PORTAGE METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

December 31, 2021

Together with Auditors' Report

OHIO AUDITOR OF STATE
KEITH FABER

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

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

We have reviewed the *Independent Auditor's Report* of the Portage County Metropolitan Housing Authority, Portage County, prepared by Kevin L. Penn, Inc, for the audit period January 1, 2021 through December 31, 2021. 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 County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2022

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PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

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Kevin L. Penn, Inc.

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INDEPENDENT AUDITOR'S REPORT

Portage Metropolitan Housing Authority
Portage County
2832 State Route 59
Ravenna, Ohio 44266

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Portage Metropolitan Housing Authority, Portage County, Ohio, as of and for the year ended December 31, 2021, 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.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Portage Metropolitan Housing Authority, Portage County, Ohio as of December 31, 2021, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2022, 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. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Portage Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portage Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

June 9, 2022
Cleveland, Ohio

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, 2021, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

FINANCIAL HIGHLIGHTS

- During FY 2021, the Authority's net position decreased by $234,000 (or 1%). The decrease was mainly due to the decrease in other revenue. Net Position was $9,104,000 and $8,870,000 for FY 2020 and FY 2021 respectively.

- The revenue decreased by $343,000 (or 2%) during FY 2021 and was $16,920,000 and $16,577,000 for FY 2020 and FY 2021 respectively.

- The total expenses of the Authority increased by $696,000 (or 5%). Total expenses were $16,115,000 and $16,811,000 for FY 2020 and FY 2021 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, 2021; 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, 2021, and what Net Position (equity) the Authority has at December 31, 2021. 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.

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.

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, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For calendar year 2021, 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.

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.

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

	2021	2020
Assets		
Current and Other Assets	$3,996,000	$4,265,000
Capital Assets	8,085,000	7,696,000
Total Assets	$12,081,000	$11,961,000
Liabilities		
Current Liabilities	$911,000	$824,000
Long-Term Liabilities	2,300,000	2,032,000
Total Liabilities	$3,211,000	$2,856,000
Net Position		
Net Investment in Capital Assets	$8,085,000	$7,696,000
Restricted Net Position	266,000	264,000
Unrestricted Net Position	519,000	1,145,000
Total Net Position	8,870,000	9,105,000
Total Liabilities and Net Position	$12,081,000	$11,961,000

Major Factors Affecting the Statement of Net Position

The total net position decreased 2% from year-end 2020 to year-end 2021. See the discussion in the next section of factors contributing to this change. During 2021, current and other assets decreased by $269,000 while current liabilities increased by $87,000. Capital assets increased $389,000 reflecting capital fund increases.

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)

	2021	2020
Revenues		
Tenant Revenues	$ 982,000	$ 904,000
HUD Operating Subsidies and Grants	14,665,000	14,544,000
Capital Grants	669,000	941,000
Non-Operating Revenue	17,000	35,000
Other Revenues	244,000	496,000
Total Revenues	$16,577,000	$16,920,000
Expenses		
Administrative	$ 2,330,000	$ 2,680,000
Tenant Services	153,000	56,000
Utilities	348,000	345,000
Maintenance and Operations	1,636000	1,517,000
General	254,000	159,000
Housing Assistance Payments	11,346,000	10,688,000
Depreciation	744,000	670,000
Total Expenses	$ 16,811,000	$ 16,115,000
Net Increase (Decrease) in Net Position	$ (234,000)	$ 805,000

For 2021, the Authority revenues decreased 2% and expenses increased 5%. The Authority experienced increases in tenant revenues and HUD subsidies, and capital funding decreased based on timing of projects. The Authority experienced decreases in Administrative expenses because of GASB 68.

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

Restated Unrestricted Net Position 12/31/2020		$ 1,145,000
Results from Operations	(234,000)	
Adjustments:		
Depreciation(1)	744,000	
Adjusted Results from Operations		510,000
Increase in Restricted Net Position		(2,000)
Capital Expenditures, net		(1,134,000)
Unrestricted Net Position 12/31/2021		$ 519,000
Restricted Net Position 12/31/2020		$ 264,000
HAP reserves	2,000	
		2,000
Restricted Net Position 12/31/2021		$ 266,000

(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 2020 and 2021.

Table 4 - Condensed Statement of Changes in Capital Assets

	2021	2020
Land and Land Rights	$ 1,623,000	$ 1,623,000
Building and Improvements	25,545,000	25,226,000
Equipment	599,000	544,000
Construction in Progress	744,000	0
Accumulated Depreciation	(20,426,000)	(19,697,000)
Total	$ 8,085,000	$ 7,696,000

Debt

The Authority has no debt outstanding at year end 2021.

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, 2021

ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted (Note 2)	$	3,309,480
Cash and Cash Equivalents - Restricted (Note 3)		426,394
Accounts Receivable, (Net of Allowance for Doubtful Accounts)		78,622
Inventory (Net of Allowance for obsolete)		55,549
Prepaid Expenses		113,574
Total Current Assets		3,983,619
Non-Current Assets		
Interest Receivable		4,639
Other Assets		4,775
Capital Assets: (Note 4)		
Non-Depreciable Capital Assets		2,367,695
Depreciation Capital Assets		5,717,862
Total Non-Current Assets		8,094,971
Deferred Outflow of Resources - Pension		2,399
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	12,080,989

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(continued)

