



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PORTAGE METROPOLITAN HOUSING AUTHORITY
PORTAGE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024



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Columbus, Ohio 43215
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800-282-0370

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

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

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

KEITH FABER
Ohio Auditor of State

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

December 18, 2025

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Portage Metropolitan Housing Authority
Portage County
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For the Year Ended June 30, 2024

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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 Commissioners

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.
Portsmouth, Ohio
July 29, 2025

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PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis For the Year Ended December 31, 2024 (Unaudited)

The Portage Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis (MD&A) is designed to assist the reader on significant financial issues and activities and to identify changes in the Authority's financial position. This analysis is also designed to focus on the financial activity for the calendar year ended December 31, 2024, resulting changes, and currently known facts.

The data presented in the following pages should be read in conjunction with the audited consolidated financial statements and related footnote disclosures.

Financial Highlights

- The Authority's net position increased by \$1,795,000. Net position was \$11,741,000 and \$9,946,000 at December 31, 2024 and 2023, respectively.
- Total operating and non-operating revenues increased by \$3,362,000 (or 16%) during 2024, and were \$24,151,000 and \$20,789,000 for 2024 and 2023, respectively.
- Total operating and non-operating expenses increased by \$2,484,000 (or 13%) during 2024, and were \$22,356,000 and \$19,872,000 for 2024 and 2023, respectively.

Financial Statements

The financial statements are designed to provide the reader with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position*, similar to a balance sheet, presents information on all of the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position*, similar to an income statement, includes Operating Revenues, such as grant revenue and rental income; Operating Expenses, such as administrative expenses, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as investment income and interest expense.

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

Net Investment in Capital Assets: This component of net position consists of all capital assets (e.g., land, buildings, and equipment), reduced by the amount of accumulated depreciation of those assets and by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis For the Year Ended December 31, 2024 (Unaudited)

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

Unrestricted: This component of net position consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The focus of the *Statement of Revenues, Expenses, and Changes in Net Position* is the "Change in Net Position," which is similar to net income or loss.

The *Statement of Cash Flows* discloses net cash provided by or used for operating activities, investing activities, capital and related financing activities and from non-capital financial activities.

Moving to Work (MTW) Agency

Portage Metropolitan Housing Authority (PMHA) is the only Public Housing Authority (PHA) in Ohio that is part of the original/"initial" Moving to Work (MTW) demonstration, which consisted of 39 public housing authorities. MTW provides PHAs the opportunity to create and test innovative, locally designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW allows PHAs exemptions for many existing public housing and voucher program rules and provides funding flexibility with how they use their Federal funds.

PMHA's MTW program began on March 15, 1999. PMHA has participated in MTW since its inception and signed a Standard Agreement in 2008, extending its participation in MTW until the end of its 2018 fiscal year; however, in 2016, PMHA's participation in the demonstration was extended through year 2028.

Throughout its history, Portage Metropolitan Housing Authority has continued to be a proven leader and innovator in affordable housing and has earned the HUD designation of "High-Performer".

Programs

The Authority's financial statements are presented using the Authority-wide perspective, meaning the activity reported reflects the summed results of all programs, or business type funds, of the Authority. The Authority consists exclusively of a single enterprise fund. The enterprise fund utilizes the full accrual basis of accounting. The Authority's programs consist of the following:

Moving to Work (MTW) Programs

The Conventional Public Housing Programs and the Section 8 Housing Choice Voucher Program are the Moving to Work Programs of the Portage Metropolitan Housing Authority.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis For the Year Ended December 31, 2024 (Unaudited)

Conventional Public Housing Program

Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. The program consists of 303 units leased to qualified low-income households, the elderly, and persons with disabilities. The Authority operates under an Annual Contributions Contract (ACC) with HUD. Rent is based upon 30 percent of household income, and HUD provides an annual operating subsidy. The Public Housing Program also includes the Capital Fund Program, as seen below.

Capital Fund Program (CFP)

The Capital Fund Program is the source for funding the physical and management improvements of the low-income public housing units.

Section 8 Housing Choice Voucher (HCV) Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords who own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. This program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure the tenant leases that set the rent as 30 percent of household income. The Authority operates with a baseline of 1,668 vouchers.

Shelter Plus Care

The Authority receives HUD funding for the purpose of housing hard to serve homeless individuals with disabilities. These individuals primarily include those with serious mental illness, chronic problems with alcohol and/or drug addiction, and those who have contracted HIV/AIDS or related diseases. The Shelter Plus Care (SPC) Program consists of 51 vouchers.

Mainstream Voucher Program

The Mainstream Voucher Program assists non-elderly persons with disabilities. Aside from serving a special population, mainstream vouchers are administered using the same rules as other housing choice vouchers. Funding and financial reporting for mainstream vouchers is separate from the regular tenant-based voucher program. The Authority's program consists of 279 vouchers.

Other Non-Major Programs

In addition to the major programs described above, the Authority also administers programs that have assets, liabilities, revenues, or expenses of less than 6 percent of the Authority's total assets, liabilities, revenues, or expenses.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis For the Year Ended December 31, 2024 (Unaudited)

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program

The Authority receives grant funds from HUD for the purpose of providing a service coordinator to coordinate supportive services and other activities designed to help public housing residents attain economic and housing self-sufficiency. This program provides three-year funding and includes administrative expenses and training as eligible uses of funds.

Family Self-Sufficiency (FSS) Program

The Family Self-Sufficiency Program enables families living in low-income public housing and rental properties under HCV to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, families are provided opportunities for education, job training, counseling, and other forms of social service assistance so they can obtain skills necessary to achieve self-sufficiency. HUD funding is provided for the salary of FSS Coordinators. This program has a requirement of an escrow account for its participants and provides annual funding. It is important to note that PMHA operates an FSS program that serves HCV only.

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, 2024 and is reported pursuant to GASB Statement 68, “*Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27.*” For calendar year 2024, 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 take 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 to properly understand the information presented in these statements.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis For the Year Ended December 31, 2024 (Unaudited)

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 be accordingly 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 employee and employer contribution rates are capped by State statute.

