

**PORTAGE METROPOLITAN HOUSING AUTHORITY**

Financial Condition

As of

December 31, 2020

Together with Auditors' Report



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Portage Metropolitan Housing Authority  
2832 State Route 59  
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the Portage Metropolitan Housing Authority, Portage County, prepared by Kevin L. Penn, Inc, for the audit period January 1, 2020 through December 31, 2020. 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 Portage Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 30, 2021

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**PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO**

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	12
Statement of Revenues and Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15
Financial Data Schedule – Statement of Net Position	41
Financial Data Schedule – Statement of Revenue and Expenses	49
Financial Data Schedule – Additional Information Required by HUD	55
Schedule of Authority's Proportionate Share of the Net Pension Liability	57
Schedule of Authority's Proportionate Share of the Net OPEB Liability	58
Schedule of Authority's Contributions	59
Notes to the Required Supplementary Information	60
Schedule of Expenditures of Federal Awards	61
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	62
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by the Uniform Guidance	64
Schedule of Findings	66
Summary Schedule of Prior Audit Findings	67

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the business-type activities of Portage Metropolitan Housing Authority, Portage County as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Portage Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinions.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Portage Metropolitan Housing Authority, Portage County, Ohio as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Portage Metropolitan Housing Authority. I did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary***

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

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

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



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

In accordance with *Government Auditing Standards*, I have also issued my report dated May 5, 2021 on my consideration of the Portage Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portage Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

Cleveland, Ohio

May 5, 2021

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

This Management’s Discussion and Analysis (MD&A) for the Portage Metropolitan Housing Authority (the Authority) is intended to assist the reader to identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify changes in the Authority’s financial position. It is designed to focus on the financial activity for the calendar year ended December 31, 2020, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

- During FY 2020, the Authority’s net position increased by \$805,000 (or 9%). The increase was mainly due to the increase in CARES funding. Net Position was \$8,300,000 and \$9,105,000 for FY 2019 and FY 2020 respectively.
- The revenue increased by \$1,173,000 (or 7%) during FY 2020, and was \$17,684,000 and \$16,511,000 for FY 2019 and FY 2020 respectively.
- The total expenses of the Authority decreased by \$122,000 (or .7%). Total expenses were \$17,001,000 and \$16,879,000 for FY 2019 and FY 2020 respectively.

**Overview in the Financial Statements**

The basic financial statements included elsewhere in this report are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is very similar to what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2020; that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. The other half reports the Authority’s liabilities; that is, what the Authority owes others at December 31, 2020, and what Net Position (equity) the Authority has at December 31, 2020. The two parts of the report are in balance and is why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus Net Position (or equity) part. In the statement, the Net Position is broken out into three broad categories:

Net Investment in Capital Assets, Net of Related Debt  
Net Position Restricted  
Net Position Unrestricted

The balance in Net Investment in Capital Assets, Net of Related Debt reflects the value of capital assets (assets such as land, buildings, and equipment) reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is the remainder of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to the Authority for its use in furthering its purposes.

The Statement of Revenues, Expenses, and Changes in Fund Balance (or Net Position or equity) is very similar to, and may commonly be referred to, as an Income Statement. It is a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. It also shows how the fund balance (or Net Position or equity) changed because of how the revenue exceeded or were less than the expenses. It helps the reader to determine if the Authority had more in revenues than in expenses, or vice-versa, and then how that net gain or net loss affected the fund balance (or Net Position or equity). The ending total Net Position is what is referred to in the above discussion of the Statement of Net Position which when added to the liabilities the Authority has, equals the total assets of the Authority.

The Statement of Cash Flows shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and going out. It helps the reader to understand the sources and uses of cash by the Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets and by activities related to investing activities.

### **The Authority's Business Type Fund**

The financial statements included elsewhere in this report are presented using the Authority-wide perspective, meaning the activity reported reflects the summed results of all the programs, or business type funds, of the Authority. The Authority consists exclusively of an enterprise fund. The full accrual basis of accounting is used for the Authority's enterprise fund. The accrual method of accounting is very similar to accounting used in the private sector.

The Authority's business type fund includes the following programs:

Moving to Work Programs – These programs are demonstration programs that allow participating housing authorities to design and test ways to promote self-sufficiency among assisted households, reduce costs through improved efficiency, and increase housing choice for low-income families. The programs provide no additional funding to the housing authority, but permit waivers of laws included within the Housing Act of 1937. The Conventional Public Housing Programs and the Section 8 Housing Choice Voucher Program are the Moving to Work Programs of the Portage Metropolitan Housing Authority.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

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

Section 8 Housing Choice Voucher Program -Under the Housing Choice Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the participant’s rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contribution Funding to enable the Authority to structure a lease that sets the participants’ rent at 30 percent of household income.

Shelter Plus Care Program -This program links rental assistance to supportive services for hard-to-reach homeless persons with disabilities, primarily those who are seriously mentally ill, have chronic substance abuse problems, or have AIDS and related diseases.

Section 8 Mod Rehab Program and Mainstream Voucher Program -These programs provide rental assistance to clients in a manner that is very similar to how rental assistance is provided under the Housing Choice Voucher Program but serves target populations.

Other Non-major Programs -In addition to the major programs described above, the Authority also administers programs that have assets, liabilities, and revenues or expenses of less than 6 percent of the Authority’s total assets, liabilities, revenues or expenses.

Resident Opportunities and Self-Sufficiency (ROSS) -This grant program is funded by HUD to assist residents in the process of moving from welfare to work.

Business Activities -This program represents non-HUD resources developed from a variety of activities.

**GASB 68 and GASB 75**

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2020 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For calendar year 2020, the Authority adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pension costs (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*.

GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

The Ohio revised Code permits but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is for the administration of the plan pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The following represents a condensed Statement of Net Position compared to prior year. The Authority is engaged only in business type activities. For more detailed information, see the Statement of Net Position.

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

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current and Other Assets	\$4,265,000	\$4,877,000
Capital Assets	<u>7,696,000</u>	<u>6,689,000</u>
<b>Total Assets</b>	<u>\$11,961,000</u>	<u>\$11,566,000</u>
<b>Liabilities</b>		
Current Liabilities	\$824,000	\$464,000
Long-Term Liabilities	<u>2,032,000</u>	<u>2,802,000</u>
<b>Total Liabilities</b>	\$2,856,000	\$3,266,000
<b>Net Position</b>		
Net Investment in Capital Assets	\$7,696,000	\$6,689,000
Restricted Net Position	264,000	316,000
Unrestricted Net Position	<u>1,145,000</u>	<u>1,295,000</u>
<b>Total Net Position</b>	<u>9,105,000</u>	<u>8,300,000</u>
<b>Total Liabilities and Net Position</b>	<u>\$11,961,000</u>	<u>\$11,566,000</u>

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

The total net position increased 3% from year-end 2019 to year-end 2020. See the discussion in the next section of factors contributing to this change. During 2020, current and other assets decreased by \$612,000 while current liabilities increased by \$360,000. Capital assets increased \$1,007,000 reflecting capital fund increases.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position. The Authority is engaged only in business type activities.

