required supplementary information.

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

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 81,864	\$ 80,009	\$ 78,472	\$ 74,429	\$ 72,594	\$ 69,192	\$ 69,675	\$ 65,612	\$ 59,925	\$ 57,409
Contributions in Relation to the Contractually Required Contribution	\$ (81,864)	\$ (80,009)	\$ (78,472)	\$ (74,429)	\$ (72,594)	\$ (69,192)	\$ (69,675)	\$ (65,612)	\$ (59,925)	\$ (57,409)
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Authority's Covered Payroll	\$ 584,743	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375	\$ 478,408
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.003237%	0.003368%	0.003409%	0.003429%	0.003271%	0.003431%	0.003560%	0.003610%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (29,215)	\$ 21,236	\$ (106,775)	\$ (61,090)	\$ 451,810	\$ 447,321	\$ 386,590	\$ 364,622
Authority's Covered Payroll	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	5.11%	3.79%	20.08%	11.78%	91.42%	89.88%	76.60%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,047	\$ 9,988	\$ 9,568
Contributions in Relation to the Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,047)	\$ (9,988)	\$ (9,568)
Contribution Deficiency (Excess)	<u>\$ 0</u>									
Authority Covered Payroll	\$ 584,743	\$ 571,493	\$ 560,514	\$ 531,636	\$ 518,528	\$ 494,229	\$ 497,679	\$ 504,708	\$ 499,375	\$ 478,408
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%

See accompanying notes to the required supplementary information.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

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 2014-2024.

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. For 2024, 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 decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2024.

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. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

Licking Metropolitan Housing Authority
Entity Wide Balance Sheet Summary - FDS Schedule Submitted to HUD
December 31, 2024

	Project Total	6.2 Component Units - Blended	1 Business Activities	14,267 Continuum of Care Program	14,879 Mainstream Vouchers	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$254,463	\$399,306			\$298,606	\$952,375		\$952,375
100 Total Cash	\$0	\$254,463	\$399,306	\$0	\$0	\$298,606	\$952,375	\$0	\$952,375
121 Accounts Receivable - PHA Projects						\$3,357	\$3,357		\$3,357
122 Accounts Receivable - HUD Other Projects				\$615,099	\$10,575	\$50,920	\$241,050	\$917,644	\$917,644
125 Accounts Receivable - Miscellaneous				\$83,156		\$0	\$37,775	\$120,931	\$120,931
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$698,255	\$10,575	\$50,920	\$282,182	\$1,041,932	\$0	\$1,041,932
142 Prepaid Expenses and Other Assets						\$20,024	\$20,024		\$20,024
144 Inter Program Due From				\$33,009			\$33,009	-\$33,009	\$0
150 Total Current Assets	\$0	\$254,463	\$1,130,570	\$10,575	\$50,920	\$600,812	\$2,047,340	-\$33,009	\$2,014,331
161 Land				\$276,250			\$276,250		\$276,250
162 Buildings				\$4,670,467		\$68,415	\$4,738,882		\$4,738,882
164 Furniture, Equipment & Machinery - Administration				\$5,913		\$217,735	\$223,648		\$223,648
165 Leasehold Improvements						\$168,161	\$168,161		\$168,161
166 Accumulated Depreciation				\$4,254,564		\$270,662	-\$4,525,226		-\$4,525,226
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$698,066	\$0	\$0	\$183,649	\$881,715	\$0	\$881,715
171 Notes, Loans and Mortgages Receivable - Non-Current				\$930,000			\$930,000		\$930,000
174 Other Assets				\$8,764		\$20,451	\$29,215		\$29,215
180 Total Non-Current Assets	\$0	\$0	\$10,636,830	\$0	\$0	\$204,100	\$10,840,930	\$0	\$10,840,930
200 Deferred Outflow of Resources				\$91,623		\$213,789	\$305,412		\$305,412
290 Total Assets and Deferred Outflow of Resources	\$0	\$254,463	\$11,859,023	\$10,575	\$50,920	\$1,018,701	\$13,193,682	-\$33,009	\$13,160,673
312 Accounts Payable <= 90 Days		\$225	\$61,364			\$48,584	\$110,173		\$110,173
321 Accrued Wage/Payroll Taxes Payable						\$14,062	\$14,062		\$14,062
325 Accrued Interest Payable						\$3,446	\$3,446		\$3,446
333 Accounts Payable - Other Government				\$17,097			\$17,097		\$17,097
342 Unearned Revenue		\$75,000	\$250,000				\$325,000		\$325,000
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						\$30,013	\$30,013		\$30,013
347 Inter Program - Due To						\$33,009	-\$33,009		\$0
310 Total Current Liabilities	\$0	\$75,225	\$328,461	\$10,575	\$22,434	\$96,105	\$532,800	-\$33,009	\$499,791
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							\$102,478		\$102,478
354 Accrued Compensated Absences - Non Current				\$10,091			\$73,100		\$83,191
357 Accrued Pension and OPEB Liabilities				\$272,695			\$636,289		\$908,984
350 Total Non-Current Liabilities	\$0	\$0	\$282,786	\$0	\$0	\$811,867	\$1,094,653	\$0	\$1,094,653
300 Total Liabilities		\$75,225	\$611,247	\$10,575	\$22,434	\$907,972	\$1,627,453	-\$33,009	\$1,594,444
400 Deferred Inflow of Resources			\$9,740,645			\$24,840	\$9,765,485		\$9,765,485
508.4 Net Investment in Capital Assets	\$0		\$698,066	\$0	\$0	\$51,158	\$749,224		\$749,224
511.4 Restricted Net Position	\$0		\$420,719	\$0	\$0	\$20,451	\$441,170		\$441,170
512.4 Unrestricted Net Position	\$0	\$179,238	\$388,346	\$0	\$28,486	\$14,280	\$610,350		\$610,350
513 Total Equity - Net Assets / Position	\$0	\$179,238	\$1,507,131	\$0	\$28,486	\$85,889	\$1,800,744	\$0	\$1,800,744
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$254,463	\$11,859,023	\$10,575	\$50,920	\$1,018,701	\$13,193,682	-\$33,009	\$13,160,673