The Ohio Revised Code permits but does not require 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 (e.g., 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. If 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 net OPEB liability are 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 position liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)*

Financial Analysis of the Authority

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

Table 1 - Condensed Statement of Net Position

	2024	2023
<u>Assets</u>		
Current and Other Assets	\$ 3,267,000	\$ 3,297,000
Capital Assets	11,662,000	9,749,000
Total Assets	14,929,000	13,046,000
 <i>Deferred Outflows of Resources</i>	 1,103,000	 1,473,000
Total Assets and Deferred Outflows of Resources	\$ 16,032,000	\$ 14,519,000
 <u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 663,000	\$ 713,000
Non-Current Liabilities	3,568,000	3,797,000
Total Liabilities	4,231,000	4,510,000
 <i>Deferred Inflows of Resources</i>	 60,000	 63,000
Total Liabilities and Deferred Inflows of Resources	4,291,000	4,573,000
 <u>Net Position</u>		
Net Investment in Capital Assets	\$ 11,155,000	\$ 9,241,000
Restricted	481,000	278,000
Unrestricted	105,000	427,000
Total Net Position	11,741,000	9,946,000
 Total Liabilities and Net Position	\$ 16,032,000	\$ 14,519,000

During 2024, total assets and deferred outflows increased by \$1,513,000. Capital asset additions exceeded depreciation by \$1,913,000. Deferred outflows associated with GASB 68 and 75 decreased by \$370,000. Current and other assets decreased by \$30,000.

Total liabilities decreased by \$279,000, mainly due to the \$230,000 decrease in net pension liability and net OPEB liability from the prior year. Total liabilities also decreased due to the GASB 87 (Leases) and GASB 96 (Subscription-Based Information Technology Arrangements) adjustments.

As a result of the above-mentioned, the total net position increased by \$1,795,000 from 2023 to 2024.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis

For the Year Ended December 31, 2024

(Unaudited)

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

Table 2 - Statement of Revenues, Expenses, and Changes in Net Position
(in thousands)

	2024	2023
<u>Operating and Non-Operating Revenues</u>		
Tenant Revenue	\$ 1,181,000	\$ 1,105,000
HUD Operating Subsidies and Grants	20,930,000	18,308,000
Capital Grants	1,406,000	960,000
Non-Operating Revenue	240,000	168,000
Other Revenue	394,000	248,000
<i>Total Operating and Non-Operating Revenues</i>	24,151,000	20,789,000
<u>Operating and Non-Operating Expenses</u>		
<u>Operating Expenses</u>		
Administrative	3,754,000	3,212,000
Tenant Services	267,000	200,000
Utilities	397,000	372,000
Maintenance and Operations	2,171,000	1,873,000
Housing Assistance Payments	14,276,000	12,895,000
Depreciation/Amortization Expense	990,000	880,000
Other General Expenses	376,000	400,000
<i>Total Operating Expenses</i>	22,331,000	19,832,000
<u>Non-Operating Expenses</u>		
Interest Expense	25,000	28,000
Loss on Sale of Capital Assets	0	12,000
<i>Total Non-Operating Expenses</i>	25,000	40,000
<i>Total Operating and Non-Operating Expenses</i>	22,356,000	19,872,000
Change in Net Position	1,795,000	917,000
Net Position, Beginning of Period	9,946,000	9,029,000
Net Position, End of Period	\$ 11,741,000	\$ 9,946,000

The net position of the Authority increased by \$1,795,000 during the current fiscal year. The Authority experienced increases in tenant revenues, HUD subsidies, and capital grants. Housing assistance payments were elevated due to payment standards being implemented at 110% of the Fair Market Rent (FMR). Governmental revenues, rental income, and charges for services were sufficient to cover operating expenses incurred during the fiscal year.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis

For the Year Ended December 31, 2024

(Unaudited)

Capital Assets

As of December 31, 2024, the Authority's investment in capital assets (net of accumulated depreciation) for its business-type activities was \$11,662,000 as reflected in the following schedule.

Table 3 - Capital Assets at Year End (Net of Depreciation)

	2024	2023
Land	\$ 1,623,000	\$ 1,623,000
Buildings and Improvements	28,435,000	27,305,000
Equipment	702,000	668,000
Intangible Assets	792,000	565,000
Construction-in-Progress	2,215,000	954,000
Total Capital Assets	33,767,000	31,115,000
Accumulated Depreciation and Amortization	(22,105,000)	(21,366,000)
Total Capital Assets, Net	<u>\$ 11,662,000</u>	<u>\$ 9,749,000</u>

Long-term Obligations

As of December 31, 2024, the Authority had \$506,000 in leases payable (*See Note 6*). The following summarizes these obligations:

Table 4 - Leases Payable at Year End

	2024	2023
Leases Payable	506,000	531,000
Less: Current Portion	(119,000)	(110,000)
Leases Payable, Noncurrent	<u>387,000</u>	<u>421,000</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)*

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of HUD.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income. Inflationary pressure on utility rates, supplies, and other costs, which affect the costs of the programs.
- Local labor supply and demand, which can affect salary and wage rates.
- Employee health insurance costs continue to rise.
- Interest rates on investments.
- The Authority continues to see increasing prices for goods and services.

Contact the Authority

This financial report is designed to provide a general overview of the finances of the Portage Metropolitan Housing Authority for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mariah B. Blake, Finance Manager, Portage Metropolitan Housing Authority, 2832 State Route 59, Ravenna, Ohio 44266.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2024

Assets

Current Assets

Unrestricted Cash and Cash Equivalents	\$ 2,002,569
Restricted Cash and Cash Equivalents (See Note 4)	672,640
Accounts Receivables, Net	163,867
Inventories, Net	13,949
Prepaid Expenses and Other Assets	318,227
Total Current Assets	3,171,252

Noncurrent Assets

Capital Assets, Not Being Depreciated	3,837,928
Capital Assets, Net of Depreciation/Amortization	7,823,578
Net OPEB Asset	95,821
Total Noncurrent Assets	11,757,327

Deferred Outflows of Resources- Pension

1,019,530

Deferred Outflows of Resources- OPEB

83,689

Total Assets and Deferred Outflows of Resources

\$ 16,031,798

Liabilities

Current Liabilities

Accounts Payable	\$ 215,857
Accrued Payroll and Payroll Liabilities	93,824
Tenant Security Deposits	100,824
Accrued Compensated Absences, Current	22,412
Unearned Revenue	64,252
Leases Payable, Current	119,505
Other Current Liabilities	45,869
Total Current Liabilities	662,543