**Table 2 -Statement of Revenues, Expenses, and Changes in Net Position**

**(Values rounded to nearest Thousand)**

	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Revenues</b>		
Tenant Revenues	\$ 1,013,000	\$ 930,000
HUD Operating Subsidies and Grants	14,356,000	13,509,000
Capital Grants	941,000	822,000
Non-Operating Revenue	35,000	70,000
Other Revenues	<u>1,339,000</u>	<u>1,180,000</u>
<b>Total Revenues</b>	<b>\$17,684,000</b>	<b>\$16,511,000</b>
<b>Expenses</b>		
Administrative	\$ 3,282,000	\$ 4,045,000
Tenant Services	55,000	56,000
Utilities	422,000	419,000
Maintenance and Operations	1,450,000	1,237,000
General	312,000	467,000
Housing Assistance Payments	10,688,000	10,190,000
Depreciation	<u>670,000</u>	<u>587,000</u>
<b>Total Expenses</b>	<b><u>\$ 16,879,000</u></b>	<b><u>\$ 17,001,000</u></b>
Net Increase (Decrease) in Net Position	<u>\$ 805,000</u>	<u>\$ (490,000)</u>

For 2020, the Authority revenues increased 7% and expenses decreased .7%. The Authority experienced increases in tenant revenues, HUD subsidies and capital funding. The Authority experienced decreases in expenses because of GASB 68.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

**Table 3 – Change in Net Position  
(Values rounded to nearest Thousand)**

Restated Unrestricted Net Position 12/31/2019		\$ 1,295,000
Results from Operations	805,000	
Adjustments:		
Depreciation(1)	<u>670,000</u>	
Adjusted Results from Operations		1,475,000
Decrease in Restricted Net Position		52,000
Capital Expenditures, net		<u>(1,677,000)</u>
Unrestricted Net Position 12/31/2020		<u>\$ 1,145,000</u>
Restricted Net Position 12/31/2019		\$ 316,000
HAP reserves	(55,000)	
Restricted Investment Income	<u>3,000</u>	
		<u>52,000</u>
Restricted Net Position 12/31/2020		<u>\$ 264,000</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) The Housing Choice Voucher Program and VASH require the equity portion attributable to the excess housing assistance payments be reflected as restricted net position. The corresponding funds are reflected in the cash accounts.

The following is a condensed Statement of Changes in Capital Assets comparing balances in capital assets for 2019 and 2020.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	<u>2020</u>	<u>2019</u>
Land and Land Rights	\$ 1,623,000	\$ 1,623,000
Building and Improvements	25,226,000	23,855,000
Equipment	544,000	476,000
Construction in Progress	0	0
Accumulated Depreciation	<u>(19,697,000)</u>	<u>(19,265,000)</u>
<b>Total</b>	<u>\$ 7,696,000</u>	<u>\$ 6,689,000</u>

**Debt**

The Authority has no debt outstanding at year end 2020.



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development has increased.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Federal Reserve Bank interest rates on investments
- Local labor supply and demand, which can affect salary and wage rates.

**Contact the Authority**

Questions concerning this report or requests for additional information should be directed to Pamela Nation Calhoun, Executive Director of the Portage Metropolitan Housing Authority, 2832 State Route 59, Ravenna, Ohio 44266.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 3,556,485
Cash and Cash Equivalents - Restricted (Note 3)	353,282
Accounts Receivable, (Net of Allowance for Doubtful Accounts)	54,566
Inventory (Net of Allowance for obsolete)	81,255
Prepaid Expenses and Other Assets	<u>97,914</u>
Total Current Assets	4,143,502

**Non-Current Assets**

Interest Receivable	14,120
Capital Assets: (Note 4)	
Non-Depreciable Capital Assets	1,623,261
Depreciation Capital Assets	<u>6,072,397</u>
Total Non-Current Assets	<u>7,709,778</u>

Deferred Outflow of Resources - Pension	<u>107,240</u>
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**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**

\$ 11,960,520

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$ 48,289
Accrued Payroll Taxes	65,494
Tenant Security Deposits	88,298
Accrued Compensated Absences - Current Portion	90,517
Unearned Revenue	15,073
Other Liabilities	<u>108,646</u>
Total Current Liabilities	416,317

**Non-Current Liabilities**

Noncurrent Liabilities – Other	53,451
Accrued Pension	1,933,329
Accrued Compensated Absences, Net of Current Portion	<u>45,198</u>
Total Non-Current Liabilities	<u>2,031,978</u>
Total Liabilities	<u><u>\$ 2,448,295</u></u>

Deferred Inflow of Resources – Pension	<u><u>\$ 407,864</u></u>
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**Net Position**

Investment in Capital Assets	\$ 7,695,658
Restricted	263,623
Unrestricted	<u>1,145,080</u>
Total Net Position	<u><u>\$ 9,104,361</u></u>

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

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

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 14,544,225
Tenant Revenue	904,014
Other Revenue	<u>393,394</u>
Total Operating Revenue	15,841,633

**Operating Expenses:**

Administrative Expense	2,679,962
Tenant Services	56,192
Utilities	344,952
Maintenance and Operations	1,517,447
General Expenses	158,822
Housing Assistance Payments	10,688,458
Depreciation Expense	<u>669,641</u>
Total Operating Expenses	<u>16,115,474</u>

Net Operating Income (Loss) (273,841)

Non-Operating Revenues (Expenses)

Interest Income	35,441
Gain(Loss) on Sale of Capital Assets	<u>101,995</u>
Total Non-Operating Revenues (Expenses)	137,436

Excess of Revenue Over(Under) Expenses before Capital Grants (136,405)

Capital Grants	<u>940,831</u>
Change in Net Position	804,426

Net Position - Beginning of Year	<u>8,299,935</u>
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Net Position - End of Year	<u><u>\$ 9,104,361</u></u>
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The accompanying notes are an integral part of the financial statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities:

Cash Received from HUD	\$ 14,544,225
Cash Received from Tenant	904,014
Cash Received from Other Income	393,394
Cash Payments for Housing assistance payments	(10,688,458)
Cash Payments for Administrative	(2,589,868)
Cash Payments for Other Operating Expenses	<u>(2,112,116)</u>
Net Cash Provided (Used) by Operating Activities	451,191

Cash Flows From Capital and Related Financing Activities:

Acquisition of Capital Assets	(1,676,312)
Gain(Loss) on Sale of Capital Assets	101,995
Capital Grant Funds Received	<u>940,831</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(633,486)

Cash Flows From Investing Activities:

Interest Income	<u>35,441</u>
Net Cash Provided (Used) by Investing Activities	35,441
Increase (Decrease) in Cash and Cash Equivalents	(146,854)
Cash and Cash Equivalents - Beginning of Year	<u>4,056,621</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,909,767</u>

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:

Operating Income (Loss)	\$ (273,841)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	669,641
(Increase) decrease in:	
Accounts Receivable	899
Interest Receivable	5,386
Inventory	(22,264)
Deferred Outflow of Resources - Pension	491,295
Prepaid Expenses	(10,046)
Increase (decrease) in:	
Accounts Payable	(6,748)
Accrued Wages/Payroll	20,648
Unearned Revenue	(8,735)
Compensated Absences	(5,965)
Other Liabilities	(23,499)
Accrued Pension	(773,741)
Deferred Inflow of Resources - Pension	372,539
Tenant Security Deposits	14,591
Noncurrent Liabilities - Other	<u>1,031</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 451,191</u>

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

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

**Reporting Entity** (Continued)

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

**Fund Accounting**

The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

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

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

**Measurement Focus/Basis of Accounting**

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GABS Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

Basic Financial Statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

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

**Accounting and Reporting for Nonexchange Transactions**

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform). Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

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

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at calendar year end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. There were no net Position restricted by HUD.

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in calendar year 2020 totaled \$35,441.