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts Payable	$	111,192
Accrued Payroll Taxes		59,889
Tenant Security Deposits		92,465
Accrued Compensated Absences - Current Portion		72,525
Unearned Revenue		67,490
Other Liabilities		506,648
Total Current Liabilities		910,209
Non-Current Liabilities		
Noncurrent Liabilities - Other		26,105
Accrued Pension		1,512,680
Accrued Compensated Absences, Net of Current Portion		94,073
Total Non-Current Liabilities		1,632,858
Total Liabilities	$	2,543,067
Deferred Inflow of Resources - Pension	$	667,540
Net Position		
Investment in Capital Assets		$8,085,557
Restricted		265,824
Unrestricted		519,001
Total Net Position	$	8,870,382

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, 2021

Operating Revenue:	
HUD Operating Subsidies and Grants	$ 14,665,131
Tenant Revenue	981,844
Other Revenue	243,243
Total Operating Revenue	15,890,218
Operating Expenses:	
Administrative Expense	2,330,113
Tenant Services	153,596
Utilities	347,658
Maintenance and Operations	1,635,926
General Expenses	254,586
Housing Assistance Payments	11,345,637
Depreciation Expense	743,904
Total Operating Expenses	16,811,420
Net Operating Income (Loss)	(921,202)
Non-Operating Revenues (Expenses)	
Interest Income	17,305
Gain(Loss) on Sale of Capital Assets	950
Total Non-Operating Revenues (Expenses)	18,255
Excess of Revenue Over(Under) Expenses before Capital Grants	(902,947)
Capital Grants	668,968
Change in Net Position	(233,979)
Net Position - Beginning of Year	9,104,361
Net Position - End of Year	$ 8,870,382

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, 2021

Cash Flows From Operating Activities:		
Cash Received from HUD	$	14,612,988
Cash Received from Tenant		947,393
Cash Received from Other Income		79,627
Cash Payments for Housing assistance payments		(11,345,637)
Cash Payments for Administrative		(2,385,758)
Cash Payments for Other Operating Expenses		(1,635,926)
Net Cash Provided (Used) by Operating Activities		272,687
Cash Flows From Capital and Related Financing Activities:		
Acquisition of Capital Assets		(1,133,803)
Gain(Loss) on Sale of Capital Assets		950
Capital Grant Funds Received		668,968
Net Cash Provided (Used) by Capital and Related Financing Activities		(463,885)
Cash Flows From Investing Activities:		
Interest Income		17,305
Net Cash Provided (Used) by Investing Activities		17,305
Increase (Decrease) in Cash and Cash Equivalents		(173,893)
Cash and Cash Equivalents - Beginning of Year		3,909,767
Cash and Cash Equivalents - End of Year	$	3,735,874
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:		
Operating Income (Loss)	$	(921,202)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation		743,904
(Increase) decrease in:		
Accounts Receivable		(24,056)
Interest Receivable		9,481
Other Assets		(4,775)
Inventory		25,706
Deferred Outflow of Resources - Pension		104,841
Prepaid Expenses		(15,660)
Increase (decrease) in:		
Accounts Payable		62,903
Accrued Wages/Payroll		(5,605)
Unearned Revenue		52,417
Compensated Absences		30,883
Other Liabilities		398,002
Accrued Pension		(420,649)
Deferred Inflow of Resources - Pension		259,676
Tenant Security Deposits		4,167
Noncurrent Liabilities - Other		(27,346)
Net Cash Provided (Used) by Operating Activities	$	272,687

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

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.

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

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.

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 2021 totaled $17,305.

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.

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, 2021.

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).

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

At calendar year end, the carrying amount of the Authority's deposits were $3,735,874 and the bank balance was $3,881,649. Included in the carrying amount of deposits at December 31, 2021 is $75 in petty cash. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of December 31, 2021, $750,000 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, 2021, 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, 2021, are as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) ≤1
Carrying Amount of Deposits – Unrestricted	$3,309,480	$3,309,480
Carrying Amount of Deposits – Restricted	426,394	426,394
Totals	$3,735,874	$3,735,874

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $426,394 on the financial statements represents the following:

FSS Escrow Funds	$ 26,105
Sale of HUD Property	213,026
Emergency Housing Voucher Program	42,000
Section 8 Housing Choice Vouchers	52,798
Tenant Security Deposits	92,465
Total Restricted Cash	$ 426,394

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2021, by class is as follows:

	12/31/2020	Reclasses	Additions	Disposals	12/31/2021
Capital Assets Not Being Depreciated					
Land	$1,623,261	$ 0	$ 0	$ 0	$ 1,623,261
Construction in Progress	0	0	744,434	0	744,434
Total Capital Assets Not Being Depreciated	1,623,261	0	744,434	0	2,367,695
Capital Assets Being Depreciated					
Buildings and Improvements	25,225,241	0	337,297	0	25,562,538
Furniture, Equipment, and Machinery-Administrative	543,857	0	57,123	(19,549)	581,431
Subtotal Capital Assets Being Depreciated	25,769,098	0	394,420	(19,549)	26,143,969
Accumulated Depreciation:					
Buildings and Improvements	(19,396,477)	0	(655,304)	14,498	(20,037,283)
Furniture, Equipment and Machinery-Administrative	(300,224)	0	(88,600)	0	(388,824)
Total Accumulated Depreciation	(19,696,701)	0	(743,904)	14,498	(20,426,107)
Depreciable Assets, Net	6,072,397	0	(349,484)	(5,051)	5,717,862
Total Capital Assets, Net	$ 7,695,658	$ 0	$ 394,950	$ (5,051)	$ 8,085,557

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, 2021 was $743,904.

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.

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, 2020 can be found in the OPERS 2020 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.

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.

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 quality 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 quality 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, 2020.