Noncurrent Liabilities

Leases Payable, Noncurrent	386,983
Accrued Compensated Absences, Noncurrent	112,426
Noncurrent Liabilities - Other	143,617
Net Pension Liability	2,925,137
Total Noncurrent Liabilities	3,568,163

Deferred Inflows of Resources- OPEB

60,449

Total Liabilities and Deferred Inflows of Resources

\$ 4,291,155

Net Position

Net Investment in Capital Assets	\$ 11,155,018
Restricted	480,843
Unrestricted	104,782
Total Net Position	\$ 11,740,643

See accompanying notes to the financial statements

Portage Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

Operating Revenue

Tenant Revenue	\$ 1,181,342
Government Operating Grants	20,930,103
Other Revenue	394,375
Total Operating Revenue	22,505,820

Operating Expenses

Administrative	3,754,316
Tenant Services	267,499
Utilities	396,846
Maintenance and Operations	2,271,590
Housing Assistance Payments	14,275,707
Depreciation and Amortization	989,594
Other General Expenses	375,665
Total Operating Expenses	22,331,217

Operating Income (Loss)	174,603
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Non-Operating Revenues (Expenses)

Interest and Investment Revenue	111,427
Casualty Gain/(Loss)	30,749
Interest Expense	(25,033)
Gain (Loss) on Sale of Capital Assets	97,407
Total Non-Operating Revenues (Expenses)	214,550

Income (Loss) Before Capital Contributions	389,153
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Capital Contributions	1,405,894
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Change in Net Position	1,795,047
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Net Position, Beginning of Year	9,945,596
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Net Position, End of Year	\$ 11,740,643
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See accompanying notes to the financial statements

Portage Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities

Cash Received from HUD	\$ 21,154,852
Cash Received from Tenants and Other	1,202,598
Cash Received from Other Revenue	394,375
Cash Payments for Housing Assistance Payments	(14,275,707)
Cash Payments for Administrative	(3,957,671)
Cash Payments for Other Operating Expenses	(3,231,823)
Net Cash Provided (Used) by Operating Activities	1,286,624

Cash Flows from Capital and Related Financing Activities

Leases Payable	(24,470)
Interest Paid	(25,033)
Insurance Claim Proceeds	97,407
Capital Grants	1,405,894
Proceeds on Sale of Capital Assets	42,448
Acquisition of Capital Assets	(2,913,667)
Net Cash Provided (Used) by Capital and Other Related Financing Activities	(1,417,421)

Cash Flows from Investing Activities

Investment Income	111,427
Net Cash Provided (Used) by Investing Activities	111,427
Increase (Decrease) in Cash and Cash Equivalents	(19,370)
Cash and Cash Equivalents, Beginning of Year	2,694,579
Cash and Cash Equivalents, End of Year	\$ 2,675,209

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

Operating Income/(Loss)	\$ 174,603
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	989,594
(Increase) Decrease in Operating Assets:	
Accounts Receivable - Tenant and Other	219,659
Inventory	42,043
Deferred Outflow of Resources	369,559
Prepaid and Other Assets	(251,097)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(119,025)
Accrued Payroll and Compensated Absences	22,572
Unearned Revenue	24,809
Tenant Security Deposits	1,537
Other Liabilities	1,330
Other Noncurrent Liabilities	43,206
Deferred Inflow of Resources	(2,156)
Net Pension and OPEB Liability	(230,010)
Total Adjustments	1,112,021
Net Cash Provided (Used) by Operating Activities	\$ 1,286,624

See accompanying notes to the financial statements

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The Portage Metropolitan Housing Authority (the Authority) is a political subdivision created under the Ohio Revised Code, Section 3735.27 to engage in the acquisition, development, leasing, and administration of low-income housing programs in Portage County under programs administered by the U.S. Department of Housing and Urban Development (HUD). The Authority contracts with HUD to provide low-and-moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

Reporting Entity

The financial statements of the Portage Metropolitan Housing 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.

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 can 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 to governmental organizations that are fiscally dependent on it.

A primary government can 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

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

Reporting Entity (Continued)

Management believes the financial statements included in this report represent all the funds of the Authority for 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 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 like those found in the private sector. The following is the proprietary fund type:

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

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 GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

Basic Financial Statements:

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Cash Flows

Notes to the Financial Statements

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

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 specific 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 receivable and revenue in the period when applicable eligibility requirements have been met.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements For the Year Ended December 31, 2024

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 for which both restricted and unrestricted net position is available, the Authority first applies restricted resources.

Investments

Investments are restricted by the provisions of the HUD Regulations (*See Note 2*). Investments are valued at Fair Market Value. Interest income earned in the calendar year 2024 totaled \$111,427.

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, which do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

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

Annual 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

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

Compensated Absences (Continued)

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 \$500 at December 31, 2024.

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 report period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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 related to pension are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report in 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 Notes 11 and 12*).

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At calendar year end, the carrying amount of the Authority's deposits was \$2,675,209 and the bank balance was \$2,742,528. Included in the carrying amount of deposits at December 31, 2024, is \$75 in petty cash. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2024, \$2,525,839 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.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

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

Deposits (Continued)

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, 2024, 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, 2024, are as follows:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years <1)</u>
Carrying Amount of Deposits (Unrestricted)	\$ 2,002,569	\$ 2,002,569
Carrying Amount of Deposits (Restricted)	672,640	672,640
Totals	<u>\$ 2,675,209</u>	<u>\$ 2,675,209</u>

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

For calendar year 2024, the Authority adopted GASB Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

NOTE 4: **RESTRICTED CASH**

The Authority has restricted cash and investments at December 31, 2024 as follows:

FSS Escrow Funds	\$ 143,617
Sale of HUD Property	227,011
Emergency Housing Voucher Program	71,843
Mainstream Voucher Program	117,345
FSS Forfeiture Funds	12,000
Tenant Security Deposits	<u>100,824</u>
Total Restricted Cash	<u><u>\$ 672,640</u></u>