Licking Metropolitan Housing Authority
 Entity Wide Revenue and Expense Summary - FDS Schedule Submitted to HUD
 For the Year Ended December 31, 2024

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$298,683						\$298,683		\$298,683
70400 Tenant Revenue - Other	\$1,025						\$1,025		\$1,025
70500 Total Tenant Revenue	\$299,708	\$0	\$0	\$0	\$0	\$0	\$299,708		\$299,708
70600 HUD PHA Operating Grants	\$280,785			\$395,837	\$668,218	\$8,561,795	\$9,906,635		\$9,906,635
70610 Capital Grants	\$611,955						\$611,955		\$611,955
71100 Investment Income - Unrestricted	\$5,278	\$1,843	\$972			\$6,540	\$14,633		\$14,633
71400 Fraud Recovery						\$892	\$892		\$892
71500 Other Revenue	\$3,586	\$178,000	\$24,774	\$3,880		\$128,879	\$339,119		\$339,119
70000 Total Revenue	\$1,201,312	\$179,843	\$25,746	\$399,717	\$668,218	\$8,698,106	\$11,172,942		\$11,172,942
91100 Administrative Salaries	\$86,059		\$4,754	\$19,779	\$27,359	\$367,148	\$505,099		\$505,099
91200 Auditing Fees	\$2,963					\$9,312	\$12,275		\$12,275
91400 Advertising and Marketing						\$565	\$565		\$565
91500 Employee Benefit contributions - Administrative	\$17,577		\$263	\$11,957	\$16,539	\$261,251	\$307,587		\$307,587
91600 Office Expenses	\$24,837	\$380			\$13,925	\$192,029	\$231,171		\$231,171
91700 Legal Expense	\$179					\$12,427	\$12,606		\$12,606
91800 Travel	\$3,187					\$9,042	\$12,229		\$12,229
91900 Other	\$9,480	\$225	\$1,625			\$27,798	\$39,128		\$39,128
91000 Total Operating - Administrative	\$144,282	\$605	\$6,642	\$31,736	\$57,823	\$879,572	\$1,120,660		\$1,120,660
93100 Water	\$24,599					\$794	\$25,393		\$25,393
93200 Electricity	\$89,603					\$5,673	\$95,276		\$95,276
93300 Gas	\$13,513					\$2,399	\$15,912		\$15,912
93600 Sewer						\$1,000	\$1,000		\$1,000
93000 Total Utilities	\$127,715	\$0	\$0	\$0	\$0	\$9,866	\$137,581		\$137,581
94100 Ordinary Maintenance and Operations - Labor	\$59,800					\$918	\$60,718		\$60,718
94200 Ordinary Maintenance and Operations - Materials and Other	\$16,368					\$9,810	\$26,178		\$26,178
94300 Ordinary Maintenance and Operations Contracts	\$109,928					\$751	\$110,679		\$110,679
94500 Employee Benefit Contributions - Ordinary Maintenance	\$12,214						\$12,214		\$12,214
94000 Total Maintenance	\$198,310	\$0	\$0	\$0	\$0	\$11,479	\$209,789		\$209,789
96110 Property Insurance	\$20,580						\$20,580		\$20,580
96120 Liability Insurance						\$14,472	\$14,472		\$14,472
96130 Workmen's Compensation						\$2,108	\$2,108		\$2,108
96140 All Other Insurance						\$3,295	\$3,295		\$3,295
96100 Total Insurance Premiums	\$20,580	\$0	\$0	\$0	\$0	\$19,875	\$40,455		\$40,455
96200 Other General Expenses	\$472		\$29,848	\$1,268		\$7,422	\$39,010		\$39,010
96210 Compensated Absences						\$16,686	\$16,686		\$16,686
96300 Payments in Lieu of Taxes	\$17,097						\$17,097		\$17,097
96000 Total Other General Expenses	\$17,569	\$0	\$29,848	\$1,268	\$0	\$24,108	\$72,793		\$72,793
96710 Interest of Mortgage (or Bonds) Payable	\$137					\$5,706	\$5,843		\$5,843
96700 Total Interest Expense and Amortization Cost	\$137	\$0	\$0	\$0	\$0	\$5,706	\$5,843		\$5,843
96900 Total Operating Expenses	\$508,593	\$605	\$36,490	\$33,004	\$57,823	\$950,606	\$1,587,121		\$1,587,121
97000 Excess of Operating Revenue over Operating Expenses	\$692,719	\$179,238	-\$10,744	\$366,713	\$610,395	\$7,747,500	\$9,585,821		\$9,585,821
97200 Casualty Losses - Non-capitalized	\$1,500						\$1,500		\$1,500
97300 Housing Assistance Payments	\$29,801			\$366,713	\$596,885	\$7,703,201	\$8,696,600		\$8,696,600