**Capital Assets**

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and certificates of deposits regardless of original maturities.

**Compensated Absences**

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



**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

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

**Compensated Absences** (Continued)

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

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

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$2,000 at December 31, 2020.

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the U.S. Department of Housing and Urban Development. This budget is approved by the Board of the Housing Authority.

**Estimates**

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

**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. The deferred outflows of resources related to pension are explained in Note 5.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 5).

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS**

**Deposits**

At calendar year end, the carrying amount of the Authority's deposits were \$3,909,767 and the bank balance was \$4,074,257. Included in the carrying amount of deposits at December 31, 2020 is \$75 in petty cash. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of December 31, 2020, \$816,841 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

Custodial credit risk is the risk that, in the event of 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 Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of 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 the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy; however the Authority's investments at December 31, 2020, were limited to certificates of deposit.

**Interest Rate Risk**

The Authority's investment policy limits investments to 1 year but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

**Credit Risk**

Any deposits of the Authority exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

**Concentration of Credit Risk**

The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding paragraph, all deposits exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

Cash and investments included in the Authority's cash position at December 31, 2020, are as follows:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) &lt;1</u>
Carrying Amount of Deposits – Unrestricted	\$3,556,485	\$3,556,485
Carrying Amount of Deposits – Restricted	<u>353,282</u>	<u>353,282</u>
Totals	<u>\$3,909,767</u>	<u>\$3,909,767</u>

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

**NOTE 3:      RESTRICTED CASH**

The restricted cash balance of \$353,282 on the financial statements represents the following:

FSS Escrow Funds	\$ 53,451
Sale of HUD Property	211,533
Tenant Security Deposits	<u>88,298</u>
Total Restricted Cash	<u>\$ 353,282</u>

**NOTE 4:      CAPITAL ASSETS**

A summary of capital assets at December 31, 2020, by class is as follows:

	<u>12/31/2019</u>	Reclasses	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2020</u>
Capital Assets Not Being Depreciated					
Land	\$1,623,261	\$ 0	\$ 0	\$ 0	\$ 1,623,261
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>1,623,261</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,623,261</u>
Capital Assets Being Depreciated					
Buildings and Improvements	23,850,403	4,125	1,582,042	( 211,329)	25,225,241
Furniture, Equipment, and Machinery- Administrative	<u>480,479</u>	<u>( 4,125)</u>	<u>118,676</u>	<u>( 51,173)</u>	<u>543,857</u>
Subtotal Capital Assets Being Depreciated	24,330,882	0	1,700,718	( 262,502)	25,769,098
Accumulated Depreciation:					
Buildings and Improvements	(19,017,805)	4,039	(579,646)	205,013	(19,396,477)
Furniture, Equipment and Machinery- Administrative	<u>( 247,351)</u>	<u>( 4,039)</u>	<u>( 89,995)</u>	<u>33,083</u>	<u>( 300,224)</u>
Total Accumulated Depreciation	<u>(19,265,156)</u>	<u>0</u>	<u>( 669,641)</u>	<u>238,096</u>	<u>(19,696,701)</u>
Depreciable Assets, Net	<u>5,065,726</u>	<u>0</u>	<u>1,031,077</u>	<u>( 24,406)</u>	<u>6,072,397</u>
Total Capital Assets, Net	<u>\$ 6,688,987</u>	<u>\$ 0</u>	<u>\$1,031,077</u>	<u>\$ ( 24,406)</u>	<u>\$ 7,695,658</u>

Depreciation is calculated using the straight line method with lives varying between 3 and 30 years. The depreciation expense for the year ended December 31, 2020 was \$669,641.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

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 net pension liability represents the Authority’s proportionate share of the Ohio Public Employee Retirement System (OPERS) Pension Plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of its 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 OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees 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.

Organization - OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the employee’s employment. Contributions made prior to the employee’s plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

**Plan Description**

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2019 can be found in the OPERS 2019 Comprehensive Annual Financial Report.

**Pension Benefits** – All benefits of the OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 35 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. 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. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits.

Members who retire before meeting the age and years of service credit requirement for unreduced benefit 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 annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the members' FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the Board of Trustees. 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 member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employee contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vest account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work.

The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Ohio Revised Code Chapter 145 specifies the dependents and the conditions under which they qualify for survivor benefits. Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combed Plan. Death benefits are not available to beneficiaries of Member-Direct Plan participants.

Money Purchase Annuity - Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the Board of Trustees. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS to receive an annuity benefit at age 65 or may elect to receive a refund of their employee contributions made during the period of reemployment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The Ohio Revised Code requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member's accumulated contributions, interest and any qualifying employer funds. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-Direct Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2019.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method.

This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates are currently set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0% for fiscal year 2020. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2020 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2020 was \$229,329, which represented 100% of the Authority's required contribution, and the Authority's proportionate share of pension expense during the same period was \$229,329. The Authority did not make any contributions to the Combined Plan during calendar year 2020.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2019, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013 and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

As of December 31, 2019, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

**Net Pension Liability**

The net pension liability was measured as of December 31, 2019, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Traditional Plan:

Proportionate Share of the Net Pension Liability	\$1,896,912
Proportion of the Net Pension Liability	0.0095970%
Pension Expense	\$ 310,177



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

Combined Plan:

Proportionate Share of the Net Pension Liability	\$ (601)
Proportion of the Net Pension Liability	0.0002880%
Pension Expense	\$ 69

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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 was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2019	December 31, 2019
Experience Study	5 Year Period Ending December 31, 2015	5 Year Period Ending December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25-10.75% (includes wage inflation at 3.25%)	3.25–8.25% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

**Actuarial Methods and Assumptions** (continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. 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.

The discount rate used to measure the total pension liability was 7.2%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability calculated using the discount rate of 7.2% and the expected net pension liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
Authority's proportionate share of the net pension liability/(assets)			
Traditional Plan	\$ 3,128,622	\$ 1,896,912	\$ 789,641
Contribution Plan	\$ ( 36)	\$ (601)	\$ (772)

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

The allocation of investment assets within 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 following table displays the Board of Trustees approved asset allocation policy for 2019 and the long-term expected real rates of return.

Asset Class	Allocation	Real Rate of Return
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	<u>13.00%</u>	4.98%
Total	<u>100.00%</u>	5.61%

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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA 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 money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio was .4% for 2018.

**Average Remaining Service Life**

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2019, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 2.55555 years and for the Combined Plan was 8.8010 years.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

**Deferred Inflows and Deferred Outflows**

The deferred inflows and outflows reported in the Statement of Net Position do not include the layer of amortization that is recognized in current year pension expense and represents the balances of deferred amounts as of December 31, 2019. The table below discloses the original amounts of the deferred inflows and outflows, calculated by OPERS external actuaries, and the current year amortization on those amounts included in pension expense as of and for the year ended December 31, 2019.

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

Traditional Plan:

**Deferred Outflows of Resources**

Changes in Assumptions	<u>\$101,317</u>
Total Deferred Outflows of Resources	<u>\$101,317</u>

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$378,391
Differences between expected and actual experience	<u>23,984</u>
Total Deferred Inflows of Resources	<u>\$402,375</u>

Combined Plan:

**Deferred Outflows of Resources**

Changes in Assumptions	\$ <u>62</u>
Total Deferred Outflows of Resources	<u>\$ 62</u>

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 78
Differences between expected and actual experience	<u>141</u>
Total Deferred Inflows of Resources	<u>\$ 219</u>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the Authority's financial statements. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as disclosed in the table below:

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (continued)

Calendar Year Ending December 31	Traditional Pension Plan Net Deferred Outflows of Resources	Combined Plan Net Deferred Inflows of Resources
2020	\$ 442,751	\$13,287
2021	122,205	3,667
2022	( 15,669)	( 470)
2023	150,246	4,509
2024	-	-
Thereafter	-	-
Total	<u>\$ 699,533</u>	<u>\$20,993</u>

NOTE 6 **OTHER POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accounts payable on both the accrual and modified accrual bases of accounting.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features. As of December 2019, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage.

Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2020, Authority contributed at a rate of 14 percent of earnable salary.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2019. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2020 decrease to 0%.

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

Authority’s contractually required contribution was \$229,329 for the calendar year 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

The net OPEB liability for OPERS was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net OPEB liability was based on The Authority’s share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	\$ 37,018
Proportion of the Net OPEB Liability	0.0026800%
OPEB Expense	\$ 4,197

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

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 1,885
Differences between expected and actual experience	<u>3,385</u>
Total Deferred Inflows of Resources	<u>\$ 5,270</u>

**Deferred Outflows of Resources**

Changes in assumptions	\$ 5,860
Differences between expected and actual experience	<u>1</u>
Total Deferred Outflows of Resources	<u>\$ 5,861</u>

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

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

Calendar Year Ending December 31	Traditional Pension Plan Net Deferred Inflows/(Outflows) of Resources
2020	\$(949)
2021	(445)
2022	( 2)
2023	805
Thereafter	<u>0</u>
Total	<u>\$ (591)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% 3.25 - 10.75%
Single Discount Rate	3.16%
Investment Rate of Return	6.50%
Municipal Bond Rate	2.75%
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030
Actuarial Cost Method	Individual entry age



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	<u>14.00%</u>	4.90%
TOTAL	<u>100.00%</u>	4.55%

Discount Rate: The single discount rate used to measure the OPEB liability was 3.16 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 discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

Sensitivity of Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate:

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.16 percent, as well as what The Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Single Discount Rate (3.16%)</u>	<u>1% Increase (4.16%)</u>
Authority's proportionate share of the net OPEB liability	\$ 48,444	\$ 37,018	\$ 27,869

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability.

The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%.

If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	<u>1% Decrease (6.50%)</u>	<u>Current Cost Trend Rate (10.50%)</u>	<u>1% Increase (8.50%)</u>
Authority's proportionate share of the net OPEB liability	\$ 35,925	\$ 37,018	\$ 38,096

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** – CONTINUED

**Average Remaining Service Life**

GASB 75 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in OPEB expense over the average remaining service life of all employees provided with coverage through the health care plans (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2019, the average of the expected remaining service lives of all employees calculated by our external actuaries was 2.6884 years. Employers should use this amount when calculating elements of OPEB expense subject to amortization requirements as defined in GASB 75 and reported in the Schedule of Collective OPEB Amounts.

NOTE 7: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Directors based on local and state laws.

All full-time employees earn 5.0 hours sick leave per pay period. Unused sick leave may be accumulated up to a total of 130 hours per year. There is no maximum on the total accumulation of sick time hours; however, only employees with 10 years or more of service will be paid for accumulated sick leave upon voluntary separation, up to a maximum of 25 percent of accumulated sick leave hours, not to exceed payment for 240 hours.

All full-time non contract employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2020, based on the vesting method, \$135,715 was accrued by the Authority for unused vacation and sick time.

NOTE 8: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Portage is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	\$ 1,500	\$ 53,778,200 (per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile Physical Damage/Liability	500/0	ACV/6,000,000
Public Officials	0	6,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with SummaCare for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 9: **CONTINGENCIES AND OTHER COMMITMENTS**

**Litigation and Claims**

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2020, the Authority was involved in no matters which management believes would have a material effect on the financial statements. In addition, the Authority had no material operating lease commitments or construction commitments at December 31, 2020.

NOTE 10: **RESTRICTED NET POSITION**

Portage Metropolitan Housing Authority reported Restricted Net Position from the sale of Public Housing property in the amount of \$211,533 and \$52,090 for VASH as of December 31, 2020.

NOTE 11: **LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at December 31, 2020:

	<u>Balance</u> <u>at 12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 12/31/20</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 141,680	\$ 24,042	\$( 30,007)	\$ 135,715	\$ 90,517
Net OPEB Liability	33,767	\$ 3,251	\$ 0	\$ 37,018	\$ 0
Net Pension Liability	<u>\$2,673,303</u>	<u>\$ 0</u>	<u>\$(776,992)</u>	<u>\$1,896,311</u>	<u>\$ 0</u>
Total	<u>\$2,848,750</u>	<u>\$ 27,293</u>	<u>\$(806,999)</u>	<u>\$2,069,044</u>	<u>\$ 90,517</u>

See Notes 5 and 6 for information on the Authority's net pension liability.

NOTE 12: **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Portage Metropolitan Housing Authority (the Authority) for the year ended December 31, 2020. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 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.

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

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

NOTE 13: **OPERATING TRANSFERS**

The Authority had the following operating transfers in 2020:

	<u>Transfer From</u>	<u>Transfer To</u>
Moving to Work Demonstration		\$ 547,870
COCC	\$ 26,000	\$ 30,000
Business Activities	\$ 37,870	
Public Housing	<u>\$ 2,580,568</u>	<u>\$ 2,066,568</u>
Total	<u>\$ 2,644,438</u>	<u>\$ 2,644,438</u>

NOTE 14: **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through May 5, 2021, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the Financial Statements; however the following subsequent event has occurred, which required disclosure in the in the Notes to the Financial Statements.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Portage Metropolitan Housing Authority. The Portage Metropolitan Housing Authority's investments of the pension and other employee benefit plan in which the Portage Metropolitan Housing Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Portage Metropolitan Housing Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
111	Cash - Unrestricted	\$ 402,555		145,853	70,585
113	Cash - Restricted	211,533			
114	Cash - Tenant Security Deposits	71,495			
100	Total Cash	685,583	-	145,853	70,585
122	Acct. Rec. - HUD		5,818	5,837	8,200
124	Acct. Rec. - Other Governments				
125	Acct. Rec. - Misc.	50			1,273
126	Acct. Rec. - Tenants	20,890			
126.1	Allowance Doubtful Accts. - Tenants	(5,340)			
126.2	Allowance Doubtful Accts. - Other	(50)		(368)	(1,273)
127	Notes, Loans, & Mortgages Rec. - Current				
128	Fraud Recovery	4,789		501	1,443
128.1	Allowance Doubtful Accts.	(4,789)		(133)	(1,443)
129	Accrued Interest Receivable	1,494			
120	Net Total Receivables	17,044	5,818	5,837	8,200
142	Prepaid Expenses	78,802		39	110
143	Inventories	23,347			
143.1	Allowance for Obsolete Inventories	(2,000)			
<b>150</b>	<b>Total Current Assets</b>	802,776	5,818	151,729	78,895
161	Land	1,413,461			
162	Buildings	22,177,470			
163	Furniture, Equip. & Mach. - Dwellings	17,356			
164	Furniture, Equip. & Mach. - Admin.	350,707			
166	Accumulated Depreciation	(17,976,431)			
160	Net Fixed Assets	5,982,563	-	-	-
200	Deferred Outflow of Resources	47,397		5,680	5,281
<b>190</b>	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 6,832,736</b>	<b>\$ 5,818</b>	<b>\$ 157,409</b>	<b>\$ 84,176</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