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 2021. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2021 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2021 was $232,243, which represented 100% of the Authority's required contribution, and the Authority's proportionate share of pension expense during the same period was $232,243. The Authority did not make any contributions to the Combined Plan during calendar year 2021.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2020, 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, 2020, 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, 20201, 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	$1,513,508
Proportion of the Net Pension Liability	0.0102210%
Pension Expense	$ 27,835

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

Combined Plan:

Proportionate Share of the Net Pension Liability	$ (828)
Proportion of the Net Pension Liability	0.0002870%
Pension Expense	$ 20

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, 2020	December 31, 2020
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

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 (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability/(assets)			
Traditional Plan	$ 2,887,024	$ 1,513,508	$ 371,431
Contribution Plan	$ (577)	$ (828)	$ (1,016)

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%	1.32%
Domestic Equities	21.00%	5.64%
Real Estate	10.00%	5.39%
Private Equity	12.00%	10.42%
International Equities	23.00%	7.36%
Other Investments	9.00%	4.75%
Total	100.00%	5.43%

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 2020.

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, 2020, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 2.5076 years and for the Combined Plan was 8.5461 years.

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, 2020. 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, 2020.

At December 31, 2021, 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	
	$ 0
Total Deferred Outflows of Resources	$ 0
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$589,921
Differences between expected and actual experience	63,311
Total Deferred Inflows of Resources	$653,232

Combined Plan:

Deferred Outflows of Resources	
Changes in Assumptions	$ 52
Total Deferred Outflows of Resources	$ 52
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ (124)
Differences between expected and actual experience	(156)
Total Deferred Inflows of Resources	$ (280)

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:

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
2021	$ 249,031	$ (59)
2022	83,272	(38)
2023	240,472	(66)
2024	80,457	(31)
2025	-	(21)
Thereafter	-	-
Total	$ 653,232	$ (228)

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.

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 2020, 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 115Ttrust 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 2021, Authority contributed at a rate of 14 percent of earnable salary.

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 2020. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2021 decrease to 0%.

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

Authority's contractually required contribution was $232,243 for the calendar year 2021.

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, 2020, 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	$ (4,775)
Proportion of the Net OPEB Liability	0.0026800%
OPEB Expense	$ (28,895)

At December 31, 2021, 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	$ 2,543
Changes in assumptions	7,736
Differences between expected and actual experience	4,309
Total Deferred Inflows of Resources	$ 14,588
Deferred Outflows of Resources	
Changes in assumptions	$ 2,347
Total Deferred Outflows of Resources	$ 2,347

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
2021	$ 6,391
2022	4,445
2023	1,105
2024	300
Thereafter	0
Total	$12,241

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, 2020, rolled forward to the measurement date of December 31, 2020. 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	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.00%
Health Care Cost Trend Rate	8.5% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual entry age

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 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00%	1.07%
Domestic Equities	25.00%	5.64%
REITs	7.00%	6.48%
International Equities	25.00%	7.36%
Other Investments	9.00%	4.02%
TOTAL	100.00%	4.43%

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.

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 6.00 percent, as well as what The Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Single Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB liability	$(1,187)	$(4,775)	$(7,724)

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 2021 is 8.50%.

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.

	1% Decrease	Current Cost Trend Rate (8.50%)	1% Increase
Authority's proportionate share of the net OPEB liability	$(4,891)	$(4,775)	$(4,644)

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, 2020, the average of the expected remaining service lives of all employees calculated by our external actuaries was 2.6345 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, 2021, based on the vesting method, $166,598 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.

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, 2021, 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, 2021.

NOTE 10: RESTRICTED NET POSITION

Portage Metropolitan Housing Authority reported Restricted Net Position from the sale of Public Housing property in the amount of $213,026 and $52,798 for Section 8 Housing Choice Vouchers as of December 31, 2021.

NOTE 11: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at December 31, 2021:

	Balance at 12/31/20	Additions	Deletions	Balance at 12/31/21	Due Within One Year
Compensated Absences	$ 135,715	$ 40,044	$(9,161)	$ 166,598	$ 72,525
Net OPEB Liability	$ 37,018	$ 0	$(41,792)	$(4,775)	$ 0
Net Pension Liability - Traditional	$1,896,311	$ 0	$(383,632)	$1,512,680	$ 0
Total	$2,069,044	$ 40,044	$(434,585)	$1,674,503	$ 72,525

See Note 5 for information on the Authority's net pension liability and Note 6 for information on the Authority's net OPEB liability. The Net OPEB Liability of $4,775 will be recorded as Other Assets.

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, 2021. 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.

NOTE 13: **OPERATING TRANSFERS**

The Authority had the following operating transfers in 2021:

	Transfer From	Transfer To
Moving to Work Demonstration	$ 51,768	$ 810,435
COCC	$ 464,792	$ 461,000
Section 8 Moderate	$ 0	$ 51,768
Public Housing	$ 1,406,062	$ 599,419
Total	$ 1,922,622	$ 1,922,622

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 June 9, 2022, 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, 2021