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PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 is as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,623,261	\$ -	\$ -	\$ 1,623,261
Construction-in-Progress	953,949	1,260,718	-	2,214,667
<i>Total Capital Assets Not Being Depreciated</i>	2,577,210	1,260,718	-	3,837,928
 <u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	27,304,830	1,153,071	(22,553)	28,435,348
Equipment - Administrative	536,685	404,771	(239,727)	701,729
Right-of-Use Asset - Equipment	131,654	95,107	-	226,761
Right-of-Use Asset - Intangible	564,671	-	-	564,671
<i>Total Capital Assets Being Depreciated</i>	28,537,840	1,652,949	(262,280)	29,928,509
 <u>Accumulated Depreciation</u>				
Buildings and Improvements	(20,724,464)	(750,005)	15,453	(21,459,016)
Equipment - Administrative	(452,990)	(108,050)	235,128	(325,912)
<u>Accumulated Amortization</u>				
Right-of-Use Asset - Equipment	(94,352)	(37,427)	-	(131,779)
Right-of-Use Asset - Intangible	(94,112)	(94,112)	-	(188,224)
<i>Total Accumulated Depreciation and Amortization</i>	(21,365,918)	(989,594)	250,581	(22,104,931)
 <i>Capital Assets Being Depreciated and Amortized, Net</i>	7,171,922	663,355	(11,699)	7,823,578
<i>Total Capital Assets, Net</i>	\$ 9,749,132	\$ 1,924,073	\$ (11,699)	\$ 11,661,506

Depreciation is calculated using the straight-line method with lives varying between 3 and 30 years. Depreciation/Amortization expense for the year ended December 31, 2024 was \$989,594.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 6: **LONG-TERM OBLIGATIONS**

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024	Due Within One Year
Compensated Absences	143,242	-	(8,404)	134,838	22,412
FSS Escrow Liability	100,411	43,206	-	143,617	-
Net Pension Liability, Traditional	3,155,147	-	(230,010)	2,925,137	-
Subscription Liability	490,100	-	(80,982)	409,118	89,309
Lease Liability	40,858	95,107	(38,595)	97,370	30,196
Total	<u>3,929,758</u>	<u>138,313</u>	<u>(357,991)</u>	<u>3,710,080</u>	<u>141,917</u>

See Notes 11 and 12 for information on the Authority's net pension liability

FSS Escrow Liability

The FSS escrow liability of \$143,617 represents funds held in escrow for participants in the Family Self-Sufficiency (FSS) Program. Each month, contributions are deposited into the Authority's FSS Escrow account on behalf of the program participants. Participants sign a 5-year contract (with the possibility of extending it for 2 additional years). At the end of the contract, the participant either meets their program goals and may withdraw their money earned, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to reinvest into the program.

Subscription-Based Information Technology Arrangement

The Authority entered into a 60-month subscription agreement on January 1, 2023 for software calling for annual payments. The 2024 payment was \$102,267. The software is being amortized over the life of the lease. The annual interest rate charge on the lease is 5.24%.

Equipment Lease

The Authority entered into a 60-month lease on June 1, 2020 for copier equipment calling for monthly payments of \$2,499. The equipment is being amortized over the life of the lease. The annual interest rate charge on the lease is 5.24%.

The Authority entered into a 60-month lease on June 1, 2024 for copier equipment calling for monthly payments of \$1,765. The equipment is being amortized over the life of the lease. The annual interest rate charge on the lease is 4.31%.

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements *For the Year Ended December 31, 2024*

NOTE 6: **LONG-TERM OBLIGATIONS** (Continued)

Future minimum lease payments are as follows for the years ending December 31:

<u>Year Ending December 31,</u>	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 119,505	\$ 20,232	\$ 139,737
2026	116,089	14,335	130,424
2027	125,578	8,123	133,701
2028	136,591	1,366	137,957
2029	8,725	94	8,819
Total Future Payments	<u>\$ 506,488</u>	<u>\$ 44,150</u>	<u>\$ 550,638</u>

NOTE 7: **COMPENSATED ABSENCES**

Annual 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 accumulate 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 annual hours accumulated based on length of service. All annual time accumulated will be paid upon separation.

At December 31, 2024, based on the vesting method, \$134,838 was accrued by the Authority for unused annual and sick leave.

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:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 2,000	\$ 500,000,000 (per occurrence)
Boiler and Machinery	5,000	100,000,000
General Liability	-	6,000,000
Automobile Physical Damage/Liability	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Professional Liability	5,000	1,000,000

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

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, 2024, the Authority was involved in no matters which management believe would have a material effect on the financial statements.

Commitments

The Authority had no material operating lease commitments or construction commitments at December 31, 2024.

NOTE 10: **RESTRICTED NET POSITION**

Portage Metropolitan Housing Authority reported Restricted Net Position from the sale of Public Housing property in the amount of \$227,011, \$95,821 for OPEB Asset, \$117,345 for Mainstream Vouchers, \$12,000 FSS Forfeitures and \$28,666 for Emergency Housing Vouchers as of December 31, 2024.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements For the Year Ended December 31, 2024

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

For fiscal year ending December 31, 2024, the Authority's contractually required contributions used to fund pension benefits was \$295,854 for the Traditional Pension Plan.

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.010467%
Current Measurement Date	0.011173%
Change in Proportionate Share	0.000706%
Proportionate Share of the Net Pension Liability	\$ 2,925,137
Pension Expense	\$ 353,411

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 590,416
Differences between expected and actual experience	47,808
Changes in proportion and differences between Authority contributions and proportionate share of contributions	85,452
Authority contributions subsequent to the measurement date	295,854
Total Deferred Outflows of Resources	\$ 1,019,530

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

\$295,854 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2025	\$ 208,037
2026	222,940
2027	376,773
2028	<u>(84,074)</u>
Total	<u>\$ 723,676</u>

Actuarial Assumptions - OPERS

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Authority's proportionate share of the net pension liability	\$ 4,604,952	\$ 2,925,137	\$ 1,528,019

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements For the Year Ended December 31, 2024

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

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

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

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was \$1,473 for the year ending December 31, 2024.