<b>Line item</b>	<b>Account Description</b>	<b>Public Housing</b>	<b>Resident Opportunity &amp; Supportive Services</b>	<b>Housing Choice Voucher</b>	<b>Supportive Housing for Persons with Disabilities</b>
312	A/P <= 90 days	\$ 35,710		\$ 21	\$ 60
321	Accrued Wage/Taxes Payable	5,805	486	48	127
322	Accrued Compensated Absences - Current Portion	34,366	2,928	353	995
333	Accounts Payable - Other Government	44,608			
341	Tenant Security Deposits	71,495			
342	Unearned Revenue	10,569			174
345	Other Current Liabilities	58,603		3	9
357	Accrued Pension	508,524		11,848	28,012
310	<b>Total Current Liabilities</b>	<b>769,680</b>	<b>3,414</b>	<b>12,273</b>	<b>29,377</b>
353	Non-current Liabilities - Other				
354	Accrued Comp. Abs. - Noncurrent	7,260	2,404	344	970
	<b>TOTAL Liabilities</b>	<b>776,940</b>	<b>5,818</b>	<b>12,617</b>	<b>30,347</b>
400	Deferred Inflow of Resources	122,328		992	3,078
508.1	Invested in Capital Assets Net	5,982,563			
511.1	Restricted Net Position	211,533		52,090	
512.1	Unrestricted Net Position	(260,628)		91,710	50,751
513	<b>TOTAL Equity/Net Position</b>	<b>5,933,468</b>	<b>-</b>	<b>143,800</b>	<b>50,751</b>
<b>600</b>	<b>TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY</b>	<b>\$ 6,832,736</b>	<b>\$ 5,818</b>	<b>\$ 157,409</b>	<b>\$ 84,176</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
111	Cash - Unrestricted	\$ 1,586,350	\$ 47,328	\$ 313,087	\$ 641,705
113	Cash - Restricted	53,451			
114	Cash - Tenant Security Deposits				16,803
100	Total Cash	1,639,801	47,328	313,087	658,508
122	Acct. Rec. - HUD				
124	Acct. Rec. - Other Governments			3,500	
125	Acct. Rec. - Misc.	44,998	2,138		
126	Acct. Rec. - Tenants	4,063	220	14,647	597
126.1	Allowance Doubtful Accts. - Tenants	(3,913)	(220)		
126.2	Allowance Doubtful Accts. - Other	(44,998)	(2,138)		
127	Notes, Loans, & Mortgages Rec. - Current				267
128	Fraud Recovery	145,760	-		100
128.1	Allowance Doubtful Accts.	(145,760)	-		(100)
129	Accrued Interest Receivable	4,053		1,741	5,755
120	Net Total Receivables	4,203	-	19,888	6,619
142	Prepaid Expenses	7,835	48	71	6,801
143	Inventories			613	402
143.1	Allowance for Obsolete Inventories				
<b>150</b>	<b>Total Current Assets</b>	<b>1,651,839</b>	<b>47,376</b>	<b>333,659</b>	<b>672,330</b>
161	Land			100,713	19,187
162	Buildings	1,180,967		177,795	1,209,259
163	Furniture, Equip. & Mach. - Dwellings				
164	Furniture, Equip. & Mach. - Admin.	87,467			
166	Accumulated Depreciation	(216,829)		(156,440)	(936,648)
160	Net Fixed Assets	1,051,605	-	122,068	291,798
200	Deferred Outflow of Resources	7,473	6,875	8,575	1,227
<b>190</b>	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 2,710,917</b>	<b>\$ 54,251</b>	<b>\$ 464,302</b>	<b>\$ 965,355</b>



Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
312	A/P <= 90 days	\$ 6,434	\$ 26	\$ 784	\$ 2,783
321	Accrued Wage/Taxes Payable	52,609	59	267	239
322	Accrued Compensated Absences - Current Portion	24,869	441	621	1,262
	Accounts Payable - Other Government				
341	Tenant Security Deposits				16,803
342	Unearned Revenue	3,644	1		536
345	Other Current Liabilities	524	4	12	4,596
357	Accrued Pension	932,895	24,649	56,541	33,655
310	Total Current Liabilities	1,020,975	25,180	58,225	59,874
353	Non-current Liabilities - Other	53,451			
354	Accrued Comp. Abs. - Noncurrent	13,401	430	15	192
	TOTAL Liabilities	1,087,827	25,610	58,240	60,066
400	Deferred Inflow of Resources	171,930	1,234	3,645	14,533
508.1	Invested in Capital Assets Net	1,051,605		122,068	291,798
511.1	Restricted Net Position				
512.1	Unrestricted Net Position	399,555	27,407	280,349	598,958
513	TOTAL Equity/Net Position	1,451,160	27,407	402,417	890,756
<b>600</b>	<b>TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY</b>	<b>\$ 2,710,917</b>	<b>\$ 54,251</b>	<b>\$ 464,302</b>	<b>\$ 965,355</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
111	Cash - Unrestricted	\$ 343,000	6,022	\$ 3,556,485
113	Cash - Restricted			264,984
114	Cash - Tenant Security Deposits			88,298
100	Total Cash	343,000	6,022	3,909,767
122	Acct. Rec. - HUD			19,855
124	Acct. Rec. - Other Governments			3,500
125	Acct. Rec. - Misc.	2,895		51,354
126	Acct. Rec. - Tenants	204		40,621
126.1	Allowance Doubtful Accts. - Tenants	(204)		(9,677)
126.2	Allowance Doubtful Accts. - Other	(2,895)		(51,722)
127	Notes, Loans, & Mortgages Rec. - Current			267
128	Fraud Recovery	2,235		154,828
128.1	Allowance Doubtful Accts.	(2,235)		(154,460)
129	Accrued Interest Receivable	1,075	2	14,120
120	Net Total Receivables	1,075	2	68,686
142	Prepaid Expenses	2,363	1,845	97,914
143	Inventories		58,893	83,255
143.1	Allowance for Obsolete Inventories			(2,000)
<b>150</b>	<b>Total Current Assets</b>	346,438	66,762	4,157,622
161	Land		89,900	1,623,261
162	Buildings	46,354	416,040	25,207,885
163	Furniture, Equip. & Mach. - Dwellings			17,356
164	Furniture, Equip. & Mach. - Admin.	105,683		543,857
166	Accumulated Depreciation	(78,645)	(331,708)	(19,696,701)
160	Net Fixed Assets	73,392	174,232	7,695,658
200	Deferred Outflow of Resources	21,951	2,781	107,240
<b>190</b>	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 441,781</b>	<b>\$ 243,775</b>	<b>\$ 11,960,520</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
312	A/P <= 90 days	\$ 88	\$ 2,383	\$ 48,289
321	Accrued Wage/Taxes Payable	167	5,687	65,494
322	Accrued Compensated Absences - Current Portion	1,498	23,184	90,517
333	Accounts Payable - Other Government			44,608
341	Tenant Security Deposits			88,298
342	Unearned Revenue	149		15,073
345	Other Current Liabilities	14	273	64,038
357	Accrued Pension	95,080	242,125	1,933,329
310	Total Current Liabilities	<u>96,996</u>	<u>273,652</u>	<u>2,349,646</u>
353	Non-current Liabilities - Other			53,451
354	Accrued Comp. Abs. - Noncurrent	1,461	18,721	45,198
	TOTAL Liabilities	<u>98,457</u>	<u>292,373</u>	<u>2,448,295</u>
400	Deferred Inflow of Resources	4,538	85,586	407,864
508.1	Invested in Capital Assets Net	73,392	174,232	7,695,658
511.1	Restricted Net Position			263,623
512.1	Unrestricted Net Position	265,394	(308,416)	1,145,080
513	TOTAL Equity/Net Position	<u>338,786</u>	<u>(134,184)</u>	<u>9,104,361</u>
<b>600</b>	<b>TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY</b>	<u><b>\$ 441,781</b></u>	<u><b>\$ 243,775</b></u>	<u><b>\$ 11,960,520</b></u>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	\$ -	\$ 3,556,485
113	Cash - Restricted		264,984
114	Cash - Tenant Security Deposits		88,298
100	Total Cash	-	3,909,767
122	Acct. Rec. - HUD		19,855
124	Acct. Rec. - Other Governments		3,500
125	Acct. Rec. - Misc.		51,354
126	Acct. Rec. - Tenants		40,621
126.1	Allowance Doubtful Accts. - Tenants		(9,677)
126.2	Allowance Doubtful Accts. - Other		(51,722)
127	Notes, Loans, & Mortgages Rec. - Current		267
128	Fraud Recovery		154,828
128.1	Allowance Doubtful Accts.		(154,460)
129	Accrued Interest Receivable		14,120
120	Net Total Receivables		68,686
142	Prepaid Expenses		97,914
143	Inventories		83,255
143.1	Allowance for Obsolete Inventories		(2,000)
<b>150</b>	<b>Total Current Assets</b>	-	4,157,622
161	Land		1,623,261
162	Buildings		25,207,885
163	Furniture, Equip. & Mach. - Dwellings		17,356
164	Furniture, Equip. & Mach. - Admin.		543,857
166	Accumulated Depreciation		(19,696,701)
160	Net Fixed Assets	-	7,695,658
200	Deferred Outflow of Resources		107,240
<b>190</b>	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 11,960,520</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2020