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	$ 382,375		133,994	191,252
113	Cash - Restricted	213,026		52,798	
114	Cash - Tenant Security Deposits	73,788			
100	Total Cash	669,189	-	186,792	191,252
122	Acct. Rec. - HUD		10,955		-
124	Acct. Rec. - Other Governments				
125	Acct. Rec. - Misc.			983	4,541
126	Acct. Rec. - Tenants	23,727			10
126.1	Allowance Doubtful Accts. - Tenants	(7,605)			(4,541)
126.2	Allowance Doubtful Accts. - Other	-		(983)	
127	Notes, Loans, & Mortgages Rec. - Current				
128	Fraud Recovery	4,295			58
128.1	Allowance Doubtful Accts.	(4,295)			(58)
129	Accrued Interest Receivable	574			
120	Net Total Receivables	16,696	10,955	-	10
131	Investments - Unrestricted				
142	Prepaid Expenses	91,475		48	137
143	Inventories	29,023			
143.1	Allowance for Obsolete Inventories	(2,000)			
150	**Total Current Assets**	804,383	10,955	186,840	191,399
161	Land	1,413,461			
162	Buildings	22,492,586			
163	Furniture, Equip. & Mach. - Dwellings	17,356			
164	Furniture, Equip. & Mach. - Admin.	388,281			
166	Accumulated Depreciation	(18,550,304)			
167	Construction in Progress	744,434			
160	Net Fixed Assets	6,505,814	-	-	-
174	Other Assets				
200	Deferred Outflow of Resources	171			
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 7,310,368**	**$ 10,955**	**$ 186,840**	**$ 191,399**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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
312	A/P <= 90 days	$ 29,690	$ 10,737	$ 22	$ 18,631
321	Accrued Wage/Taxes Payable	8,420	768	174	270
322	Accrued Compensated Absences - Current Portion	21,385	2,944	398	493
333	Accounts Payable - Other Government	38,628			
341	Tenant Security Deposits	73,788			
342	Unearned Revenue	19,108			41
345	Other Current Liabilities	501,916		4	11
357	Accrued Pension	375,524		10,789	24,979
310	Total Current Liabilities	1,068,459	14,449	11,387	44,425
353	Non-current Liabilities - Other				
354	Accrued Comp. Abs. - Noncurrent	16,877	2,921	947	2,540
	TOTAL Liabilities	1,085,336	17,370	12,334	46,965
400	Deferred Inflow of Resources	203,508		1,639	4,929
508.1	Invested in Capital Assets Net	6,505,814			
511.1	Restricted Net Position	213,026		52,798	
512.1	Unrestricted Net Position	(697,316)	(6,415)	120,069	139,505
513	TOTAL Equity/Net Position	6,021,524	(6,415)	172,867	139,505
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 7,310,368**	**$ 10,955**	**$ 186,840**	**$ 191,399**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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	$ 1,500,516	$ 37,951	$ 284,294	$ 706,866
113	Cash - Restricted	26,105			
114	Cash - Tenant Security Deposits				18,677
100	Total Cash	1,526,621	37,951	284,294	725,543
122	Acct. Rec. - HUD	9,243			
124	Acct. Rec. - Other Governments		31,945	4,000	
125	Acct. Rec. - Misc.	155,954	2,138		
126	Acct. Rec. - Tenants	6,042		4,259	413
126.1	Allowance Doubtful Accts. - Tenants	(4,474)			
126.2	Allowance Doubtful Accts. - Other	(155,954)	(2,138)		
127	Notes, Loans, & Mortgages Rec. - Current				107
128	Fraud Recovery	23,179			107
128.1	Allowance Doubtful Accts.	(23,179)			(107)
129	Accrued Interest Receivable	1,829		628	1,607
120	Net Total Receivables	12,640	31,945	8,887	2,127
131	Investments - Unrestricted				
142	Prepaid Expenses	11,736	61	132	7,575
143	Inventories			727	116
143.1	Allowance for Obsolete Inventories				
150	**Total Current Assets**	1,550,997	69,957	294,040	735,361
161	Land			100,713	19,187
162	Buildings	1,249,503		177,795	1,209,259
163	Furniture, Equip. & Mach. - Dwellings				
164	Furniture, Equip. & Mach. - Admin.	193,150			
166	Accumulated Depreciation	(404,233)		(160,336)	(961,630)
167	Construction in Progress				
160	Net Fixed Assets	1,038,420	-	118,172	266,816
174	Other Assets	4,775			
200	Deferred Outflow of Resources	2,191		37	
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 2,596,383**	**$ 69,957**	**$ 412,249**	**$ 1,002,177**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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	$ 9,830	$ 28	$ 1,654	$ 386
321	Accrued Wage/Taxes Payable	36,787	136	361	282
322	Accrued Compensated Absences - Current Portion	27,244	267	731	904
	Accounts Payable - Other Government				
341	Tenant Security Deposits				18,677
342	Unearned Revenue	4,961			1,380
345	Other Current Liabilities	597	5	17	3,795
357	Accrued Pension	855,272	23,331	53,056	18,088
310	Total Current Liabilities	934,691	23,767	55,819	43,512
353	Non-current Liabilities - Other	26,105			
354	Accrued Comp. Abs. - Noncurrent	26,136	1,171	2,161	340
	TOTAL Liabilities	986,932	24,938	57,980	43,852
400	Deferred Inflow of Resources	284,800	2,038	5,773	24,035
508.1	Invested in Capital Assets Net	1,038,420		118,172	266,816
511.1	Restricted Net Position				
512.1	Unrestricted Net Position	286,231	42,981	230,324	667,474
513	TOTAL Equity/Net Position	1,324,651	42,981	348,496	934,290
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 2,596,383**	**$ 69,957**	**$ 412,249**	**$ 1,002,177**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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

Line item	Account Description	Emergency Housing Voucher	COCC	Subtotal
111	Cash - Unrestricted	$ 71,354	487	$ 3,309,089
113	Cash - Restricted	42,000		333,929
114	Cash - Tenant Security Deposits			92,465
100	Total Cash	113,354	487	3,735,483
122	Acct. Rec. - HUD			20,198
124	Acct. Rec. - Other Governments			35,945
125	Acct. Rec. - Misc.			163,616
126	Acct. Rec. - Tenants			34,451
126.1	Allowance Doubtful Accts. - Tenants			(16,620)
126.2	Allowance Doubtful Accts. - Other			(159,075)
127	Notes, Loans, & Mortgages Rec. - Current			107
128	Fraud Recovery			27,639
128.1	Allowance Doubtful Accts.			(27,639)
129	Accrued Interest Receivable		1	4,639
120	Net Total Receivables	-	1	83,261
131	Investments - Unrestricted		391	391
142	Prepaid Expenses		2,410	113,574
143	Inventories		27,683	57,549
143.1	Allowance for Obsolete Inventories			(2,000)
150	**Total Current Assets**	113,354	30,972	3,988,258
161	Land		89,900	1,623,261
162	Buildings		416,039	25,545,182
163	Furniture, Equip. & Mach. - Dwellings			17,356
164	Furniture, Equip. & Mach. - Admin.			581,431
166	Accumulated Depreciation		(349,604)	(20,426,107)
167	Construction in Progress			744,434
160	Net Fixed Assets	-	156,335	8,085,557
174	Other Assets			4,775
200	Deferred Outflow of Resources			2,399
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 113,354**	**$ 187,307**	**$ 12,080,989**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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

Line item	Account Description	Emergency Housing Voucher	COCC	Subtotal
312	A/P <= 90 days	$ -	$ 1,586	$ 72,564
321	Accrued Wage/Taxes Payable		12,691	59,889
322	Accrued Compensated Absences - Current Portion		18,159	72,525
333	Accounts Payable - Other Government			38,628
341	Tenant Security Deposits			92,465
342	Unearned Revenue	42,000		67,490
345	Other Current Liabilities		303	506,648
357	Accrued Pension		151,641	1,512,680
310	Total Current Liabilities	42,000	184,380	2,422,889
353	Non-current Liabilities - Other			26,105
354	Accrued Comp. Abs. - Noncurrent		40,980	94,073
	TOTAL Liabilities	42,000	225,360	2,543,067
400	Deferred Inflow of Resources		140,818	667,540
508.1	Invested in Capital Assets Net		156,335	8,085,557
511.1	Restricted Net Position			265,824
512.1	Unrestricted Net Position	71,354	(335,206)	519,001
513	TOTAL Equity/Net Position	71,354	(178,871)	8,870,382
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 113,354**	**$ 187,307**	**$ 12,080,989**

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	$ -	$ 3,309,089
113	Cash - Restricted		333,929
114	Cash - Tenant Security Deposits		92,465
100	Total Cash	-	3,735,483
122	Acct. Rec. - HUD		20,198
124	Acct. Rec. - Other Governments		35,945
125	Acct. Rec. - Misc.		163,616
126	Acct. Rec. - Tenants		34,451
126.1	Allowance Doubtful Accts. - Tenants		(16,620)
126.2	Allowance Doubtful Accts. - Other		(159,075)
127	Notes, Loans, & Mortgages Rec. - Current		107
128	Fraud Recovery		27,639
128.1	Allowance Doubtful Accts.		(27,639)
129	Accrued Interest Receivable		4,639
120	Net Total Receivables		83,261
131	Investments - Unrestricted		391
142	Prepaid Expenses		113,574
143	Inventories		57,549
143.1	Allowance for Obsolete Inventories		(2,000)
150	**Total Current Assets**	-	3,988,258
161	Land		1,623,261
162	Buildings		25,545,182
163	Furniture, Equip. & Mach. - Dwellings		17,356
164	Furniture, Equip. & Mach. - Admin.		581,431
166	Accumulated Depreciation		(20,426,107)
167	Construction in Progress		744,434
160	Net Fixed Assets	-	8,085,557
174	Other Assets		4,775
200	Deferred Outflow of Resources		2,399
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	$ -	$ 12,080,989

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2021

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

Line item	Account Description	Elimination	Total
312	A/P <= 90 days	$ -	$ 72,564
321	Accrued Wage/Taxes Payable		59,889
322	Accrued Compensated Absences - Current Portion		72,525
333	Accounts Payable - Other Government		38,628
341	Tenant Security Deposits		92,465
342	Unearned Revenue		67,490
345	Other Current Liabilities		506,648
357	Accrued Pension		1,512,680
310	Total Current Liabilities	-	2,422,889
353	Non-current Liabilities - Other		26,105
354	Accrued Comp. Abs. - Noncurrent		94,073
	TOTAL Liabilities	-	2,543,067
400	Deferred Inflow of Resources		667,540
508.1	Invested in Capital Assets Net		8,085,557
511.1	Restricted Net Position		265,824
512.1	Unrestricted Net Position		519,001
513	TOTAL Equity/Net Position	-	8,870,382
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ -**	$ 12,080,989

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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
703	Net Tenant Rental Revenue	$ 701,630	$ -	$ -	$ -
704	Tenant Revenue - Other	31,621			
705	Total Tenant Revenue	733,251	-	-	-
706	HUD PHA Operating Grants	1,103,775	116,921	216,615	1,418,786
706.1	Capital Grants	668,968			
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				
711	Investment Income - Unrestricted	2,374			
714	Fraud Recovery	71		760	1,722
715	Other Revenue	27,264			630
716	Gain or Loss on Sale of Capital Assets	950			
700	TOTAL REVENUE	2,536,653	116,921	217,375	1,421,138
911	Admin Salaries	343,229		8,554	14,748
912	Audit	4,481		33	93
913	Management Fee	272,366		8,054	49,121
913.1	Bookkeeping Fee	26,385			
915	Employee Benefits	161,059		8,332	11,513
916	Office Expenses	57,814		264	753
917	Legal Expense	24,343		145	413
918	Travel	2,078			
919	Other	51,068			
	Total Operating - Admin.	942,823	-	25,382	76,641
920	Asset Management Fee	36,360			
921	Tenant Services - Salaries		84,984		
923	Employee Benefit Contributions - Tenant Services		34,284		
924	Tenant Services - Other	28,407	1,263		3
925	Total Tenant Services	28,407	120,531	-	3
931	Water	85,298			
932	Electricity	95,830		24	70
933	Gas	15,641		7	20
936	Sewer	107,042			
930	Total Utilities	303,811	-	31	90

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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
941	Ordinary Maint. & Operations - Labor	$ 262,902			
942	Ordinary Maint. & Operations - Materials & Other	226,685		45	139
943	Ordinary Maint. & Operations - Contracts	592,654	156	495	1,400
945	Employee Benefits Contributions - Ordinary Maint.	128,596		-	-
940	Total Maintenance	1,210,837	156	540	1,539
961.2	Liability Insurance	91,175		24	67
961.3	Workmen's Compensation	14,152	2,116	228	459
961	Total Insurance	105,327	2,116	252	526
962	Other General Expenses				
962.1	Compensated Absences	(3,365)	533	648	1,068
963	Payments in Lieu of Taxes	40,624			1
964	Bad Debt - Tenant Rents	1,829		657	1,417
960	Total Other General Expenses	39,088	533	1,305	2,486
	TOTAL OPERATING EXPENSES	2,666,653	123,336	27,510	81,285
970	Excess Operating Revenue over Expenses	(130,000)	(6,415)	189,865	1,339,853
972	Casualty Losses - Non Capital	216		-	
973	Housing Assistance Payments			160,798	1,251,099
974	Depreciation Expense	588,371			
900	TOTAL EXPENSES	3,255,240	123,336	188,308	1,332,384
1001	Operating Transfer In	1,406,062			
1002	Operating Transfer Out	(599,419)			
1010	Total Other Financing Sources (Uses)	806,643	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 88,056	$ (6,415)	$ 29,067	$ 88,754

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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
703	Net Tenant Rental Revenue	$ -			$ 248,242
704	Tenant Revenue - Other	60			291
705	Total Tenant Revenue	60	-	-	248,533
706	HUD PHA Operating Grants	11,152,725	403,865		
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants			4,000	
711	Investment Income - Unrestricted	8,872		1,726	3,684
714	Fraud Recovery	115,022	309		
715	Other Revenue	11,244		74,516	3,583
716	Gain or Loss on Sale of Capital Assets				
700	TOTAL REVENUE	11,287,923	404,174	80,242	255,800
911	Admin Salaries	507,432	7,306	8,359	11,376
912	Audit	5,109	42	138	262
913	Management Fee	356,519	12,597		39,176
913.1	Bookkeeping Fee				1,958
915	Employee Benefits	230,054	9,745	10,621	(1,080)
916	Office Expenses	51,464	934	19,763	6,138
917	Legal Expense	24,038	183	508	562
918	Travel	5,283			
919	Other	12,786			
	Total Operating - Admin.	1,192,685	30,807	39,389	58,392
920	Asset Management Fee				
921	Tenant Services - Salaries				
923	Employee Benefit Contributions - Tenant Services				
924	Tenant Services - Other	579	1	4,005	7
925	Total Tenant Services	579	1	4,005	7
931	Water				5,553
932	Electricity	3,826	31	107	9,951
933	Gas	1,023	8	29	13,178
936	Sewer				7,443
930	Total Utilities	4,849	39	136	36,125

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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
941	Ordinary Maint. & Operations - Labor	$ 5,429		$ 25,105	$ 12,841
942	Ordinary Maint. & Operations - Materials & Other	3,966	53	13,899	6,541
943	Ordinary Maint. & Operations - Contracts	142,976	622	24,464	57,654
945	Employee Benefits Contributions - Ordinary Maint.	1,796	-	20,097	5,515
940	Total Maintenance	154,167	675	83,565	82,551
961.2	Liability Insurance	5,545	30	81	7,484
961.3	Workmen's Compensation	14,137	191	831	598
961	Total Insurance	19,682	221	912	8,082
962	Other General Expenses	7			
962.1	Compensated Absences	15,109	568	2,257	(211)
963	Payments in Lieu of Taxes	61	1	2	2,338
964	Bad Debt - Tenant Rents	21,216	64		
960	Total Other General Expenses	36,393	633	2,259	2,127
	TOTAL OPERATING EXPENSES	1,408,355	32,376	130,266	187,284
970	Excess Operating Revenue over Expenses	9,879,568	371,798	(50,024)	68,516
972	Casualty Losses - Non Capital				
973	Housing Assistance Payments	9,495,896	356,224		-
974	Depreciation Expense	90,300		3,897	24,982
900	TOTAL EXPENSES	10,994,551	388,600	134,163	212,266
1001	Operating Transfer In	51,768			
1002	Operating Transfer Out	(810,435)			
1010	Total Other Financing Sources (Uses)	(758,667)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (465,295)	$ 15,574	$ (53,921)	$ 43,534

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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