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

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

	OPERS
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.010022%
Current Measurement Date	0.010617%
Change in Proportionate Share	0.000595%
Proportionate Share of the Net OPEB Liability (Asset)	\$ (95,821)
OPEB Expense	\$ (14,768)

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 57,547
Changes of assumptions	24,669
Authority contributions subsequent to the measurement date	<u>1,473</u>
Total Deferred Outflows of Resources	<u><u>\$ 83,689</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 13,639
Changes of assumptions	41,191
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>5,619</u>
Total Deferred Inflows of Resources	<u><u>\$ 60,449</u></u>

\$1,473 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>
2025	\$ (6,187)
2026	2,593
2027	44,793
2028	<u>(19,432)</u>
Total	<u><u>\$ 21,767</u></u>

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2023	December 31, 2022
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent, including wage inflation	2.75 to 10.75 percent, including wage inflation
Single Discount Rate	5.70 percent	5.22 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	3.77 percent	4.05 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2038	5.50 percent initial, 3.50 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease ▼ (4.70%)	Current Discount Rate ▼ (5.70%)	1% Increase ▼ (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 52,660	\$ (95,821)	\$ (218,816)

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

*Notes to the Financial Statements
For the Year Ended December 31, 2024*

NOTE 12: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability (asset)	\$ (99,800)	\$ (95,821)	\$ (91,306)

PORTAGE METROPOLITAN HOUSING AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Fiscal Years

Traditional Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.011173%	0.010467%	0.010370%	0.010508%	0.009885%	0.010040%	0.010019%	0.009932%	0.010432%	0.009612%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,925,137	\$ 3,091,956	\$ 902,232	\$ 1,556,006	\$ 1,953,837	\$ 2,749,752	\$ 1,571,787	\$ 2,255,388	\$ 1,806,954	\$ 1,159,315
Authority's Covered Payroll	\$ 1,839,093	\$ 1,622,600	\$ 1,505,057	\$ 1,480,007	\$ 1,390,779	\$ 1,356,057	\$ 1,324,000	\$ 1,283,983	\$ 1,298,167	\$ 1,178,442
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.56%	59.95%	105.14%	140.49%	202.78%	118.72%	175.66%	139.19%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.004778%	0.005164%	0.000000%	0.001001%
Authority's Proportionate Share of the Net Pension (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,504)	\$ (2,874)	\$ -	\$ (385)
Authority's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,569	\$ 20,100	\$ -	\$ 3,658
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	33.24%	14.30%	0.00%	10.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

See accompanying notes to the required supplementary information

PORTAGE METROPOLITAN HOUSING AUTHORITY

Required Supplementary Information *Schedule of the Authority's Contributions – Pension* *Ohio Public Employees Retirement System* *Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 295,854	\$ 257,473	\$ 227,164	\$ 210,708	\$ 207,201	\$ 194,709	\$ 189,848	\$ 172,120	\$ 154,078	\$ 155,780
Combined Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,544	\$ 2,412	\$ -
Total Required Contributions	\$ 295,854	\$ 257,473	\$ 227,164	\$ 210,708	\$ 207,201	\$ 194,709	\$ 189,848	\$ 174,664	\$ 156,490	\$ 155,780
Contributions in Relation to the Contractually Required Contribution	\$ (295,854)	\$ (257,473)	\$ (227,164)	\$ (210,708)	\$ (207,201)	\$ (194,709)	\$ (189,848)	\$ (174,664)	\$ (156,490)	\$ (155,780)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 2,113,243	\$ 1,839,093	\$ 1,622,600	\$ 1,505,057	\$ 1,480,007	\$ 1,390,779	\$ 1,356,057	\$ 1,324,000	\$ 1,283,983	\$ 1,298,167
Combined Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,569	\$ 20,100	\$ -
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
Combined Plan	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

PORTAGE METROPOLITAN HOUSING AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Eight Fiscal Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.10617%	0.010022%	0.010638%	0.010821%	0.010252%	0.010368%	0.010320%	0.009768%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (95,821)	\$ 63,191	\$ (333,198)	\$ (192,785)	\$ 1,416,068	\$ 1,351,742	\$ 1,120,676	\$ 986,601
Authority's Covered Payroll	\$ 1,874,274	\$ 1,668,056	\$ 1,658,875	\$ 1,636,518	\$ 1,548,949	\$ 1,503,814	\$ 1,460,931	\$ 1,349,849
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	5.11%	3.79%	20.09%	11.78%	91.42%	89.89%	76.71%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

PORTAGE METROPOLITAN HOUSING AUTHORITY

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,473	\$ 1,407	\$ 1,692	\$ 6,153	\$ 6,260	\$ 6,327	\$ 5,910	\$ 18,130	\$ 27,912	\$ 26,000
Contributions in Relation to the Contractually Required Contribution	<u>(1,473)</u>	<u>(1,407)</u>	<u>(1,692)</u>	<u>(6,153)</u>	<u>(6,260)</u>	<u>(6,327)</u>	<u>(5,910)</u>	<u>(18,130)</u>	<u>(27,912)</u>	<u>(26,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Covered Payroll	\$ 2,150,066	\$ 1,874,274	\$ 1,668,056	\$ 1,658,875	\$ 1,636,518	\$ 1,548,949	\$ 1,503,814	\$ 1,460,931	\$ 1,349,849	\$ 1,337,847
Contributions as a Percentage of Covered Payroll	0.07%	0.08%	0.10%	0.37%	0.38%	0.41%	0.39%	1.24%	2.07%	1.94%

See accompanying notes to the required supplementary information

PORTAGE METROPOLITAN HOUSING AUTHORITY

Portage County

Notes to the Required Supplementary Information

For the Year Ended December 31, 2024

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2024.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

Net OPEB Liability

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

Portage Metropolitan Housing Authority (OH031)
Ravenna, OH
Entity Wide Balance Sheet Summary
Fiscal Year End: 12/31/2024