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

Line item	Account Description	Elimination	Total
312	A/P <= 90 days	\$ -	\$ 48,289
321	Accrued Wage/Taxes Payable		65,494
322	Accrued Compensated Absences - Current Portion		90,517
333	Accounts Payable - Other Government		44,608
341	Tenant Security Deposits		88,298
342	Unearned Revenue		15,073
345	Other Current Liabilities		64,038
357	Accrued Pension		1,933,329
310	Total Current Liabilities	-	2,349,646
353	Non-current Liabilities - Other		53,451
354	Accrued Comp. Abs. - Noncurrent		45,198
	TOTAL Liabilities	-	2,448,295
400	Deferred Inflow of Resources		407,864
508.1	Invested in Capital Assets Net		7,695,658
511.1	Restricted Net Position		263,623
512.1	Unrestricted Net Position		1,145,080
513	TOTAL Equity/Net Position	-	9,104,361
<b>600</b>	<b>TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY</b>	<b>\$ -</b>	<b>\$ 11,960,520</b>

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

<b>Line item</b>	<b>Account Description</b>	<b>Public Housing</b>	<b>Resident Opportunity &amp; Supportive Services</b>	<b>Housing Choice Voucher</b>	<b>Supportive Housing for Persons with Disabilities</b>
703	Net Tenant Rental Revenue	\$ 665,743	\$ -	\$ -	\$ 124.00
704	Tenant Revenue - Other	43,580		10	10
705	Total Tenant Revenue	709,323	-	10	134
706	HUD PHA Operating Grants	1,269,005	119,892	235,362	762,018
706.1	Capital Grants	940,831			
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				
711	Investment Income - Unrestricted	2,573			
713	Proceeds from Disposition of Assets Held for Sale				
714	Fraud Recovery	6,889		639	3,588
715	Other Revenue	72,745	782	821	1,374
716	Gain or Loss on Sale of Capital Assets	12,277			
720	Investment Income - Restricted	1,998			
700	TOTAL REVENUE	3,015,641	120,674	236,832	767,114
911	Admin Salaries	341,108	47,792	9,269	
912	Audit	3,973		32	90
913	Management Fee	195,620		8,229	34,534
913.1	Bookkeeping Fee	26,453			
914	Advertising and Marketing	4,909		3	9
915	Employee Benefits	174,533	23,153	3,802	7,662
916	Office Expenses	80,526		267	2,212
917	Legal Expense	29,112		153	431
918	Travel	2,135	1,317	-	
919	Other	83,814		72	1,881
	Total Operating - Admin.	942,183	72,262	21,827	46,819
920	Asset Management Fee	10,973			
921	Tenant Services - Salaries		40,199		
922	Relocation Costs	2,690			
923	Employee Benefit Contributions - Tenant Services		5,577		
924	Tenant Services - Other	2,314	1,274		1
925	Total Tenant Services	5,004	47,050	-	1
931	Water	82,488			
932	Electricity	97,825		28	79
933	Gas	15,053		8	22
934	Fuel	150			
936	Sewer	107,209			
930	Total Utilities	302,725	-	36	101

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

<u>Line item</u>	<u>Account Description</u>	<u>Public Housing</u>	<u>Resident Opportunity &amp; Supportive Services</u>	<u>Housing Choice Voucher</u>	<u>Supportive Housing for Persons with Disabilities</u>
941	Ordinary Maint. & Operations - Labor	\$ 219,915			
942	Ordinary Maint. & Operations - Materials & Other	152,273		15	295
943	Ordinary Maint. & Operations - Contracts	545,253	190	529	1,446
945	Employee Benefits Contributions - Ordinary Maint.	122,405		-	-
940	Total Maintenance	1,039,846	190	544	1,741
961.1	Property Insurance	73,095		28	74
961.3	Workmen's Compensation	-		-	
961.4	All Other Insurance	-			
961	Total Insurance	73,095	-	28	74
962.1	Compensated Absences	2,274	1,172	(700)	(387)
963	Payments in Lieu of Taxes	46,872		-	1
964	Bad Debt - Tenant Rents	14,534		378	1,475
960	Total Other General Expenses	63,680	1,172	(322)	1,089
	TOTAL OPERATING EXPENSES	2,437,506	120,674	22,113	49,825
970	Excess Operating Revenue over Expenses	578,135	-	214,719	717,289
972	Casualty Losses - Non Capital	4,337		-	
973	Housing Assistance Payments			159,116	845,381
974	Depreciation Expense	534,854			
900	TOTAL EXPENSES	2,976,697	120,674	181,229	895,206
1001	Operating Transfer In	2,580,568			
1002	Operating Transfer Out	(2,066,568)			
1010	Total Other Financing Sources (Uses)	514,000	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under)				
	Total Expenses	\$ 552,944	\$ -	\$ 55,603	\$ (128,092)