Line item	Account Description	Emergency Housing Voucher	COCC	Section 8 Moderate
703	Net Tenant Rental Revenue	$ -	$ -	$ -
704	Tenant Revenue - Other			
705	Total Tenant Revenue	-	-	-
706	HUD PHA Operating Grants	78,584		173,860
706.1	Capital Grants			
707.1	Management Fee		740,349	
707.2	Asset Management Fee		36,360	
707.3	Bookkeeping Fee		28,343	
708	Other Government Grants			
711	Investment Income - Unrestricted		2	647
714	Fraud Recovery			1,355
715	Other Revenue		225	2,542
716	Gain or Loss on Sale of Capital Assets			
700	TOTAL REVENUE	78,584	805,279	178,404
911	Admin Salaries	1,503	464,123	14,714
912	Audit		2,529	140
913	Management Fee	98		2,418
913.1	Bookkeeping Fee			
915	Employee Benefits	747	202,111	9,268
916	Office Expenses		20,278	995
917	Legal Expense		5,021	515
918	Travel		7,537	
919	Other		689	
	Total Operating - Admin.	2,348	702,288	28,050
920	Asset Management Fee			
921	Tenant Services - Salaries			
923	Employee Benefit Contributions - Tenant Services			
924	Tenant Services - Other		60	3
925	Total Tenant Services	-	60	3
931	Water			
932	Electricity		1,953	84
933	Gas		520	20
936	Sewer			
930	Total Utilities	-	2,473	104

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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

Line item	Account Description	Emergency Housing Voucher	COCC	Section 8 Moderate
941	Ordinary Maint. & Operations - Labor		$ 1,573	
942	Ordinary Maint. & Operations - Materials & Other		50,635	151
943	Ordinary Maint. & Operations - Contracts		45,658	2,030
945	Employee Benefits Contributions - Ordinary Maint.		1,849	-
940	Total Maintenance	-	99,715	2,181
961.2	Liability Insurance		2,026	2,290
961.3	Workmen's Compensation	37	11,983	469
961	Total Insurance	37	14,009	2,759
962	Other General Expenses		52	
962.1	Compensated Absences		17,233	(2,959)
963	Payments in Lieu of Taxes		32	2
964	Bad Debt - Tenant Rents			1,263
960	Total Other General Expenses	-	17,317	(1,694)
	TOTAL OPERATING EXPENSES	2,385	835,862	31,403
970	Excess Operating Revenue over Expenses	76,199	(30,583)	147,001
972	Casualty Losses - Non Capital	-		-
973	Housing Assistance Payments	4,845		76,775
974	Depreciation Expense		17,896	18,458
900	TOTAL EXPENSES	7,230	853,758	126,636
1001	Operating Transfer In		464,792	
1002	Operating Transfer Out		(461,000)	(51,768)
1010	Total Other Financing Sources (Uses)	-	3,792	(51,768)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 71,354	$ (44,687)	$ -

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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

Line item	Account Description	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue	$ 949,872		$ 949,872
704	Tenant Revenue - Other	31,972		31,972
705	Total Tenant Revenue	981,844	-	981,844
706	HUD PHA Operating Grants	14,665,131		14,665,131
706.1	Capital Grants	668,968		668,968
707.1	Management Fee	740,349	(740,349)	-
707.2	Asset Management Fee	36,360	(36,360)	-
707.3	Bookkeeping Fee	28,343	(28,343)	-
708	Other Government Grants	4,000		4,000
711	Investment Income - Unrestricted	17,305		17,305
714	Fraud Recovery	119,239		119,239
715	Other Revenue	120,004		120,004
716	Gain or Loss on Sale of Capital Assets	950		950
700	TOTAL REVENUE	17,382,493	(805,052)	16,577,441
911	Admin Salaries	1,381,344		1,381,344
912	Audit	12,827		12,827
913	Management Fee	740,349	(740,349)	-
913.1	Bookkeeping Fee	28,343	(28,343)	-
915	Employee Benefits	642,370		642,370
916	Office Expenses	158,403		158,403
917	Legal Expense	55,728		55,728
918	Travel	14,898		14,898
919	Other	64,543		64,543
	Total Operating - Admin.	3,098,805	(768,692)	2,330,113
920	Asset Management Fee	36,360	(36,360)	-
921	Tenant Services - Salaries	84,984		84,984
923	Employee Benefit Contributions - Tenant Services	34,284		34,284
924	Tenant Services - Other	34,328		34,328
925	Total Tenant Services	153,596	-	153,596
931	Water	90,851		90,851
932	Electricity	111,876		111,876
933	Gas	30,446		30,446
936	Sewer	114,485		114,485
930	Total Utilities	347,658	-	347,658

See Auditor's Report.

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2021

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

Line item	Account Description	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations - Labor	307,850		307,850
942	Ordinary Maint. & Operations - Materials & Other	302,114		302,114
943	Ordinary Maint. & Operations - Contracts	868,109		868,109
945	Employee Benefits Contributions - Ordinary Maint.	157,853		157,853
940	Total Maintenance	1,635,926	-	1,635,926
961.2	Liability Insurance	108,722		108,722
961.3	Workmen's Compensation	45,201		45,201
961	Total Insurance	153,923	-	153,923
962	Other General Expenses	59		59
962.1	Compensated Absences	30,881		30,881
963	Payments in Lieu of Taxes	43,061		43,061
964	Bad Debt - Tenant Rents	26,446		26,446
960	Total Other General Expenses	100,447	-	100,447
	TOTAL OPERATING EXPENSES	5,526,715	(805,052)	4,721,663
970	Excess Operating Revenue over Expenses	11,855,778		11,855,778
972	Casualty Losses - Non Capital	216		216
973	Housing Assistance Payments	11,345,637		11,345,637
974	Depreciation Expense	743,904		743,904
900	TOTAL EXPENSES	17,616,472	(805,052)	16,811,420
1001	Operating Transfer In	1,922,622		1,922,622
1002	Operating Transfer Out	(1,922,622)		(1,922,622)
1010	Total Other Financing Sources (Uses)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (233,979)	$ -	$ (233,979)

See Auditor's Report.

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

Line item	Account Description	Public Housing	Shelter Plus Care	Moving to Work Demonstration Program	Supportive Housing for Persons with Disabilities
11190	Unit Months Available	3,636	600	19,056	2,988
11210	Number of Unit Month Leased	3,529	600	18,647	2,537

See Auditor's Report.

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

Line item	Account Description	Business Activities	Housing Choice Vouchers	Emergency Housing Vouchers	Section 8 Moderate
11190	Unit Months Available	324	4,728	72	418
11210	Number of Unit Month Leased	261	3,678	10	247

See Auditor's Report.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Traditional Plan:								
Authority's Proportion of the Net Pension Liability	0.0102210%	0.0095970%	0.0097620%	0.0094720%	0.0098700%	0.0101160%	0.0093080%	0.0093080%
Authority's Proportionate Share of the Net Pension Liability	$ 1,513,508	$ 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	$ 1,617,173	$ 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	93.59%	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)	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%
Combined Plan: (2)								
Authority's Proportion of the Net Pension Liability	0.0002870%	0.0002880%	0.0002780%	0.0002770%	0.0000620%	0.0003160%		
Authority's Proportionate Share of the Net Pension Liability	(828)	(601)	(311)	(377)	(35)	$ (155)		
Authority's Covered Employee Payroll	$ 41,702	$ 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	-1.99%	-1.51%	-0.77%	-1.00%	-0.10%	-1.92%		
Plan Fiduciary Net Position as a percentage of the total Pension Liability	157.67%	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 FIVE (1) CALENDAR YEARS
(UNAUDITED)

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.0002680%	0.0002680%	0.0002590%	0.0002600%	0.0002600%
Authority's Proportionate Share of the Net OPEB Liability	$ (4,775)	$ 37,018	$ 33,767	$ 28,234	$ 26,261
Authority's Covered Employee Payroll	$ 1,658,875	$ 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	-0.29%	2.26%	2.18%	1.88%	1.84%
Plan Fiduciary Net Position as a percentage of total OPEB Liability	115.57%	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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required employer contribution										
Pension	$ 215,654	$ 212,949	$ 208,798	$ 202,714	$ 182,908	$ 161,981	$ 160,542	$ 155,985	$ 116,354	$ 143,631
OPEB	$ 16,589	$ 16,381	$ 8,055	$ 7,820	$ 21,768	$ 26,997	$ 26,757	$ 11,999	$ 46,542	$ 23,938
Contributions in relation to the contractually required contribution	$(232,243)	$(229,329)	$(216,853)	$(210,534)	$(204,676)	$(188,978)	$(187,299)	$(167,984)	$(162,896)	$(167,569)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$1,658,875	$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
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%	13.00%	13.48%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%	12.00%
OPEB	1.00%	1.00%	0.52%	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%	2.00%

NOTE 1 - PENSION OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported from 2019 to 2020. Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions from 2019 to 2020. Cost-of-living Adjustment: There was a decrease in the post – 1/7/2013 retirees rate, of 1.40% for 2019 to .50% for 2020.

NOTE 2- OTHER POSTEMPLOYMENT BENEFITS (OPEB) OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2019. Changes in assumptions: (a) there was an increase in single discount rate from 3.16% in 2019 to 6% in 2020; (b) there was a decrease in the municipal bond rate from 2.75% in 2019 to 2% in 2020 and (c) there was a decrease in the health care cost trend rate from 10.5% initial, 3.50% ultimate in 2030 in 2019 to 8.5% initial, 3.50% ultimate in 2035 in 2020.

PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Fund Expended
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Programs:		
Moving to Work Demonstration Program - HCV	14.881	$11,152,725
Housing Voucher Cluster:		
Mainstream Vouchers	14.879	1,418,786
Emergency Housing Voucher	14.871	78,584
Annual Contribution – Housing Choice Voucher	14.871	216,615
Total Housing Voucher Cluster		1,713,985
Annual Contribution – Mod. Rehab.	14.856	173,860
Total Section 8 Program		13,040,570
Low Rent Public Housing	14.850	1,103,775
Resident Opportunity and Supportive Services	14.870	116,921
Capital Funds	14.872	668,968
Shelter Plus Care	14.238	403,865
Total U.S. Department of Housing and Urban Development		15,334,099
TOTAL ALL PROGRAMS		$15,334,099

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

Kevin L.
Penn, Inc.

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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*

Portage Metropolitan Housing Authority
Portage County
2832 State Route 59
Ravenna, Ohio 44266

To the Board of Trustees:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Portage Metropolitan Housing Authority, Portage County, (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported 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 June 9, 2022.

Purpose of This Report

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

Kevin L. Penn, Inc.

June 9, 2022
Cleveland, Ohio

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

Portage County
2832 State Route 59
Ravenna, Ohio 44266

To the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Portage Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each Portage Metropolitan Housing Authority's major federal programs for the year ended December 31, 2021. Portage Metropolitan Housing Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In my opinion, Portage Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Kevin L. Penn, Inc.

June 9, 2022
Cleveland, Ohio

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 HCV
14.238	Shelter Plus Care Program
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.

There were no prior year audit findings.

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 8/9/2022

88 East Broad Street, Columbus, Ohio 43215
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