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	503,609	848,028	133,322	57,281	94,129	0	96,995	108,427	37,323					123,455	2,002,569		2,002,569
112 Cash - Restricted - Modernization and Development	0	0	0	0	0	0	0	0						0	0		0
113 Cash - Other Restricted	227,011	134,484	0	0	0	0	126,478	0	71,843				12,000	0	571,816		571,816
114 Cash - Tenant Security Deposits	79,153	0	21,671	0	0	0	0	0						0	100,824		100,824
115 Cash - Restricted for Payment of Current Liabilities	0	0	0	0	0	0	0	0						0	0		0
100 Total Cash	809,773	982,512	154,993	57,281	94,129	0	223,473	108,427	109,166	0	0	0	12,000	123,455	2,675,209	0	2,675,209
122 Accounts Receivable - HUD Other Projects	0	0	0	0	48,224	11,667	0	0						0	59,891		59,891
124 Accounts Receivable - Other Government	0	0	0	83,877	0	0	0	0						0	83,877		83,877
125 Accounts Receivable - Miscellaneous	13,048	4,407	0	0	2,138	0	123,482	500						0	143,575		143,575
126 Accounts Receivable - Tenants	18,713	10	3,231	6,410	0	0	8,950	0						0	37,314		37,314
126.1 Allowance for Doubtful Accounts - Tenants	-7,185	-10	-1,622	0	0	0	-8,398	0						0	-17,215		-17,215
126.2 Allowance for Doubtful Accounts - Other	-13,048	-4,407	0	0	-2,138	0	-123,482	-500						0	-143,575		-143,575
127 Notes, Loans, & Mortgages Receivable - Current	0	0	0	0	0	0	0	0						0	0		0
128 Fraud Recovery	0	1,950	0	0	0	0	56,341	125	3,123					0	61,539		61,539
128.1 Allowance for Doubtful Accounts - Fraud	0	-1,950	0	0	0	0	-56,341	-125	-3,123					0	-61,539		-61,539
120 Total Receivables, Net of Allowances for Doubtful Accounts	11,528	0	1,609	90,287	48,224	11,667	552	0	0	0	0	0	0	0	163,867	0	163,867
142 Prepaid Expenses and Other Assets	183,117	4,165	14,500	1,201	1,314	0	79,087	852						33,991	318,227		318,227
143 Inventories	0	0	0	0	0	0	0	0						14,449	14,449		14,449
143.1 Allowance for Obsolete Inventories	0	0	0	0	0	0	0	0						-500	-500		-500
144 Inter Program Due From	0	0	5,616	0	0	0	0	0					299	0	5,915	-5,915	0
150 Total Current Assets	1,004,418	986,677	176,718	148,769	143,667	11,667	303,112	109,279	109,166	0	0	0	12,299	171,395	3,177,167	-5,915	3,171,252
161 Land	1,413,461	0	19,187	100,713	0	0	0	0						89,900	1,623,261		1,623,261
162 Buildings	23,990,932	0	1,868,540	177,795	0	0	1,278,475	0						416,040	27,533,682		27,533,682
163 Furniture, Equipment & Machinery - Dwellings	886,832	0	14,834	0	0	0	0	0						0	901,666		901,666
164 Furniture, Equipment & Machinery - Administration	500,772	0	0	0	0	0	200,957	0						0	701,729		701,729
165 Leasehold Improvements	202,507	4,994	9,237	5,251	2,219	0	412,561	1,763						152,900	791,432		791,432
166 Accumulated Depreciation	-19,649,010	-1,504	-1,039,110	-173,591	-664	0	-797,594	-525						-442,933	-22,104,931		-22,104,931
167 Construction in Progress	2,214,867	0	0	0	0	0	0	0						0	2,214,867		2,214,867
168 Infrastructure	0	0	0	0	0	0	0	0						0	0		0
160 Total Capital Assets, Net of Accumulated Depreciation	9,560,061	3,490	673,688	110,168	1,555	0	1,095,399	1,238	0	0	0	0	0	215,907	11,661,506	0	11,661,506
173 Grants Receivable - Non Current	0	0	0	0	0	0	0	0						0	0		0
174 Other Assets	23,784	1,581	1,150	3,363	1,478	0	54,186	680						9,601	95,821		95,821
180 Total Non-Current Assets	9,583,845	5,071	674,838	113,531	3,031	0	1,149,585	1,918	0	0	0	0	0	225,508	11,757,327	0	11,757,327
200 Deferred Outflow of Resources	273,814	18,203	13,238	38,724	16,990	0	623,874	7,833						110,543	1,103,219	0	1,103,219
290 Total Assets and Deferred Outflow of Resources	10,862,077	1,009,951	864,794	301,024	163,688	11,667	2,076,571	119,030	109,166	0	0	0	12,299	507,446	16,037,713	-5,915	16,031,798
312 Accounts Payable <= 90 Days	174,078	0	39,500	0	0	46	636	19	162					1,416	215,857		215,857
313 Accounts Payable >90 Days Past Due	0	0	0	0	0	0	0	0						0	0		0
321 Accrued Wage/Payroll Taxes Payable	13,731	155	986	352	97	2,548	52,238	185						23,532	93,824		93,824
322 Accrued Compensated Absences - Current Portion	6,701	158	479	143	73	899	8,110	59						5,790	22,412		22,412
341 Tenant Security Deposits	79,153	0	21,671	0	0	0	0	0						0	100,824		100,824
342 Unearned Revenue	12,351	11	4,289	0	0	0	4,424	0	43,177					0	64,252		64,252
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	32,956	812	1,513	856	361	0	57,947	288						24,772	119,505		119,505

Portage Metropolitan Housing Authority (OH031)