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

<u>Line item</u>	<u>Account Description</u>	<u>Moving to Work Demonstration Program</u>	<u>Shelter Plus Care</u>	<u>State &amp; Local</u>	<u>Business Activities</u>
703	Net Tenant Rental Revenue	\$ 757			\$ 191,437
704	Tenant Revenue - Other	30			2,110
705	Total Tenant Revenue	787	-	-	193,547
706	HUD PHA Operating Grants	10,963,707	415,401		
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants			3,500	
711	Investment Income - Unrestricted	15,099		4,172	9,114
713	Proceeds from Disposition of Assets Held for Sale				
714	Fraud Recovery	108,420	314	-	
715	Other Revenue	524,250	689	102,281	6,588
716	Gain or Loss on Sale of Capital Assets	(1,809)			91,527
720	Investment Income - Restricted				
700	TOTAL REVENUE	11,610,454	416,404	109,953	300,776
911	Admin Salaries	558,757	7,675	16,050	14,880
912	Audit	5,235	40	104	465
913	Management Fee	353,009	13,085		19,703
913.1	Bookkeeping Fee				
914	Advertising and Marketing	1,574	4	3	15
915	Employee Benefits	372,439	4,252	5,843	6,513
916	Office Expenses	68,855	936	1,451	7,656
917	Legal Expense	31,849	191	491	1,385
918	Travel	7,134	-	1,997	
919	Other	35,871	110	9,828	8
	Total Operating - Admin.	1,434,723	26,293	35,767	50,625
920	Asset Management Fee				
921	Tenant Services - Salaries				
922	Relocation Costs				384
923	Employee Benefit Contributions - Tenant Services				
924	Tenant Services - Other	111		963	2,646
925	Total Tenant Services	111	-	963	3,030
931	Water				4,657
932	Electricity	4,536	35	91	11,168
933	Gas	1,233	9	26	10,717
934	Fuel				
936	Sewer				6,456
930	Total Utilities	5,769	44	117	32,998



Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

<b>Line item</b>	<b>Account Description</b>	<b>Moving to Work Demonstration Program</b>	<b>Shelter Plus Care</b>	<b>State &amp; Local</b>	<b>Business Activities</b>
941	Ordinary Maint. & Operations - Labor	\$ 3		\$ 23,414	\$ 8,382
942	Ordinary Maint. & Operations - Materials & Other	49,020	19	15,619	21,117
943	Ordinary Maint. & Operations - Contracts	176,391	654	46,632	68,843
945	Employee Benefits Contributions - Ordinary Maint.	83	-	9,547	2,152
940	Total Maintenance	225,497	673	95,212	100,494
961.1	Property Insurance	6,739	34	924	6,699
961.3	Workmen's Compensation	-	-	-	
961.4	All Other Insurance				2,265
961	Total Insurance	6,739	34	924	8,964
962.1	Compensated Absences	(5,810)	(275)	(1,119)	40
963	Payments in Lieu of Taxes	64	-	1	80
964	Bad Debt - Tenant Rents	2,528	541		
960	Total Other General Expenses	(3,218)	266	(1,118)	120
	TOTAL OPERATING EXPENSES	1,669,621	27,310	131,865	196,231
970	Excess Operating Revenue over Expenses	9,940,833	389,094	(21,912)	104,545
972	Casualty Losses - Non Capital	-	-	-	-
973	Housing Assistance Payments	9,140,621	369,932		
974	Depreciation Expense	73,674		3,897	19,630
900	TOTAL EXPENSES	10,883,916	397,242	135,762	215,861
1001	Operating Transfer In				37,870
1002	Operating Transfer Out	(547,870)			
1010	Total Other Financing Sources (Uses)	(547,870)	-	-	37,870
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 178,668	\$ 19,162	\$ (25,809)	\$ 122,785

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

Line item	Account Description	Section 8		Subtotal	Elimination	Total
		Moderate	COCC			
703	Net Tenant Rental Revenue	\$ 9	\$ -	\$ 858,070	\$ -	\$ 858,070
704	Tenant Revenue - Other	204		45,944		45,944
705	Total Tenant Revenue	213	-	904,014	-	904,014
706	HUD PHA Operating Grants	278,176		14,043,561		14,043,561
706.1	Capital Grants			940,831		940,831
707.1	Management Fee		701,753	701,753	(701,753)	-
707.2	Asset Management Fee		10,973	10,973	(10,973)	-
707.3	Bookkeeping Fee		26,453	26,453	(26,453)	-
708	Other Government Grants			3,500		3,500
711	Investment Income - Unrestricted	2,480	5	33,443		33,443
713	Proceeds from Disposition of Assets Held for Sale			-		-
714	Fraud Recovery	3,010		122,860		122,860
715	Other Revenue	2,055	46,646	758,231		758,231
716	Gain or Loss on Sale of Capital Assets			101,995		101,995
720	Investment Income - Restricted			1,998		1,998
700	TOTAL REVENUE	285,934	785,934	17,649,612	(739,179)	16,910,433
911	Admin Salaries	18,672	482,784	1,496,987		1,496,987
912	Audit	134	2,703	12,776		12,776
913	Management Fee	5,246		629,426	(629,426)	-
913.1	Bookkeeping Fee			26,453	(26,453)	-
914	Advertising and Marketing	12	84	6,613		6,613
915	Employee Benefits	13,497	205,744	817,438		817,438
916	Office Expenses	1,104	21,871	184,878		184,878
917	Legal Expense	641	4,955	69,208		69,208
918	Travel		4,789	17,372		17,372
919	Other	302	3,929	135,815	(72,327)	63,488
	Total Operating - Admin.	39,608	726,859	3,396,966	(728,206)	2,668,760
920	Asset Management Fee			10,973	(10,973)	-
921	Tenant Services - Salaries			40,199		40,199
922	Relocation Costs			3,074		3,074
923	Employee Benefit Contributions - Tenant Services			5,577		5,577
924	Tenant Services - Other	1	32	7,342		7,342
925	Total Tenant Services	1	32	67,165	(10,973)	56,192
931	Water			87,145		87,145
932	Electricity	116	2,372	116,250		116,250
933	Gas	31	643	27,742		27,742
934	Fuel			150		150
936	Sewer			113,665		113,665
930	Total Utilities	147	3,015	344,952	-	344,952

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2020

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

Line item	Account Description	Section 8		Subtotal	Elimination	Total
		Moderate	COCC			
941	Ordinary Maint. & Operations - Labor		\$ 588	\$ 252,302		252,302
942	Ordinary Maint. & Operations - Materials & Other	64	10,971	249,393		249,393
943	Ordinary Maint. & Operations - Contracts	2,082	40,991	883,011		883,011
945	Employee Benefits Contributions - Ordinary Maint.	-	372	134,559		134,559
940	Total Maintenance	2,146	52,922	1,519,265	-	1,519,265
961.1	Property Insurance	298	3,493	91,384		91,384
961.3	Workmen's Compensation			-		-
961.4	All Other Insurance			2,265		2,265
961	Total Insurance	298	3,493	93,649	-	93,649
962.1	Compensated Absences	(67)	(1,092)	(5,964)		(5,964)
963	Payments in Lieu of Taxes	2	33	47,053		47,053
964	Bad Debt - Tenant Rents	208		19,664		19,664
960	Total Other General Expenses	143	(1,059)	60,753	-	60,753
	TOTAL OPERATING EXPENSES	42,343	785,262	5,482,750	(739,179)	4,743,571
970	Excess Operating Revenue over Expenses	243,591	568	12,166,862	-	12,166,862
972	Casualty Losses - Non Capital	-		4,337		4,337
973	Housing Assistance Payments	173,408		10,688,458		10,688,458
974	Depreciation Expense	19,690	17,896	669,641		669,641
900	TOTAL EXPENSES	235,441	803,158	16,845,186	(739,179)	16,106,007
1001	Operating Transfer In		26,000	2,618,438		2,618,438
1002	Operating Transfer Out		(30,000)	(2,618,438)		(2,618,438)
1010	Total Other Financing Sources (Uses)	-	( 4,000)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 50,493	\$ (21,328)	\$ 804,426	\$ -	\$ 804,426

Portage Metropolitan Housing Authority  
 Additional Information Required by HUD  
 For the Year Ended December 31, 2020

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

<b>Line item</b>	<b><u>Account Description</u></b>	<b><u>Public Housing</u></b>	<b><u>Shelter Plus Care</u></b>	<b><u>Moving to Work Demonstration Program</u></b>	<b><u>Supportive Housing for Persons with Disabilities</u></b>
11190	Unit Months Available	3,636	600	18,504	2,214
11210	Number of Unit Month Leased	3,526	600	18,506	1,805

Portage Metropolitan Housing Authority  
Additional Information Required by HUD  
For the Year Ended December 31, 2020

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

<u>Line item</u>	<u>Account Description</u>	<u>Business Activities</u>	<u>Housing Choice Vouchers</u>
11190	Unit Months Available	324	4,728
11210	Number of Unit Month Leased	212	1,278

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY  
LAST SEVEN (1) CALENDAR YEARS  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Traditional Plan:</b>							
Authority's Proportion of the Net Pension Liability	0.0095970%	0.0097620%	0.0094720%	0.0098700%	0.0101160%	0.0093080%	0.0093080%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,896,912	\$ 2,673,614	\$ 1,485,973	\$ 2,241,309	\$ 1,752,219	\$ 1,159,315	\$ 1,133,130
Authority's Covered Employee Payroll	\$ 1,638,066	\$ 1,548,950	\$ 1,503,814	\$ 1,424,289	\$ 1,341,768	\$ 1,337,850	\$ 1,199,886
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	115.80%	172.61%	98.81%	157.36%	130.59%	86.66%	94.44%
Plan Fiduciary Net Position as a percentage of the total Pension Liability(Asset)	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%
<b>Combined Plan: (2)</b>							
Authority's Proportion of the Net Pension Liability	0.0002880%	0.0002780%	0.0002770%	0.0000620%	0.0003160%		
Authority's Proportionate Share of the Net Pension Liability	\$ (601)	\$ (311)	\$ (377)	\$ (35)	\$ (155)		
Authority's Covered Employee Payroll	\$ 39,716	\$ 40,551	\$ 37,516	\$ 36,640	\$ 8,075		
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	-1.51%	-0.77%	-1.00%	-0.10%	-1.92%		
Plan Fiduciary Net Position as a percentage of the total Pension Liability	145.28%	126.64%	137.28%	116.55%	116.90%		

(1) Amounts represented as of the Authority's measurement date, which is the prior year.

(2) Information prior to 2016 is not available.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
 WOOSTER, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB  
 LIABILITY  
 LAST FOUR (1) CALENDAR YEARS  
 (UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.0002680%	0.0002590%	0.0002600%	0.0002600%
Authority's Proportionate Share of the Net OPEB Liability	\$ 37,018	\$ 33,767	\$ 28,234	\$ 26,261
Authority's Covered Employee Payroll	\$ 1,638,066	\$ 1,548,950	\$ 1,503,814	\$ 1,424,289
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	2.26%	2.18%	1.88%	1.84%
Plan Fiduciary Net Position as a percentage of total OPEB Liability	47.80%	43.33%	54.14%	68.52%

(1) Information prior to 2017 is not available.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
LAST TEN YEARS  
(UNAUDITED)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required employer contribution										
Pension	\$ 212,949	\$ 208,798	\$ 202,714	\$ 182,908	\$ 161,981	\$ 160,542	\$ 155,985	\$ 116,354	\$ 143,631	\$ 154,370
OPEB	\$ 16,381	\$ 8,055	\$ 7,820	\$ 21,768	\$ 26,997	\$ 26,757	\$ 11,999	\$ 46,542	\$ 23,938	\$ 8,738
Contributions in relation to the contractually required contribution	\$(229,329)	\$(216,853)	\$(210,534)	\$(204,676)	\$(188,978)	\$(187,299)	\$(167,984)	\$(162,896)	\$(167,569)	\$(163,108)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$1,638,066	\$1,548,950	\$1,503,814	\$1,460,929	\$1,349,843	\$1,337,850	\$1,199,886	\$1,163,543	\$1,196,921	\$1,165,057
Contribution as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contribution as a percentage of covered-employee payroll:										
Pension	13.00%	13.48%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%	12.00%	13.25%
OPEB	1.00%	0.52%	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%	2.00%	0.75%



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
RAVENNA, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

**Ohio Public Employees' Retirement System**

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for calendar years presented.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for the calendar years presented. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Fund Expended</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Programs:		
Section 8 Programs:		
Section 8 Project Based Cluster:		
Moving to Work Demonstration Program - HCV	14.881	\$10,963,707
Moving to Work – HCV – CARES	14.881	465,810
Moving to Work – Public Housing	14.881	1,099,737
Moving to Work – Public Housing – CARES	14.881	169,268
Annual Contribution – Mod. Rehab.	14.856	278,176
Mainstream Vouchers	14.879	762,018
Mainstream Vouchers – CARES	14.879	34,854
Annual Contribution – Housing Choice Voucher	14.871	<u>235,362</u>
Total Section 8 Program		14,008,932
Resident Opportunity and Supportive Services	14.870	119,892
Capital Funds	14.872	940,831
Shelter Plus Care	14.238	<u>415,401</u>
Total U.S. Department of Housing and Urban Development		<u>15,485,056</u>
<b>TOTAL ALL PROGRAMS</b>		<u><b>\$15,485,056</b></u>

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



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

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Portage Metropolitan Housing Authority, Portage County, Ohio as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated May 5, 2021.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

I noted certain matters that I reported to management of the Portage Metropolitan Housing Authority's in a separate letter dated May 5, 2021.

### ***Purpose of this Report***

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

Kevin L. Penn, Inc.

Cleveland, Ohio  
May 5, 2021



Kevin L.  
**Penn, Inc.**

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

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

My responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on my audit of the applicable compliance requirements referred to above. My compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my compliance opinion on each of the Authority's major programs. However, my audit does not provide a legal determination of the Authority's compliance.

### ***Opinion on each Major Federal Program***

In my opinion, Portage Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs For the Year Ended December 31, 2020.

### ***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing my compliance audit, I considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine my auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Kevin L. Penn, Inc.

Cleveland, Ohio

May 5, 2021

**Portage Metropolitan Housing Authority**  
 Schedule of Findings  
 December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? No  
 Significant Deficiency(ies) identified  
 not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:  
 Material weakness(es) identified? No  
 Significant Deficiency(ies) identified  
 not considered to be material weaknesses? No

Type of auditor's report issued on compliance  
 for major program: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of major programs:  
 14.881 Move-To-Work, including  
 Public Housing  
 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish  
 between Type A and Type B programs: Type A: > \$750,000  
 Type B: all others

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

**Portage Metropolitan Housing Authority**  
Summary Schedule of Prior Year Findings  
December 31, 2020

2019-001

**FDS Submission Deadline**

Condition:

Audited FDS for FYE 2018 was not submitted by the due date of 9/30/19.

Recommendation:

I recommend that the audited FDS should be submitted through the FASS-PH system within 9 months after the fiscal year end.

Auditee's Response:

The audited FDS will be submitted through the FASS-PH system within 9 months after the fiscal year end.

Current Status:

The finding has been corrected.



# OHIO AUDITOR OF STATE KEITH FABER



**PORTAGE COUNTY METROPOLITAN HOUSING AUTHORITY**

**PORTAGE 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 7/13/2021**

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

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