97350 HAP Portability-In						\$115,743	\$115,743		\$115,743
97400 Depreciation Expense	\$98,172		\$20,914			\$40,625	\$159,711		\$159,711
90000 Total Expenses	\$638,066	\$605	\$57,404	\$399,717	\$654,708	\$8,810,175	\$10,560,675		\$10,560,675
10080 Special Items (Net Gain/Loss)	-\$442,513						\$442,513		\$442,513
10100 Total Other financing Sources (Uses)	\$442,513	\$0	\$0	\$0	\$0	\$0	-\$442,513		-\$442,513
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$120,733	\$179,238	-\$31,658	\$0	\$13,510	-\$112,069	\$169,754		\$169,754
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$9,306	\$9,306		\$9,306
11030 Beginning Equity	\$1,052,377	\$0	\$365,685	\$0	\$14,976	\$197,958	\$1,630,990		\$1,630,990
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,173,104		\$1,173,104				\$0		\$0
11170 Administrative Fee Equity						\$85,889	\$85,889		\$85,889
11180 Housing Assistance Payments Equity						\$0	\$0		\$0
11190 Unit Months Available	1188				540	960	12516	15204	15204
11210 Number of Unit Months Leased	957				540	848	11993	14338	14338

LICKING METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
DECEMBER 31, 2024

Capital Fund Program Number: 501-19

1. The Program Costs are as follows:

Funds Approved	\$ 131,473
Funds Disbursed	<u>131,473</u>

Excess (Deficiency) of Funds Approved	<u>\$ -</u>
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Funds Disbursed	\$ 131,473
Funds Expended	<u>131,473</u>

Excess (Deficiency) of Funds Disbursed	<u>\$ -</u>
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2. The Final Financial Status Report was signed and filed on: 6/25/2024

3. All costs have been paid and there are no outstanding obligations.

4. The Final Costs on the Certification agrees with the Authority's records.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY
SCHEDE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Funding:</i>			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 8,536,029
Mainstream Vouchers	N/A	14.879	668,218
Total Housing Voucher Cluster			<u>9,204,247</u>
Continuum of Care Program			
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	395,837
Public Housing Capital Fund Program	N/A	14.872	277,641
			<u>615,099</u>
Total Federal Award Expenditures			<u>\$ 10,492,824</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Licking Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States 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 Licking Metropolitan Housing Authority, Licking County, (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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Report on Compliance and Other Matters

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

Purpose of This Report

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

Wilson, Shumaker & Snod, Inc.

Newark, Ohio
September 22, 2025

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

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Licking Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2024. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Licking Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Licking Metropolitan Housing Authority
Licking County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
September 22, 2025

**LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



LICKING METROPOLITAN HOUSING AUTHORITY

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/27/2026

65 East State 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