Ravenna, OH

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

345 Other Current Liabilities	42,296		3,573	0	0	0	0	0						0	45,869		45,869
346 Accrued Liabilities - Other	0	0	0	0	0	0	0	0						0	0		0
347 Inter Program - Due To	0	0	0	0	0	5,616	299	0						0	5,915	-5,915	0
348 Loan Liability - Current	0	0	0	0	0	0	0	0						0	0		0
310 Total Current Liabilities	361,266	1,136	72,011	1,351	531	9,109	123,654	551	43,339	0	0	0	0	55,510	668,458	-5,915	662,543
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	119,070	2,932	5,478	3,094	1,306	0	164,688	1,039						89,376	386,983		386,983
353 Non-current Liabilities - Other	0	17,139	0	0	0	0	126,478	0						0	143,617		143,617
354 Accrued Compensated Absences - Non Current	36,690	774	2,293	696	369	4,136	36,161	301						31,006	112,426		112,426
357 Accrued Pension and OPEB Liabilities	726,022	48,265	35,102	102,671	45,046	0	1,654,164	20,768						293,099	2,925,137		2,925,137
350 Total Non-Current Liabilities	881,782	69,110	42,873	106,461	46,721	4,136	1,981,491	22,108	0	0	0	0	0	413,481	3,568,163	0	3,568,163
300 Total Liabilities	1,243,048	70,246	114,884	107,812	47,252	13,245	2,105,145	22,659	43,339	0	0	0	0	468,991	4,236,621	-5,915	4,230,706
400 Deferred Inflow of Resources	15,002	997	725	2,122	931	0	34,186	429						6,057	60,449	0	60,449
508.4 Net Investment in Capital Assets	9,408,032	-254	666,698	106,218	-112	0	872,765	-88	0					101,759	11,155,018		11,155,018
511.4 Restricted Net Position	250,795	118,926	1,150	3,363	1,476	0	54,186	680	28,666				12,000	9,601	480,843		480,843
512.4 Unrestricted Net Position	-54,800	820,036	81,337	81,509	114,141	-1,578	-989,711	95,350	37,161	0	0	0	299	-78,962	104,782		104,782
513 Total Equity - Net Assets / Position	9,604,027	938,708	749,185	191,090	115,505	-1,578	-62,760	95,942	65,827	0	0	0	12,299	32,398	11,740,643	0	11,740,643
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	10,862,077	1,009,951	864,794	301,024	163,688	11,667	2,076,571	119,030	109,166	0	0	0	12,299	507,446	16,037,713	-5,915	16,031,798

Portage Metropolitan Housing Authority (OH031)
Ravenna, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2024

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	832,943	0	299,167	0	0	0	0	0						0	1,132,110		1,132,110
70400 Tenant Revenue - Other	41,774	0	5,631	0	0	0	1,827	0						0	49,232		49,232
70500 Total Tenant Revenue	874,717	0	304,798	0	0	0	1,827	0	0	0	0	0	0	0	1,181,342	0	1,181,342
70600 HUD PHA Operating Grants	0	2,214,774	0	0	510,869	141,125	0	243,556	227,462	15,615,903	1,783,528	192,886		0	20,930,103		20,930,103
70610 Capital Grants	0	0	0	0	0	0	0	0				1,405,894		0	1,405,894		1,405,894
70710 Management Fee														501,675	501,675	-501,675	0
70720 Asset Management Fee														11,160	11,160	-11,160	0
70730 Book Keeping Fee														193,898	193,898	-193,898	0
70700 Total Fee Revenue														706,733	706,733	-706,733	0
70800 Other Government Grants	8,079	0	0	8,770	0	0	0	0						1,784	18,633		18,633
71100 Investment Income - Unrestricted	21,068	0	11,706	5,578	0	0	73,040	0						35	111,427		111,427
71400 Fraud Recovery	28,801	4,907	0	0	0	0	117,068	775	5,837					0	157,388		157,388
71500 Other Revenue	31,000	0	6,500	137,770	0	0	14,739	0					25,196	28,349	243,554	-25,200	218,354
71600 Gain or Loss on Sale of Capital Assets	49,000	0	-3,530	0	0	0	51,937	0						0	97,407		97,407
70000 Total Revenue	1,012,665	2,219,681	319,474	152,118	510,869	141,125	258,611	244,331	233,299	15,615,903	1,783,528	1,598,780	25,196	736,901	24,852,481	-731,933	24,120,548
91100 Administrative Salaries	633,841	8,717	33,789	53,800	5,378	0	924,491	10,383	1,145					561,019	2,232,563		2,232,563
91200 Auditing Fees	4,357	106	210	114	47	0	5,978	38						3,254	14,104		14,104
91300 Management Fee	195,617	35,976	43,007	0	8,028	0	211,740	4,512	2,796						501,676	-501,676	0
91310 Book-keeping Fee	25,515	22,485	3,975	0	5,018	0	132,338	2,820	1,748						193,899	-193,899	0
91500 Employee Benefit contributions - Administrative	265,610	6,207	8,110	12,902	3,417	65	524,727	4,147	616					265,485	1,091,286		1,091,286
91600 Office Expenses	98,173	825	61,837	47,972	1,344	48	77,064	362	110					36,061	323,596		323,596
91700 Legal Expense	17,815	546	469	1,069	234	0	28,314	188						6,341	54,976		54,976
91800 Travel	11,876	79	63	224	36	0	19,166	29						12,686	44,159		44,159
91900 Other	25,200	0	0	0	0	0	0	0						0	25,200	-25,200	0
91000 Total Operating - Administrative	1,278,004	74,941	151,260	116,081	23,502	113	1,923,818	22,479	6,415	0	0	0	0	884,846	4,481,459	-720,775	3,760,684
92000 Asset Management Fee	11,160	0	0	0	0	0	0	0							11,160	-11,160	0
92100 Tenant Services - Salaries	0	0	0	0	0	90,905	49,536	0						0	140,441		140,441
92300 Employee Benefit Contributions - Tenant Services	0	0	0	0	0	45,619	8,219	0						0	53,838		53,838
92400 Tenant Services - Other	29,828	0	11,421	10,351	0	8,255	468	0					12,897	0	73,220		73,220
92500 Total Tenant Services	29,828	0	11,421	10,351	0	144,779	58,223	0	0	0	0	0	12,897	0	267,499	0	267,499
93100 Water	95,507	0	9,458	0	0	0	0	0						0	104,965		104,965
93200 Electricity	90,693	71	11,432	79	33	0	3,899	27						2,021	108,255		108,255
93300 Gas	31,170	31	14,993	34	14	0	1,742	12						926	48,922		48,922
93600 Sewer	122,345	0	12,359	0	0	0	0	0						0	134,704		134,704
93000 Total Utilities	339,715	102	48,242	113	47	0	5,641	39	0	0	0	0	0	2,947	396,846	0	396,846
94100 Ordinary Maintenance and Operations - Labor	272,453	0	19,905	3,884	0	0	0	0						0	296,242		296,242
94200 Ordinary Maintenance and Operations - Materials and Other	523,317	333	16,820	7,948	155	0	7,939	128						114,147	670,787		670,787
94300 Ordinary Maintenance and Operations Contracts	855,664	1,418	134,982	6,980	637	382	87,279	540						41,880	1,129,762		1,129,762
94500 Employee Benefit Contributions - Ordinary Maintenance	155,305	0	10,087	4,938	0	0	0	0						4,469	174,799		174,799
94000 Total Maintenance	1,806,739	1,751	181,794	23,750	792	382	95,218	668	0	0	0	0	0	160,496	2,271,590	0	2,271,590
96120 Liability Insurance	142,523	111	11,927	120	50	0	10,058	39						4,042	168,870		168,870

Portage Metropolitan Housing Authority (OH031)
Ravenna, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2024

96130 Workmen's Compensation	10,858	159	767	743	87	0	12,818	128	64					9,244	34,868		34,868
96100 Total Insurance Premiums	153,381	270	12,694	863	137	0	22,876	167	64	0	0	0	0	13,286	203,738	0	203,738
96200 Other General Expenses	8,079	0	0	0	0	0	0	0						6,040	14,119		14,119
96210 Compensated Absences	-3,255	-93	-475	-790	-49	-4,147	545	-40						1,936	-6,368		-6,368
96300 Payments in Lieu of Taxes	47,610	1	3,825	1	0	0	66	1						2,869	54,373		54,373
96400 Bad debt - Tenant Rents	36,737	2,137	1,615	0	0	0	58,729	125	4,092					0	103,435		103,435
96000 Total Other General Expenses	89,171	2,045	4,965	-789	-49	-4,147	59,340	86	4,092	0	0	0	0	10,845	165,559	0	165,559
96720 Interest on Notes Payable (Short and Long Term)	7,207	178	324	186	79	0	11,505	62						5,492	25,033		25,033
96700 Total Interest Expense and Amortization Cost	7,207	178	324	186	79	0	11,505	62	0	0	0	0	0	5,492	25,033	0	25,033
96900 Total Operating Expenses	3,715,205	79,287	410,700	150,555	24,508	141,127	2,176,621	23,501	10,571	0	0	0	12,897	1,077,912	7,822,884	-731,935	7,090,949
97000 Excess of Operating Revenue over Operating Expenses	-2,702,540	2,140,394	-91,226	1,563	486,361	-2	-1,918,010	220,830	222,728	15,615,903	1,783,528	1,598,780	12,299	-341,011	17,029,597	2	17,029,599
97200 Casualty Losses - Non-capitalized	-30,749	0	0	0	0	0	0	0						0	-30,749		-30,749
97300 Housing Assistance Payments	89,559	1,780,333	0	0	460,063	0	11,591,742	195,926	158,084					0	14,275,707		14,275,707
97350 HAP Portability-In	0	0	0	0	0	0	0	0						0	0		0
97400 Depreciation Expense	729,783	795	45,172	4,729	352	0	172,872	279						35,612	989,594		989,594
90000 Total Expenses	4,503,798	1,860,415	455,872	155,284	484,923	141,127	13,941,235	219,706	168,655	0	0	0	12,897	1,113,524	23,057,436	-731,935	22,325,501
10010 Operating Transfer In	5,515,476	0	0	2,000	0	0	19,298,211	0						249,655	25,065,342	-25,065,342	0
10020 Operating transfer Out	0	0	-2,000	0	0	0	-5,765,131	-300,000		-15,615,903	-1,783,528	-1,598,780		0	-25,065,342	25,065,342	0
10100 Total Other financing Sources (Uses)	5,515,476	0	-2,000	2,000	0	0	13,533,080	-300,000	0	-15,615,903	-1,783,528	-1,598,780	0	249,655	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	2,024,343	359,266	-138,398	-1,166	25,946	-2	-149,544	-275,375	64,644	0	0	0	12,299	-126,968	1,795,045	2	1,795,047
11020 Required Annual Debt Principal Payments	24,783	615	1,082	636	0	0	63,883	0	0	0	0	0	0	19,257	110,256		110,256
11030 Beginning Equity	7,579,696	579,442	887,583	192,256	89,559	-1,576	86,784	371,317	1,183	0	0	0	0	159,366	9,945,610		9,945,610
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-12	0	0	0	0	0	0	0						0	-12		-12
11170 Administrative Fee Equity								95,942							95,942		95,942
11180 Housing Assistance Payments Equity								0							0		0
11190 Unit Months Available	3636	3168	264	0	673	0	19056	768	252	0	0			0	27817		27817
11210 Number of Unit Months Leased	3397	2968	264	0	673	0	17309	649	224	0	0			0	25484		25484
11270 Excess Cash	-68,539														-68,539		-68,539
11620 Building Purchases	1,502,337													0	1,502,337		1,502,337

PORTAGE METROPOLITAN HOUSING AUTHORITY

Portage County

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development		
<i>Direct Programs:</i>		
Moving to Work Demonstration Program - HCV	14.881	15,615,903
Moving to Work Demonstration Program - Public Housing	14.881	1,783,529
Moving to Work Demonstration Program – Capital Fund	14.881	1,598,780
Total Moving to Work		18,998,212
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	243,556
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871	227,462
Mainstream Vouchers	14.879	2,214,774
Total Housing Voucher Cluster		2,685,792
Resident Opportunity and Supportive Services – Service Coordinators	14.870	141,125
Shelter Plus Care	14.238	510,869
Total U.S. Department of Housing and Urban Development		22,335,998
Total Expenditure of Federal Awards		\$ 22,335,998

The accompanying notes are an integral part of this schedule

PORTAGE METROPOLITAN HOUSING AUTHORITY

Portage County

*Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024*

NOTE 1: **BASIS OF PRESENTATION**

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, 2024. 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.

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

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

NOTE 3: **INDIRECT COST RATE**

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



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

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

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Portage Metropolitan Housing Authority, Portage County, Ohio (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BHM CPA Group

BHM CPA Group, Inc.
Portsmouth, Ohio
July 29, 2025



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

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

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Portage Metropolitan Housing Authority's, Portage County, (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 Portage Metropolitan Housing Authority's major federal program for the year ended December 31, 2024. Portage Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our 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 its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Portage Metropolitan Housing Authority

Portage County

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

Page 3

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized, with the "B" and "H" being particularly large and connected.

BHM CPA Group, Inc.

Portsmouth, Ohio

July 29, 2025

**PORTAGE METROPOLITAN HOUSING AUTHORITY
PORTAGE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL # 14.881 – Moving to Work Demonstration Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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 12/30/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov