



AUDIT REPORT

For the 18 Months Ended December 31, 2014





Dave Yost • Auditor of State

Board of Directors
Akron Metropolitan Housing Authority
100 West Cedar Street
Akron, OH 44307

We have reviewed the *Independent Auditor's Report* of the Akron Metropolitan Housing Authority, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2013 through December 31, 2014. 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 Akron Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 20, 2015

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**Akron Metropolitan Housing Authority
Summit County
For the 18 Months Ended December 31, 2014**

Table of Contents

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Financial Statements:	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Net Position	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Statement of Ross Grant Costs - Completed.....	42
Statement of Urban Revitalization Costs - Completed	43
Statement of Modernization Costs - Completed	44
Financial Data Schedule – Statement of Net Position	45
Financial Data Schedule – Statement of Revenues and Expenses	47
Schedule of Federal Awards Expenditures	50
Notes to the Schedule of Federal Awards Expenditures	51
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	52
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	54
Schedule of Findings.....	56
Schedule of Prior Audit Findings	57

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

Regional Inspector General of Audit
Department of Housing and Urban
Development

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, Ohio (the Authority), as of and for the period ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Eastland Woods, LLC, Wilbeth-Arlington Homes, Limited Partnership, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's six discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount included for Akron Metropolitan Housing Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of Eastland Woods, LLC, Wilbeth-Arlington Homes, Limited Partnership, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, Ohio, as of December 31, 2014, and the respective changes in financial position and cash flows for the period then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 16, the Authority changed its year-end to December 31, 2014. The financial statements for the Authority are for 18 months and for the component units are 24 months. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The Statements of ROSS Grant Costs-Completed, Urban Revitalization (HOPE VI) Grant Costs-Completed and Modernization Costs-Completed (Statements) on pages 42-44 and the Financial Data Schedules (FDS) on pages 45-49 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the financial statements. The Schedule of Federal Awards Expenditures (Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

The FDS schedules that consist of the statement of net position information and the statement of revenues and expenses information listed in the table of contents are presented for the purpose of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual programs and entities and are not a required part of the financial statements.

The Statements, Schedule and FDS are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 5, 2015

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)

The Akron Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis 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 address the subsequent year's challenges and to identify individual fund issues.

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

Financial Highlights – Primary Government

- The Authority's net position decreased by \$13,791,853 or 5.6% during the 18 months ended December 31, 2014. Net position was \$231,754,742 and \$245,546,595 at December 31, 2014 and June 30, 2013, respectively.
- Total operating and non-operating revenue activity increased by \$36,324,016 or 47.2% during the 18 month period ended December 31, 2014. Total revenues were \$113,342,812 and \$77,018,796 for the 18 month period ended December 31, 2014 and the 12 month period ended June 30, 2013, respectively.
- Total operating and non-operating expenses of all Authority programs increased by \$42,645,606 or 50.5% during the 18 month period ended December 31, 2014. Total expenses were \$127,134,665 and \$84,489,059 for the 18 month period ended December 31, 2014 and the 12 month period ended June 30, 2013, respectively.

Financial Statements

The financial statements (see pages 14 to 16) are designed to provide the reader with a corporate-like overview of a consolidation for the entire Authority. The component units of the Authority have been included in the financial statements but not this MD&A. The statements include the following:

Statement of Net Position: This statement, which is similar to a balance sheet, reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities equals "Net Position" (formerly known as equity or net assets). Both assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-Current". Over time, changes in net position may serve as a useful indication of whether the financial position of the Authority is improving or deteriorating.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)

Statement of Revenues, Expenses, and Changes in Net Position: This statement, similar to an income statement, includes Operating Revenues, such as grant revenue and rental income; Operating Expenses, such as administrative, 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, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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 do not meet the definition of “Net Investment in Capital Assets” or “Restricted”.

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 and loss.

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

Programs

Central Office Cost Center

In fiscal year 2007, the Authority implemented and successfully converted to HUD’s Asset Management and Project-Based Accounting model. With the conversion, a new Central Office Cost Center (COCC) was established. With the new accounting format, all central office costs are tracked as a separate entity, and revenue is generated through fees for services (e.g., skilled trades) and management, bookkeeping, and asset management fees charged to the individual projects in the Low-Income Housing Program, as well as fees charged to the Housing Choice Voucher Program and other programs.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

Low-Income Public Housing

The Low-Income Public Housing (LIPH) Program consists of approximately 4,300 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.

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.

Public Housing Family Self-Sufficiency (FSS) Program

This program enables families living in low-income public housing to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, low-income 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 one-year funding.

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

Under this 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.

Housing Choice Voucher Program

Under the Housing Choice Voucher (HCV) 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 a Consolidated Annual Contributions Contract (CACC) with HUD. HUD provides funding to enable the Authority to structure the tenant leases that sets the rent at 30 percent of household income. The Authority operates with a baseline of 4,915 vouchers.

Housing Choice Voucher Family Self-Sufficiency (FSS) Program

As with the FSS program for low-income public housing residents, HUD funding is received for program coordinators who assist residents in the HCV program with achieving self-sufficiency.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

Veterans Affair Supportive Housing (VASH)

The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's program consists of 60 vouchers.

Moderate Rehabilitation Program

Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 14 units.

Shelter Plus Care

The Authority receives HUD funding for the purpose of housing low-income individuals recovering from drug addiction, those who have contracted the AIDS virus, and individuals who have been homeless for an excessive amount of time.

Section 8 New and Substantial Rehab Program

Under this program, the Authority is the Contract Administrator for four (4) privately owned low-income housing apartment properties that receive HUD funding under the Section 8 Project-Based Rental Assistance Program. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the owner/landlord.

Local Housing Authority (LHA)/Other Business Activities

Under this program, the Authority has approximately 200 units that are owned by the Local Housing Authority (LHA) and are under the HUD Section 8 Project-Based Rental Assistance Program. Housing Assistance Payments (HAP) are received from HUD to offset the difference between the contract rents and the tenants' rental payments.

Component Units

The Authority has six discretely presented component units as a result of tax credit financing activities. Two multifamily projects funded under the HUD Section 8 Project-Based Rental Assistance Program include the rental of 328 units at Wilbeth-Arlington Homes and 100 units at Eastland Woods. A mixed finance project at Edgewood Village composed of four phases and entities contains 128 public housing units and 98 tax credit units. In addition, Building for Tomorrow--a non-profit entity that is considered a blended component unit--has a primary focus on early childhood education services for the Authority's residents.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

Statement of Net Position

The following table represents the condensed statement of net position compared to the prior year for all the Authority's programs combined.

Table 1 - Statement of Net Position - Primary Government

	18 Months Ended 12/31/2014	12 Months Ended 6/30/2013	Change
<i>Assets</i>			
Current Assets	\$ 40,512,957	\$ 49,298,992	\$ (8,786,035)
Other Non-Current Assets	57,064,342	58,135,799	(1,071,457)
Capital Assets, Net of Accumulated Depr.	164,894,539	168,801,913	(3,907,374)
<i>Total Assets</i>	<u>\$ 262,471,838</u>	<u>\$ 276,236,704</u>	<u>\$ (13,764,866)</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Current Liabilities	\$ 5,911,697	\$ 5,257,370	\$ 654,327
Non-Current Liabilities	24,805,399	25,432,739	(627,340)
<i>Total Liabilities</i>	<u>30,717,096</u>	<u>30,690,109</u>	<u>26,987</u>
<i>Net Position</i>			
Net Investment in Capital Assets	139,822,375	143,376,188	(3,553,813)
Restricted	12,068,741	15,442,195	(3,373,454)
Unrestricted	79,863,626	86,728,212	(6,864,586)
<i>Total Net Position</i>	<u>231,754,742</u>	<u>245,546,595</u>	<u>(13,791,853)</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 262,471,838</u>	<u>\$ 276,236,704</u>	<u>\$ (13,764,866)</u>

Current assets decreased over \$8.78 million from the prior period primarily because of a reduction in cash in the low-income public housing and Section 8 programs. HUD's proration of the operating subsidy was low, requiring a draw of approximately \$4 million of operating reserves to sustain the low-income public housing program. Also, HUD's change in cash management of the voucher program resulted in the use of \$1.8 million of cash-on-hand to fund the program in June 2014 instead of the normal monthly deposit by HUD. In addition, business activities funded a mortgage loan for an affordable housing project of \$1.5 million. Other non-current assets decreased approximately \$1.07 million due to a reduction in notes receivable from component units (Marian Hall Building, LLC) and others. Capital assets, net of accumulated depreciation decreased \$3.90 million as well, due to depreciation and reduced construction-in-progress exceeding additions.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)

Total liabilities increased \$26,987 from the prior period. Current liabilities increased \$654,327 because of the extended time period associated with the change in fiscal year end. Assessments and payments in-lieu-of taxes increased approximately \$340,000 and contractor retention increased approximately \$250,000. Non-current liabilities decreased \$627,340 due to a reduction in principal owed on long-term debt.

Statement of Revenues, Expenses and Changes in Net Position

Comparisons from the prior audit period to the current period are difficult since the Authority changed its year-end. The following table compares the revenues and expenses for the current and previous fiscal periods for all the Authority's programs:

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

Table 2 - Statement of Revenues and Expenses - Primary Government

	18 Months Ended 12/31/2014	12 Months Ended 6/30/2013	Change
<u>Operating Revenues</u>			
Tenant Revenue	\$ 14,452,453	\$ 9,468,774	\$ 4,983,679
Operating Subsidy and Capital Grants	85,358,861	58,437,349	26,921,512
Investment Income	4,001,153	2,118,164	1,882,989
Other Revenues	9,500,197	6,994,509	2,505,688
<i>Total Operating Revenues</i>	113,312,664	77,018,796	36,293,868
<u>Operating Expenses</u>			
Administrative	20,167,983	12,263,281	7,904,702
Tenant Services	3,371,236	3,769,772	(398,536)
Utilities	6,029,976	3,757,812	2,272,164
Maintenance/Security	24,031,263	14,616,118	9,415,145
Other General Expenses	9,544,183	5,617,068	3,927,115
<i>Total Operating Expenses</i>	63,144,641	40,024,051	23,120,590
<u>Non-Operating Revenue (Expenses)</u>			
Interest Expense	(1,487,943)	(1,163,771)	(324,172)
Casualty Gain (Loss)	(449,453)	(202,418)	(247,035)
Extraordinary Maintenance	(41,318)	(14,363)	(26,955)
Gain (Loss) on Sale of Capital Assets	30,148	(441,217)	471,365
Housing Assistance Payments	(44,077,365)	(30,484,279)	(13,593,086)
Depreciation Expense	(17,933,945)	(12,158,960)	(5,774,985)
<i>Total Other Expenses</i>	(63,959,876)	(44,465,008)	(19,494,868)
<i>Total Expenses</i>	127,104,517	84,489,059	3,625,722
Change in Net Position	\$ (13,791,853)	\$ (7,470,263)	\$ (6,321,590)

Both total operating and non-operating revenues as well as total operating and non-operating expenses increased by approximately 50% due to the additional six months in the fiscal year 2014 reporting period. Factors contributing to the change in net position from June 30, 2013 to December 31, 2014 of \$13,791,853 include the following factors:

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

The following table reflects operating revenues and expenses by program, but excludes depreciation:

Table 3 - Revenue and Expenses by Program

	Revenue	Expenses
Low-Income Public Housing (LIPH)	\$ 41,595,439	\$ 44,978,984
Central Office Cost Center	10,412,806	10,400,444
Section 8 Housing Choice Voucher Program (excludes HAP)	4,373,139	4,665,193
Section 8 Moderate Rehab Program (excludes HAP)	16,428	16,428
Section 8 New Constr. and Substantial Rehab Program (excludes HAP)	343,387	128,128
LHA Business Activities	8,746,780	8,495,131
Resident Opportunity and Supportive Services (ROSS)	299,483	299,483
Public Housing Family Self-Sufficiency under ROSS	182,990	182,990
Shelter Plus Care (excludes HAP)	53,345	53,345
Resident Support Services/Early Childhood Initiatives (State/Local)	979,430	979,430
Building for Tomorrow (non-profit instrumentality)	935,958	978,713
Totals	<u>\$ 67,939,185</u>	<u>\$ 71,178,269</u>

Capital Assets

During the 18 months ended December 31, 2014, the change in capital assets amounted to a net decrease of \$3,907,374, with accumulated depreciation and the reduction of construction-in-progress exceeding additions. The following table represents the changes in the asset accounts by category as follows:

Table 4 - Capital Assets at Year End (Net of Depreciation)

	18 Months Ended 12/31/2014	12 Months Ended 6/30/2013	Change
Land	\$ 26,353,574	\$ 26,097,955	\$ 255,619
Buildings	320,635,214	302,874,829	17,760,385
Equipment	5,236,395	5,572,779	(336,384)
Accumulated Depreciation	(215,882,223)	(198,602,773)	(17,279,450)
Construction-in-Progress	28,551,579	32,859,123	(4,307,544)
Totals	<u>\$ 164,894,539</u>	<u>\$ 168,801,913</u>	<u>\$ (3,907,374)</u>

Debt

During the 18 months ended December 31, 2014, approximately \$2.73 million of principal was repaid on all debt. The following table compares outstanding debt for the current and previous fiscal periods.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)**

Table 5 - Outstanding Debt at Year End

	18 Months Ended 12/31/2014	12 Months Ended 6/30/2013
Outstanding Debt	\$ 25,072,166	\$ 25,425,725
Less: Current Portion	(2,132,462)	(2,052,243)
Long-Term Debt	<u>\$ 22,939,704</u>	<u>\$ 23,373,482</u>

Unrestricted Net Position

The following table shows the changes in unrestricted net position for the 18 months ended December 31, 2014:

Table 6 - Change in Unrestricted Net Position

Unrestricted Net Position at June 30, 2013	\$ 86,735,208
Change in Net Position	(13,791,853)
Adjustments:	
Depreciation (a)	<u>17,933,945</u>
Adjusted Results from Operations	4,142,092
Debt Expenditures	(2,710,361)
Capital Grants and Contributions	(9,900,837)
Adjustment to Operations	<u>1,597,524</u>
Unrestricted Net Position at December 31, 2014	<u>\$ 79,863,626</u>

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

Economic Factors and Budgets

The preparation of the fiscal year 2014 budget was difficult due to uncertainty with several significant economic and regulatory factors including the Federal government budget sequestration. The loss of Federal funds has contributed to a decline in AMHA's net position in 2014 and is not expected to reverse in 2015.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the 18 Months Ended December 31, 2014
(Unaudited)

Funding for the Low-Income Public Housing Program by the U.S. Department of Housing and Urban Development over the past several years has had a proration rate between 82 percent and 103 percent. A downward spiral began after 2011 when proration peaked at 103 percent. During the last half of calendar year 2013, the proration percentage was 82 percent, but the rate increased to 88.79% for calendar year 2014. Subsidy proration in 2015 is currently at 85.46%, but subject to change.

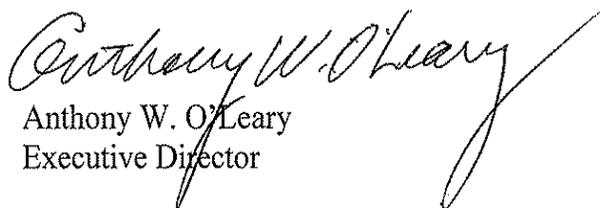
The Authority continues to receive HUD funding for the capital needs of public housing but at declining amounts over the past six years. Our Capital Fund Program was authorized \$9,045,567 for improvements under the Federal government's 2008 budget, and in 2014 only \$6,393,687 was authorized.

The administrative fees for running the Section 8 Housing Choice Voucher Program have not been adequate for many years, but sank to an all-time low in 2013 when the proration rate dropped to 69 percent. In 2014, proration was 79% and is currently at that same level.

With shrinking funding and funding uncertainty in all HUD programs, it has become vital to analyze the annual budget and determine where cuts are necessary. However, with any reduction, the Authority remains committed to its residents and maintaining high housing standards. As in all organizations, there is a limit in absorbing cuts in funding and being able to sustain high levels of service. Funding predictability and timely action on federal appropriations are also important.

This financial report is designed to provide a general overview of the finances of the Akron 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 the Executive Director, Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

Respectfully submitted,


Anthony W. O'Leary
Executive Director

AKRON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
AS OF DECEMBER 31, 2014

	Primary Government	Component Units
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 7,936,249	\$ 1,019,372
Investments - Unrestricted	15,415,892	-
Restricted Cash and Cash Equivalents	3,833,722	4,277,830
Investments - Restricted	11,111,924	-
Receivables, Net	996,490	35,151
Inventories, Net	360,375	18,462
Prepaid Expenses and Other Assets	858,305	272,662
Total Current Assets	40,512,957	5,623,477
<u>Noncurrent Assets</u>		
Capital Assets, Not Being Depreciated	54,905,153	1,009,800
Capital Assets, Net of Depreciation	109,989,386	59,568,717
Notes Receivable from Component Units and Other	56,757,902	-
Other Noncurrent Assets	306,440	2,113,931
Total Noncurrent Assets	221,958,881	62,692,448
TOTAL ASSETS	262,471,838	68,315,925
LIABILITIES		
<u>Current Liabilities</u>		
Accounts Payable	1,229,694	721,411
Accrued Liabilities	1,128,500	3,146,666
Tenant Security Deposits	323,745	169,437
Unearned Revenue	77,922	987,758
Bonds, Notes, and Loans Payable	2,132,462	288,818
Other Current Liabilities	1,019,374	-
Total Current Liabilities	5,911,697	5,314,090
<u>Non-Current Liabilities</u>		
Bonds, Notes, and Loans Payable	22,939,702	4,014,429
Accrued Compensated Absences, Non-Current	1,655,540	-
Notes Payable to Primary Government	-	41,615,258
Non-Current Liabilities - Other	210,157	-
Total Non-Current Liabilities	24,805,399	45,629,687
TOTAL LIABILITIES	30,717,096	50,943,777
<u>NET POSITION</u>		
Net Investment in Capital Assets	139,822,375	14,660,012
Restricted	12,068,741	-
Unrestricted	79,863,626	2,712,136
TOTAL NET POSITION	\$ 231,754,742	\$ 17,372,148

See accompanying notes to the financial statements

AKRON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
FOR THE PERIOD ENDED DECEMBER 31, 2014

	Primary Government	Component Units
<u>Operating Revenue:</u>		
Tenant Revenue	\$ 14,452,453	\$ 11,175,020
Government Operating Grants	75,458,024	-
Other Revenue	9,500,197	9,818,204
Total Operating Revenue	99,410,674	20,993,224
<u>Operating Expenses:</u>		
Administrative	20,167,983	3,019,378
Tenant Services	3,371,236	-
Utilities	6,029,976	1,326,059
Maintenance	21,329,770	3,044,904
Protective Services	2,701,493	-
General	7,929,395	1,413,929
Housing Assistance Payment	44,077,365	-
Insurance	1,614,788	513,000
Depreciation and Amortization	17,933,945	6,919,371
Total Operating Expenses	125,155,951	16,236,641
Operating Income (Loss)	(25,745,277)	4,756,583
<u>Non-Operating Revenues(Expenses):</u>		
Interest and Investment Revenue	4,001,153	18,741
Casualty Gain/(Loss)	(449,453)	-
Extraordinary Maintenance	(41,318)	-
Interest Expense and Amortization Cost	(1,487,943)	(3,581,307)
Gain (Loss) on Sale of Capital Assets	30,148	-
Total Non-Operating Revenues (Expenses)	2,052,587	(3,562,566)
Income(Loss) Before Capital Contributions	(23,692,690)	1,194,017
<u>Capital Revenue</u>		
Capital Contributions	9,900,837	4,900,350
Total Capital Revenue	9,900,837	4,900,350
Change in Net Position	(13,791,853)	6,094,367
Net Position, Beginning of Period, Restated	245,546,595	11,277,781
Total Net Position, End of Period	\$ 231,754,742	\$ 17,372,148

See accompanying notes to the financial statements

AKRON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE PERIOD ENDED DECEMBER 31, 2014

	Primary Government	Component Units
<u>Cash Flows from Operating Activities</u>		
Cash Received from HUD	\$ 75,458,024	-
Cash Received from Tenants and Other	16,364,949	\$ 11,186,187
Cash Received from Other Revenue	9,500,197	614,033
Cash Payments for Housing Assistance Payment	(44,077,365)	-
Cash Payments for Administrative	(20,032,950)	(1,564,214)
Cash Payments for Ordinary Maintenance	(21,603,662)	(3,266,636)
Cash Payments for Other Operating Expenses	(21,760,195)	(5,487,817)
Net Cash Provided (Used) by Operating Activities	(6,151,002)	1,481,553
<u>Cash Flows from Capital and Related Financing Activities</u>		
Debt Principal and Interest	(2,710,362)	(1,412,624)
Cash from Asset Sales	28,740	-
Acquisition and Construction of Capital Assets	(14,056,081)	-
Payment of Development Fee	-	(1,952,800)
Notes to/(From) Primary Government	4,252,901	(2,881,887)
Proceeds from Capital Grants and Contributions	9,900,837	-
Capital Contribution	-	4,900,350
Net Cash Provided (Used) by Capital and Other Related Financing Activities	(2,583,965)	(1,346,961)
<u>Cash Flows from Noncapital Financing Activities</u>		
Casualty loss - Noncapitalized	(36,174)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(36,174)	-
<u>Cash Flows from Investing Activities</u>		
Expenditures on Rental Property	-	(659,672)
Notes Receivable	1,047,884	-
Redemption (Purchase) of Investments - Net	(235,005)	-
Investment Income	436,233	18,741
Net Cash Provided (Used) by Investing Activities	1,249,112	(640,931)
Change in Cash	(7,522,029)	(506,339)
Cash and Cash Equivalents, Beginning of Year	19,292,000	5,803,541
Cash and Cash Equivalents, End of Year	\$ 11,769,971	\$ 5,297,202
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income/(Loss)	\$ (25,745,277)	\$ 4,756,583
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	17,933,945	6,919,371
(Gain) Loss on Disposal of Assets	30,148	23,290
CRP Forgiven	-	(51,215)
Debt Forgiveness Income	-	(9,255,027)
Increase/Decrease in Operating Assets and Liabilities		
Accounts Receivable - Tenant and Other	1,912,496	199,702
Inventory	49,583	(1,704)
Prepays and Other Assets	(470,064)	(64,870)
Accounts Payable	76,475	(404,223)
Accrued Payroll and Compensated Absences	135,033	3,543
Unearned Revenue	(236,538)	(83,380)
Other Liabilities	356,757	(560,517)
Other Non-Current Liabilities	(193,560)	-
Total Adjustments	19,594,275	(3,275,030)
Net Cash Provided (Used) by Operating Activities	\$ (6,151,002)	\$ 1,481,553

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 1 – Description of the Entity

The Akron Metropolitan Housing Authority (the Authority) is a political subdivision organized under the laws of the State of Ohio. The Authority is responsible for operating certain low-income housing programs in Summit County under programs administered by the U.S. Department of Housing and Urban Development (HUD). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government and component units. The primary government consists of all organizations, activities, and functions that are not legally separate from the Authority. For the Authority, this includes general operations.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's Governing Board and a) the Authority is able to significantly influence the programs or services performed or provided by the organization; or b) the Authority is legally entitled to or can otherwise access the organization's resources; or c) the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or d) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget or the issuance of debt. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Authority has one blended component unit and six discretely presented component units, which are discussed below.

Blended Component Unit

Building for Tomorrow was established in 2010 as a non-profit, 501(c)(3) tax exempt organization. The mission of the organization is to provide social services, education services and financial assistance to low-income residents in the Authority's housing developments and/or participants in certain federal, state or local voucher programs. The organization provides services almost exclusively to the Authority. This entity is included in the primary government column of the financial statements. The financial statements for the blended component unit are for the 18 months ending December 31, 2014.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 1 – Description of the Entity (continued)

Discreetly Presented Component Units

The following six component units were formed to participate in the Low-Income Housing Tax Credit (LIHTC) Program under Section 42 of the Internal Revenue Code:

Wilbeth-Arlington Homes, Limited Partnership was formed in 1996 for the purchase, rehabilitation and operation of a 328 unit, multi-family complex. The Authority indirectly controls the sole general partner (Arlington Housing Partners, Inc.) of the partnership through 79% ownership. Tenants are assisted with their rent through a HUD Section 8 Housing Assistance Payment (HAP) Contract.

Eastland Woods, LLC was formed in 2004 to acquire, rehabilitate and operate 100 affordable rental homes. The Authority indirectly controls the sole general partner (Eastland TECB FP Corporation) through 79% ownership. Tenants are assisted with their rent through a HUD Section 8 HAP Contract.

Akron Edgewood Homes, LLC was formed in 2007 to acquire, construct and lease 80 units of affordable housing in 35 buildings. The Authority controls the general partner (Akron Edgewood Management Corporation). Of the 80 units, 49 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Edgewood Village, LLC was formed in 2008 to acquire, construct and lease 48 units of affordable rental housing in 29 buildings. The Authority controls the general partner (Edgewood Village South Management Corporation). Of the 48 units, 23 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Edgewood Village South, LLC was formed in 2010 to acquire, construct and lease 50 units of affordable rental housing in 19 buildings. The Authority controls the general partner (Edgewood Village South Management Corporation). Of the 50 units, 20 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Marian Hall Building, LLC was formed in 2011 to acquire, construct and lease an affordable 48 unit, mid-rise apartment building. The Authority controls the general partner (Edgewood Village V Management Corporation). Of the 48 units, 36 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD. In addition, the 12 remaining units are under a Project-Based Voucher HAP Contract with HUD.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 1 – Description of the Entity (continued)

These six entities are reported in the component unit column of the financial statements. The financial statements for the discretely presented component units are for the 24 months ending December 31, 2014.

Programs

The following programs are operated under the Annual Contribution Contract C-959:

Low-Income Public Housing Program – Under this program, the Authority owns and manages approximately 4,300 public housing units for eligible low-income families, the elderly and persons with disabilities. The Authority operates the program with rents received from tenants and subsidies received from HUD.

Public Housing Capital Fund Program – Under this program, the Authority receives assistance for modernization and development of public housing. A portion of these funds is also used for management improvement activities and assisting with operations of the sites and administration of the capital fund program.

Public Housing Family Self-Sufficiency (FSS) Program – This program enables families living in low-income public housing to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, low-income 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 salary of FSS coordinators. This program has a requirement of an escrow account for its participants and provides one-year funding.

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program – Under this 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.

The following programs are operated under the Annual Contribution Contract C-10003:

Housing Choice Voucher (HCV) Program – Under this HUD Section 8 Program, the Authority contracts with private landlords and subsidizes the rental of 4,915 authorized units. HCV payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount the tenant is obligated to pay under the program.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 1 – Description of the Entity (continued)

Housing Choice Voucher (HCV) Family Self-Sufficiency (FSS) Program – As with the FSS program for low-income public housing residents, HUD funding is received for program coordinators who assist residents in the HCV program with achieving self-sufficiency.

Veterans Affair Supportive Housing (VASH) Program – The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's existing program consists of 60 vouchers.

Moderate Rehabilitation Program – Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 14 units.

Shelter Plus Care Program – This program is funded in five-year increments through a Community Development Block Grant. The Authority receives funds for the purpose of providing housing for those individuals who have contracted the AIDS virus, are recovering drug addicts, or have been homeless for an excessive amount of time. The Authority's existing program consists of 131 units.

The Authority also operates the following program separate from the above Annual Contribution Contracts:

Housing Assistance Payment (HAP) Program – Under this HUD Section 8 Program, the Authority receives rental subsidies for approximately 200 dwelling units. Project-based rental assistance payments are received by the Authority from HUD for the difference between the contract rent amount and the amount the tenant is able to pay.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, the Authority follows GASB guidance as applicable to proprietary funds.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 2 – Summary of Significant Accounting Policies (continued)

The Authority's financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Authority uses a single proprietary fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows. A proprietary fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

Cash and Investment

Cash and cash equivalents include investments with original maturities of three months or less at the time of purchase. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments. An analysis of the Authority's investment account at year end is provided in Note 3.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

All capital assets (including land, structures and equipment) are capitalized at cost and updated for additions and retirements during the fiscal period. Donated capital assets are recorded at their fair market values as of the date received. The Authority maintains a capitalization threshold of \$5,000. The Authority does not possess any infrastructure. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated using the straight-line method. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings are depreciated over 40 years and equipment is depreciated over 3 to 5 years.

Compensated Absences

The Authority reports compensated absences in accordance with the provision of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The Authority records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Authority's past experience of making termination payments.

The entire compensated absence liability is reported as a fund liability. The current portion of compensated absence liability is included in current liabilities in the financial statements.

Recognition of Revenues and Expenses

The Authority accounts for transactions using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Contributions and subsidies received from HUD are generally recognized as revenues in the Annual Contributions Contract year, except for HAP payments received under the Project-Based Rental Assistance Program which are recognized as dwelling rental revenues when earned. Tenant rents are recognized as revenues in the month of occupancy.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014**

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions under the Capital Fund Program (CFP) are recognized as revenues in the period in which expenses related to CFP projects were incurred. Rentals and grants received in advance of the period in which they are recognized are recorded as unearned revenue.

Indirect Costs

Certain indirect costs are allocated to the various programs under a HUD-approved indirect cost allocation plan.

Inventory

Inventory is valued using an average costing method. The expenses are recorded upon consumption.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is adopted by the Board of the Authority and the Board resolution approving the budget is submitted to HUD annually.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interprogram Balances

Receivables and payables resulting from short-term interprogram loans are classified as “Interprogram Due From/To” in the respective program financial statements. These amounts are eliminated in the Authority’s statements of net position in the financial statements.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 – Deposits and Investments

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

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

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

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

Protection of the Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 3 – Deposits and Investments (continued)

Investments in stripped principal or interest obligation, reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of the confirmation of transfer from the custodian.

Unrestricted Cash and Cash Equivalents

Cash on Hand

At December 31, 2014, the Authority had \$2,000 in undeposited cash on hand, which is included on the Statement of Net Position as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

At December 31, 2014, the carrying amount of the Authority’s deposits was \$11,767,971 (including \$348,946 of non-negotiable certificates of deposit), and the bank balance was \$12,722,744. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2014, none of the Authority’s bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the Federal Reserve Bank of Boston and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014**

Note 3 – Deposits and Investments (continued)

Investments

The Authority has a formal investment policy however, the Authority’s investments were limited to U.S. Treasury/Agency securities, money market accounts backed by U.S. Treasury/Agency securities, and private debt securities at December 31, 2014.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Authority’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor’s. The Authority’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The Authority’s investment policy does not specifically address credit risk beyond requiring the Authority to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent, but not in the Authority’s name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2014:

	Fair Value	Percentage of Total
Money Market	\$ 5,651,211	21.30%
Trustee Banks	6,626,105	24.98%
U.S. Government Agencies	14,250,500	53.72%
	<u>26,527,816</u>	<u>100.00%</u>
Deposits and Cash on Hand	11,769,971	
Total Cash and Investments	<u>\$ 38,297,787</u>	

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 3 – Deposits and Investments (continued)

As of December 31, 2014, the Authority has the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less Than One Year	1 -3 Years	4 - 5 Years
Money Market	\$ 5,651,211	\$ 5,659,339	\$ -	\$ -
Trustee Banks	6,626,105	1,500,345	5,125,760	-
U.S. Government Agencies	14,250,500	-	11,848,328	2,402,172
	\$ 26,527,816	\$ 7,159,684	\$ 16,974,088	\$ 2,402,172

Restricted Cash and Investments

The Authority has restricted cash and investment at December 31, 2014 as follows:

Proceeds from Norton Homes Sale	\$ 9,428,818
Unspent HAP Funding Provided for Housing Choice Voucher Program	87,557
Tenant Security Deposits	323,745
Other Purposes	5,105,526
	\$ 14,945,646

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 4 – Capital Assets

Capital asset activity for the 18 months ended December 31, 2014 was as follows:

	Balance 7/1/2013	Additions	Deletions	Balance 12/31/2014
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 26,097,955	\$ 255,619	\$ -	\$ 26,353,574
Construction In Progress	32,859,123	11,184,742	(15,492,286)	28,551,579
<i>Total Capital Assets Not Being Depreciated</i>	58,957,078	11,440,361	(15,492,286)	54,905,153
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	302,874,829	17,760,385	-	320,635,214
Furniture, Equipment, Machinery - Dwelling	3,464,613	347,621	(684,005)	3,128,229
Furniture, Equipment, Machinery - Admin	2,108,166	-	-	2,108,166
<i>Total Capital Assets Being Depreciated</i>	308,447,608	18,108,006	(684,005)	325,871,609
Less: Accumulated Depreciation	(198,602,773)	(17,851,398)	571,948	(215,882,223)
Capital Assets Being Depreciated, Net	109,844,835	256,608	(112,057)	109,989,386
Primary Government Capital Assets, Net	<u>\$ 168,801,913</u>	<u>\$ 11,696,969</u>	<u>\$ (15,604,343)</u>	<u>\$ 164,894,539</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 5 – Long-Term Obligations

Changes in the Authority’s long-term obligations during the 18 months ended December 31, 2014 are as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 12/31/2014	Due Within One Year
<u>General Obligations</u>					
Midtown Note 4.58%	\$ 287,903	\$ -	\$ (233,822)	\$ 54,081	\$ 54,081
Central Office Variable Rate Bonds	3,840,000	-	(305,000)	3,535,000	320,000
Energy Conservation Note 4.40%	1,846,886	-	(625,955)	1,220,931	441,028
Energy Conservation Note 3.79%	2,521,301	-	(636,444)	1,884,857	444,814
OHFA NSP Loan	-	1,877,922	-	1,877,922	-
Summit County NSP Loan	-	500,000	(50,000)	450,000	25,000
Capital Fund Financing Program	12,240,001	-	(615,000)	11,625,001	645,000
Premium on Bond	295,675	-	(21,120)	274,555	21,120
<i>Total General Obligations</i>	<u>21,031,766</u>	<u>2,377,922</u>	<u>(2,487,341)</u>	<u>20,922,347</u>	<u>1,951,043</u>
<u>Capital Lease</u>					
Phase III Bank of America	4,393,959	-	(244,140)	4,149,819	181,419
Compensated Absences	2,177,438	124,680	(354,422)	1,947,696	292,154
<i>Total Primary Government</i>	<u>\$ 27,603,163</u>	<u>\$ 2,502,602</u>	<u>\$ (3,085,903)</u>	<u>\$ 27,019,862</u>	<u>\$ 2,424,616</u>

On April 1, 1998, the Authority issued \$7,000,000 of variable rate demand bonds. The proceeds were used for the construction and furnishing of the Authority’s central office building and are being repaid from non-federal funds. The rate varies weekly, and the last reported rate for the 18 months ended December 31, 2014 was .11%.

On August 12, 2004, the Board authorized the Authority to proceed with Phase I of HUD’s Energy Incentive Program, financed by a \$4,809,191 tax-exempt municipal 12 year note at an interest rate of 4.44%. Principal and interest payments of \$43,141 were paid monthly to the financing bank, Fifth Third Bank. Phase I of this program encompassed water and electric energy conservation measures (ECM) throughout the Authority. The note was refinanced with PNC Bank at an interest rate of 4.40% on March 12, 2010, and the monthly payment is currently \$40,528.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 5 – Long-Term Obligations (continued)

On April 1, 2005, the Authority issued a general obligation promissory note in the amount of \$1,293,552. The proceeds of the note were used for the purchase of real property, a building and all building improvements from the Midtown Partners Limited Partnership. The note, which was due to First Merit Bank, N.A. and was payable in monthly installments of \$13,456 from April 1, 2005 to April 1, 2015, was refinanced on April 1, 2010. Interest is currently payable monthly at a rate of 4.58% and the payment is \$13,644 monthly from April 1, 2010 to March 1, 2015. The mortgage is repaid from non-federal funds.

On September 20, 2005, the Board authorized the Authority to proceed with Phase II of HUD's Energy Incentive Program, which was financed by a \$4,897,502 tax-exempt municipal 12 year note at an interest rate of 3.79%. Principal and interest payments of \$42,381 are paid monthly to the financing bank, PNC. Phase II of this program provided for the design, installation and financing of energy conservation measures to reduce natural gas consumption throughout the low-income public housing properties.

On July 17, 2007, the Authority obtained Series 2007A Capital Fund Revenue Bonds payable to Ohio Housing Finance Agency at an interest rate ranging from 3.90% to 4.67%. The principal amount of the combined bond issue for four housing authorities was \$40,532,000, and \$15,605,000 of the principal amount is Akron Metropolitan Housing Authority's share. Payments are due semi-annually from October 2007 to April 2027. The bonds are repaid from the Capital Fund Program and were issued to make capital improvements to several of the sites. Premium on the bonds of \$422,393 was added to the debt in fiscal year 2009 and is being amortized over the life of the bonds.

The Authority assumed a Neighborhood Stabilization Program (NSP) First Priority Cash Flow Mortgage in an amount totaling \$1,877,922 from the Ohio Housing Finance Agency to fund the rehabilitation of the Washington Square Project to be repaid over a 20 year term. The annual cash flow payment is due and payable calculated on 25% of available cash flow. Any outstanding principal at the end of the 20 year term will be forgiven provided that the Authority adheres to the rent and occupancy requirements, reporting requirements and monitoring requirements in compliance with OHFA standards. In addition, the Authority signed a \$500,000 promissory note with Summit County also derived from NSP funds, that is secured by a 20 year mortgage to be repaid in equal annual payments of \$25,000. The County has agreed to forgive the payment annually as long as the Authority complies with the terms and conditions of the note.

Compensated absences liability will be paid from the programs where employee salaries are paid.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014**

Note 5 – Long-Term Obligations (continued)

The following is a summary of the Authority’s future debt service requirements for long-term debt as of December 31, 2014:

Year	Principal	Interest	Total
2015	\$ 1,929,923	\$ 819,093	\$ 2,749,016
2016	1,962,982	735,841	2,698,823
2017	1,893,675	649,872	2,543,547
2018	3,803,258	489,570	4,292,828
2019	815,000	441,500	1,256,500
2020-2024	4,760,000	1,569,750	6,329,750
2025-2029	3,530,000	346,500	3,876,500
2030-2033	1,952,954	-	1,952,954
Totals	<u>\$ 20,647,792</u>	<u>\$ 5,052,126</u>	<u>\$ 25,699,918</u>

Note 6 – Capital Leases

In 2011, the Authority entered into a capitalized lease agreement for the acquisition of various building improvements and equipment. The terms of each agreement provide options to purchase the items. The leases meet the criteria of capital leases as one which transfers all benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized as equipment in the amount of \$4,676,586 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$244,140.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at December 31, 2014.

Year	Principal	Interest	Total
2015	\$ 181,419	\$ 168,417	\$ 349,836
2016	200,793	160,599	361,392
2017	436,039	149,999	586,038
2018	855,599	123,643	979,242
2019	1,195,961	81,229	1,277,190
2020	1,280,008	27,955	1,307,963
Totals	<u>\$ 4,149,819</u>	<u>\$ 711,842</u>	<u>\$ 4,861,661</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 7 – Other Employee Benefits

Compensated Absences

Sick Leave is earned at a rate of 4.6 hours for each 80 hours worked and up to 960 hours of accumulated, unused sick leave is paid upon retirement.

Vacation leave is earned at a rate ranging from 8 hours to 16.66 hours per month based on years of service. Vacation time may be carried over from year to year up to two years for a cumulative maximum of 96 hours. Accumulated, unused vacation time is due and payable to employees upon separation from the Authority.

Note 8 – Defined Benefit Pension Plan

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirements benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar in nature to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans. The 2014 contribution rates were 10.00% of earnable salary for members in state and local classifications. The 2014 employer contribution rate for state and local employers was 14.00% of earnable salary.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 8 – Defined Benefit Pension Plan (continued)

The Authority's required contributions for pension obligations to all plans for the 18 months ended December 31, 2014 were \$3,089,163. The Authority's required contributions for pension obligations to all plans for the fiscal years ended June 30, 2013 and 2012 were \$1,322,084 and \$1,469,334, respectively. As of December 31, 2014, 89% has been contributed and 100% has been contributed for 2013 and 2012.

Note 9 – Post-Employment Benefits

Plan Description

Ohio Public Employees Retirement System (OPERS) 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 that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 9 – Post-Employment Benefits (continued)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contribution to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not fund the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. From June 30, 2013 to December 31, 2013, the portion of employer contributions allocated to health care for all three plans was 1.0%. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPER Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's total contributions used to fund post-employment benefits for the 18 months ended December 31, 2014 were \$367,758. The total contributions used to fund post-employment benefits for the fiscal years ended June 30, 2013 and 2012 were \$528,823 and \$587,734, respectively. As of December 31, 2014, 89% has been contributed and 100% has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

Note 10 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the 18 months ended December 31, 2014, the Authority contracted with the Housing Authority Risk Retention Group, Inc. (HAARG).

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 10 – Risk Management (continued)

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 Housing Authority Risk Retention Group, Inc. (HARRG) which is an insurance risk-sharing and purchasing pool comprised of housing authorities. Property and personal property coverage is provided with a \$150,000,000 coverage limit and \$10,000 deductible. General liability is provided with a \$5,000,000 coverage limit and \$25,000 deductible. Public official liability is provided with a \$4,000,000 coverage limit and \$0 deductible. Other Crime liability is provided with a \$1,000,000 coverage limit and \$10,000 deductible. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Note 11 – Payments in Lieu of Taxes

The Authority has cooperation agreements with certain municipalities under which it makes payments in lieu of real estate taxes for various public services. The Authority's expense recognized for payments in lieu of taxes totaled \$695,808 for the 18 months ended December 31, 2014.

Note 12 – Capital Contributions

Capital contributions of \$9,900,837 represent the portion of grants that are used for capital improvements under the Authority's public housing program.

Note 13 – Restricted Net Position

The Housing Choice Voucher Program and the Veteran's Affairs Supportive Housing Program require the equity portion attributable to the excess housing assistance payments be reflected as restricted net position. The corresponding funds are reflected in the cash and investment accounts. In addition, proceeds from the sale of the Norton Homes public housing project are also restricted in usage and are shown as restricted investments and net position.

HCV Program	\$ 87,106
Public Housing Bond Pool	1,313,106
Component Unit Restricted	1,239,711
Norton Homes Sale Proceeds	9,428,818
<i>Total Restricted Net Position</i>	<u><u>\$ 12,068,741</u></u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 14 – Contingencies

Grants

The Authority received financial assistance from HUD in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Authority.

Litigation

The Authority is party to various legal proceedings. In the opinion of the Authority, the ultimate disposition of these proceedings will not have a materially adverse effect on the Authority's financial position. No provision has been made in the financial statements for the effect, if any, of such contingencies.

Note 15 – Commitments

As of December 31, 2014, the Authority had the following significant contractual commitments:

South Hawkins Apartments (scattered sites)	\$ 187,240
Colonial Hills Renovation	1,525,380
<i>Total Commitments</i>	<u>\$ 1,712,620</u>

Note 16 – Reporting Period

The Authority includes discreetly presented component units as a part of the reporting entity. In prior periods, the audited component unit financial information presented was as of the component unit year end, December 31. The Authority's primary government financial information reported was as of the Authority's year end, June 30. During 2014, the Authority elected to change its year end to December 31 so that the financial information reported would be more representative of the entire entity as of the reporting date. Due to this change, the financial information presented in the financial statements reflects 24 months of component unit activity and 18 months of primary government activity. In future periods, both the component units and the primary government will present 12 months of activity.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 17 – Prior Period Adjustment

During 2014, the Authority examined the status of the discreetly presented component units and determined that the *Building for Tomorrow* component unit would be more properly classified as a blended component unit. The net result of this change in classification is a transfer of the project balance as of June 30, 2013 of \$6,996 from the component unit to the primary government. All subsequent activity is reflected in the primary government column of the presented financial statements.

Note 18 – Component Units

Wilbeth-Arlington Homes Limited Partnership, Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC and Marian Hall Building, LLC (the “component units”) have been determined to be discreetly presented component units as described in Note 1. The Authority’s management has determined that they are significant; therefore they have been included as part of the Authority’s financial statements. The component units each issue a publicly available, stand-alone financial report that includes financial statements and supplementary information. The reports may be obtained by writing to the Finance Director of the Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

A. Significant Accounting Policies

Accounting Basis – The financial statements of the component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing financial accounting and reporting principles. The component units’ significant accounting policies are described below.

Basis of Presentation –Operating revenues are those that are generated directly from the primary activity of the component units. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the component units. All revenues and expenses not meeting this definition are reported as non-operating.

Cash and Cash Equivalents – Cash received by the component units is maintained in demand deposit accounts and is presented in the financial statements as “cash and cash equivalents”.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 18 – Component Units (continued)

Capital Assets and Depreciation – Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The component units do not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method.

Net Position – Net position represents the difference between assets and liabilities. The net position component “investment in capital assets” consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The component units apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

B. Deposits and Investments

At December 31, 2014, the carrying amount of all the component units’ deposits was \$5,297,202. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the component units to a successful claim by the FDIC.

C. Receivables

Receivables at December 31, 2014 consist of tenant rent receivables totaling \$35,151.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 18 – Component Units (continued)

D. Capital Assets

Capital asset activity for the 24 months ended December 31, 2014 was as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2014
<i><u>Capital Assets Not Being Depreciated</u></i>				
Land	\$ 1,009,800	\$ -	\$ -	\$ 1,009,800
<i>Total Capital Assets Not Being Depreciated</i>	1,009,800	-	-	1,009,800
<i><u>Capital Assets Being Depreciated</u></i>				
Buildings and Building Improvements	81,687,223	204,921	-	81,892,144
Furniture, Equipment, Machinery - Dwelling	1,646,166	464,843	(119,710)	1,991,299
<i>Total Capital Assets Being Depreciated</i>	83,333,389	669,764	(119,710)	83,883,443
Less: Accumulated Depreciation	(17,669,275)	(6,745,728)	100,277	(24,314,726)
Capital Assets Being Depreciated, Net	65,664,114	(6,075,964)	(19,433)	59,568,717
Component Unit Capital Assets, Net	<u>\$ 66,673,914</u>	<u>\$ (6,075,964)</u>	<u>\$ (19,433)</u>	<u>\$ 60,578,517</u>

E. Long-Term Debt

Debt activity for the 24 months ended December 31, 2014 was as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2014	Due Within One Year
<i><u>General Obligations</u></i>					
Eastland Woods, LLC	\$ 2,196,750	\$ -	\$ (145,798)	\$ 2,050,952	\$ 52,093
Edgewood Village, LLC	492,000	-	-	492,000	-
Edgewood Village South, LLC	2,000,000	-	(239,705)	1,760,295	236,725
<i>Total Component Units</i>	<u>\$ 4,688,750</u>	<u>\$ -</u>	<u>\$ (385,503)</u>	<u>\$ 4,303,247</u>	<u>\$ 288,818</u>

The beginning balance of debt was restated by the \$2,000,000 Edgewood Village South loan.

On November 1, 2004, Eastland Woods, LLC obtained a mortgage loan in the amount of \$2,424,200 to acquire and rehabilitate a 100 unit affordable rental housing project in Akron, Ohio. The loan is payable in monthly installments of \$15,323 from December 1, 2004 to November 1, 2034 at an interest rate of 6.50%.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014

Note 18 – Component Units (continued)

Edgewood Village, LLC obtained a \$4,000,000 construction bridge loan secured by a mortgage from the Ohio Housing Finance Agency to fund construction of the Edgewood Village Phase 4 Project. This project debt was paid in full and released from mortgage in April 2012. In addition, a note payable is due to Edgewood Village Development Corporation on a \$492,000 construction loan secured by a mortgage from the Ohio Housing Finance Agency to fund construction of the Edgewood Village Phase 4 Project. This project debt is at an interest rate of 2.00% compounded semi-annually. Principal and interest are payable from cash flow and due December 10, 2049.

Edgewood Village South, LLC obtained a Construction bridge loan from Ohio Housing Finance Agency in the amount of \$2,000,000. The bridge loan bears no interest for the first two years and then bears interest at 2.00% for the remainder of the term. Principal and interest are payable in eight annual installments in the amount of \$273,020 beginning on April 15, 2014 and continuing through April 15, 2021.

F. Contingencies

Management believes there are no pending legal matters which would materially affect the component units' financial statements.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the 18 Months Ended December 31, 2014**

Note 18 – Component Units (continued)

G. Condensed Financial Statement Information

	Wilbeth-Arlington Homes Limited Partnership	Eastland Woods, LLC	Akron Edgewood Homes, LLC	Edgewood Village, LLC
<u>Balance Sheet</u>				
Current Assets	\$ 1,618,172	\$ 693,769	\$ 1,131,716	\$ 700,407
Capital Assets, Net	6,656,910	11,569,485	16,683,739	8,847,452
Other Non-Current Assets	625,770	624,475	180,144	214,840
Current Liabilities	465,493	1,355,980	1,416,217	1,627,945
Non-Current Liabilities	9,915,337	8,056,086	11,489,282	4,101,512
Net Position	(1,479,978)	3,475,663	5,090,100	4,033,242
<u>Revenues, Expenses and Changes in Equity</u>				
Revenues	15,200,460	2,792,801	1,007,831	680,577
Expenses	9,081,140	3,142,017	2,941,951	1,776,613
Excess of Revenue over Expenses	\$ 6,119,320	\$ (349,216)	\$ (1,934,120)	\$ (1,096,036)
	Edgewood Village South, LLC	Marian Hall Building, LLC	Total Discretely Presented Component Units	
<u>Balance Sheet</u>				
Current Assets	\$ 873,011	\$ 606,402	\$ 5,623,477	
Capital Assets, Net	8,156,443	8,664,488	60,578,517	
Other Non-Current Assets	206,648	262,054	2,113,931	
Current Liabilities	386,967	61,488	5,314,090	
Non-Current Liabilities	4,931,138	7,136,332	45,629,687	
Net Position	3,917,997	2,335,124	17,372,148	
<u>Revenues, Expenses and Changes in Equity</u>				
Revenues	650,314	679,982	21,011,965	
Expenses	1,446,005	1,430,222	19,817,948	
Excess of Revenue over Expenses	\$ (795,691)	\$ (750,240)	\$ 1,194,017	

**Akron Metropolitan Housing Authority
Summit County
Statement of ROSS Grant Costs - Completed
For the 18 Months Ended December 31, 2014**

Annual Contributions Contract C-959

1. The total amount of grant costs of the ROSS Program grants are shown below:

OH007RFS222A011

Funds Approved	\$ 131,431
Funds Expended	<u>131,431</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ 0</u></u>

2. All work in connection with the ROSS Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

Annual Contributions Contract C-959

1. The total amount of grant costs of the ROSS Program grants are shown below:

OH007RFS163A012

Funds Approved	\$ 131,431
Funds Expended	<u>131,431</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ 0</u></u>

2. All work in connection with the ROSS Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

Annual Contributions Contract C-959

1. The total amount of grant costs of the ROSS Program grants are shown below:

OH007RPS149A011

Funds Approved	\$ 650,000
Funds Expended	<u>650,000</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ 0</u></u>

2. All work in connection with the ROSS Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

**Akron Metropolitan Housing Authority
Summit County
Statement of Urban Revitalization (Hope VI) Grant Costs – Completed
For the 18 Months Ended December 31, 2014**

Annual Contributions Contract C-959

1. The total amount of grant costs of the Hope VI Program grants are shown below:

OH12URD007I102

Funds Approved	\$ 19,250,000
Funds Expended	<u>19,250,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All work in connection with the Hope VI Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

Annual Contributions Contract C-959

1. The total amount of grant costs of the Hope VI Program grants are shown below:

OH12URD007I105

Funds Approved	\$ 20,000,000
Funds Expended	<u>20,000,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All work in connection with the Hope VI Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

Annual Contributions Contract C-959

1. The total amount of grant costs of the Hope VI Program grants are shown below:

OH12URD007N102

Funds Approved	\$ 200,000
Funds Expended	<u>200,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All work in connection with the Hope VI Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

**Akron Metropolitan Housing Authority
Summit County
Statement of Modernization Grant Costs – Completed
For the 18 Months Ended December 31, 2014**

Annual Contributions Contract C-959

1. The total amount of modernization costs of the Capital Fund Program are shown below:

OH12P00750110

Funds Approved	\$ 8,791,520
Funds Expended	<u>8,791,520</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ 0</u></u>

2. All work in connection with the Capital Fund Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2014**

	Low Rent 14.850 and Capital Fund 14.872	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Assets													
<i>Cash and Cash Equivalents</i>													
Unrestricted	\$ 650,130	\$ -	\$ 307,001	\$ -	\$ 661,072	\$ -	\$ -	\$ 4,115,824	\$ 158,197	\$ 100,974	\$ 1,943,051	\$ -	\$ 7,936,249
Other Restricted	308,416	36,521	171,487	-	-	-	20,598	1,239,711	-	-	-	-	1,776,733
Tenant Security Deposits	267,978	-	-	-	-	-	-	55,767	-	-	-	-	323,745
Restricted for Payment of Current Liabilities	1,712,262	-	20,982	-	-	-	-	-	-	-	-	-	1,733,244
Total Cash and Cash Equivalents	2,938,786	36,521	499,470	-	661,072	-	20,598	5,411,302	158,197	100,974	1,943,051	-	11,769,971
<i>Accounts and Notes Receivable</i>													
Accounts Receivable - HUD Other Projects	273,793	-	-	6,430	-	-	-	-	-	31,136	-	-	311,359
Accounts Receivable - Miscellaneous	40,955	-	-	-	-	-	109,974	353,242	18,452	-	11,679	-	534,302
Accounts Receivable - Tenants	37,232	-	-	-	-	-	-	8,136	-	-	-	-	45,368
Allowance for Doubtful Accounts - Tenants	(1,310)	-	-	-	-	-	-	(422)	-	-	-	-	(1,732)
Notes, Loans and Mortgages Receivable - Current	76,563	-	-	-	-	-	-	-	-	-	-	-	76,563
Accrued Interest Receivable	11,427	-	-	-	4,318	-	-	14,885	-	-	-	-	30,630
Total Accounts and Notes Receivable - Net of Allowance	438,660	-	-	6,430	4,318	-	109,974	375,841	18,452	31,136	11,679	-	996,490
<i>Investments</i>													
Unrestricted	8,551,894	-	-	-	3,810,277	-	-	3,053,721	-	-	-	-	15,415,892
Restricted	1,683,106	-	-	-	-	-	-	9,428,818	-	-	-	-	11,111,924
Total Investments	10,235,000	-	-	-	3,810,277	-	-	12,482,539	-	-	-	-	26,527,816
<i>Other Current Assets</i>													
Prepaid Expenses and Other Assets	686,685	-	37,633	-	-	-	1,049	64,178	-	-	68,760	-	858,305
Inventories	181,207	-	-	-	-	-	-	2,200	-	-	191,988	-	375,395
Allowance for Obsolete Inventories	(6,109)	-	-	-	-	-	-	(20)	-	-	(8,891)	-	(15,020)
Interprogram Due From	-	-	-	-	-	-	-	-	-	-	133,633	(133,633)	-
Total Other Current Assets	861,783	-	37,633	-	-	-	1,049	66,358	-	-	385,490	(133,633)	1,218,680
<i>Capital Assets</i>													
Land	18,953,072	-	-	-	-	-	-	7,386,348	-	-	14,154	-	26,353,574
Buildings	298,756,558	-	-	-	-	-	-	19,711,195	-	-	2,167,461	-	320,635,214
Furniture, Equipment and Machinery - Dwellings	1,541,165	28,198	114,986	-	-	-	-	1,662,852	-	-	-	-	3,347,201
Furniture, Equipment and Machinery - Administration	-	-	-	-	-	-	74,228	-	-	-	1,814,966	-	1,889,194
Accumulated Depreciation	(202,755,551)	(27,603)	(93,304)	-	-	-	(47,011)	(10,714,740)	-	-	(2,244,014)	-	(215,882,223)
Construction in Progress	27,798,538	-	-	-	-	-	-	753,041	-	-	-	-	28,551,579
Total Capital Assets, Net of Accumulated Depreciation	144,293,782	595	21,682	-	-	-	27,217	18,798,696	-	-	1,752,567	-	164,894,539
<i>Other Non-Current Assets</i>													
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	56,757,902	-	-	-	-	56,757,902
Other Assets	306,440	-	-	-	-	-	-	-	-	-	-	-	306,440
Total Other Non-Current Assets	306,440	-	-	-	-	-	-	56,757,902	-	-	-	-	57,064,342
Total Assets	\$ 159,074,451	\$ 37,116	\$ 558,785	\$ 6,430	\$ 4,475,667	\$ -	\$ 158,838	\$ 93,892,638	\$ 176,649	\$ 132,110	\$ 4,092,787	\$ (133,633)	\$ 262,471,838

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2014**

	Low Rent 14.850 and Capital Fund 14.872	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Liabilities													
<i>Current Liabilities</i>													
Accounts Payable <= 90 Days	\$ 99,664	\$ -	\$ 21,448	\$ -	\$ 18	\$ -	\$ 4,418	\$ 55,113	\$ 212,408	\$ -	\$ 36,206	\$ -	\$ 429,275
Accrued Wages and Payroll Taxes Payable	201,817	-	31,557	-	844	-	-	14,690	-	-	106,690	-	355,598
Accrued Compensated Absences	100,405	-	20,557	-	33	-	-	23,950	-	-	147,210	-	292,155
Accrued Interest Payable	152,252	-	-	-	-	-	-	647	-	-	-	-	152,899
Accounts Payable - Other Government	765,327	-	-	-	-	-	-	32,694	-	-	2,398	-	800,419
Tenant Security Deposits	267,978	-	-	-	-	-	-	55,767	-	-	-	-	323,745
Deferred Revenue	70,200	-	-	-	-	-	-	7,722	-	-	-	-	77,922
Capital Projects and Mortgage Revenue - Current Portion	1,733,381	-	-	-	-	-	-	399,081	-	-	-	-	2,132,462
Other Current Liabilities	605,369	36,521	20,982	-	-	-	-	-	-	-	356,502	-	1,019,374
Other Accrued Liabilities	60,686	-	11,827	-	168	-	-	20,871	-	-	234,296	-	327,848
Inter Program - Due To	-	-	-	6,430	-	-	127,203	-	-	-	-	(133,633)	-
Total Current Liabilities	4,057,079	36,521	106,371	6,430	1,063	-	131,621	610,535	212,408	-	883,302	(133,633)	5,911,697
<i>Non-Current Liabilities</i>													
Long-Term Debt, Non-Current	17,421,780	-	-	-	-	-	-	5,517,922	-	-	-	-	22,939,702
Other Non-Current Liabilities	126,227	-	83,930	-	-	-	-	-	-	-	-	-	210,157
Accrued Compensated Absences - Non-Current	568,958	-	116,490	-	185	-	-	135,720	-	-	834,187	-	1,655,540
Total Non-Current Liabilities	18,116,965	-	200,420	-	185	-	-	5,653,642	-	-	834,187	-	24,805,399
Total Liabilities	22,174,044	36,521	306,791	6,430	1,248	-	131,621	6,264,177	212,408	-	1,717,489	(133,633)	30,717,096
Net Position													
Net Investment in Capital Assets	125,138,621	595	21,682	-	-	-	27,217	12,881,693	-	-	1,752,567	-	139,822,375
Restricted	1,313,106	-	87,106	-	-	-	-	10,668,529	-	-	-	-	12,068,741
Unrestricted	10,448,680	-	143,206	-	4,474,419	-	-	64,078,239	(35,759)	132,110	622,731	-	79,863,626
Total Net Position	136,900,407	595	251,994	-	4,474,419	-	27,217	87,628,461	(35,759)	132,110	2,375,298	-	231,754,742
Total Liabilities and Net Position	\$ 159,074,451	\$ 37,116	\$ 558,785	\$ 6,430	\$ 4,475,667	\$ -	\$ 158,838	\$ 93,892,638	\$ 176,649	\$ 132,110	\$ 4,092,787	\$ (133,633)	\$ 262,471,838

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2014**

	Low Rent 14.850 and Capital Fund 14.872	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Operating Revenues													
<i>Tenant Revenues</i>													
Tenant Rental Revenue, Net	\$ 11,400,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,497,012	\$ -	\$ -	\$ -	\$ -	\$ 13,897,616
Other Tenant Revenue	536,057	-	-	-	-	-	-	18,780	-	-	-	-	554,837
Total Tenant Revenues	11,936,661	-	-	-	-	-	-	2,515,792	-	-	-	-	14,452,453
<i>Fee Revenues</i>													
HUD PHA Operating Grants	27,782,105	299,483	42,443,983	182,990	3,193,623	825,046	-	-	-	110,151	-	-	74,837,381
Capital Grants	9,900,837	-	-	-	-	-	-	-	-	-	-	-	9,900,837
Management Fee	-	-	-	-	-	-	-	-	-	-	5,271,427	(5,271,427)	-
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	731,880	(731,880)	-
Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	542,378	(542,378)	-
Total Fee Revenues	37,682,942	299,483	42,443,983	182,990	3,193,623	825,046	-	-	-	110,151	6,545,685	(6,545,685)	84,738,218
<i>Other Revenues</i>													
Other Intergovernmental Revenue	-	-	-	-	-	-	620,642	-	-	-	-	-	620,642
Investment Income - Restricted	156,347	-	586	-	55,360	-	157	3,631,010	-	36	128	-	3,843,624
Mortgage Interest Income	-	-	-	-	-	-	-	96,589	-	-	-	-	96,589
Fraud Recovery	-	-	160,484	-	-	-	-	-	-	-	-	-	160,484
Other Revenue	1,684,076	-	44,008	-	1,247	-	358,624	2,457,488	935,958	-	3,858,312	-	9,339,713
Gain or Loss on Sale of Capital Assets	15,130	-	249	-	-	-	7	6,081	-	-	8,681	-	30,148
Investment Income - Unrestricted	21,120	-	-	-	-	-	-	39,820	-	-	-	-	60,940
Total Other Revenues	1,876,673	-	205,327	-	56,607	-	979,430	6,230,988	935,958	36	3,867,121	-	14,152,140
Total Operating Revenues	\$ 51,496,276	\$ 299,483	\$ 42,649,310	\$ 182,990	\$ 3,250,230	\$ 825,046	\$ 979,430	\$ 8,746,780	\$ 935,958	\$ 110,187	\$ 10,412,806	\$ (6,545,685)	\$ 113,342,811

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2014**

	Low Rent 14.850 and Capital Fund 14.872	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Operating Expenses													
<i>Administrative</i>													
Administrative Salaries	\$ 3,195,522	\$ -	\$ 1,642,110	\$ -	\$ 52,893	\$ 37,342	\$ 401	\$ 666,642	\$ -	\$ 11,360	\$ 3,942,163	\$ -	\$ 9,548,433
Auditing Fees	15,947	-	13,188	-	970	-	150	6,200	-	200	3,053	-	39,708
Management Fee	3,802,428	-	750,006	-	31,500	-	-	179,208	-	-	-	(5,271,427)	(508,285)
Bookkeeping Fee	542,378	-	-	-	-	-	-	-	-	-	-	(542,378)	-
Advertising and Marketing	32,041	-	4,815	-	68	-	-	4,501	-	-	13,712	-	55,137
Employee Benefit Contributions	2,065,964	-	1,009,748	-	25,508	16,003	-	340,350	-	4,868	1,932,994	-	5,395,435
Office Expenses	663,658	1,065	184,005	-	697	-	12,157	60,903	-	-	319,364	-	1,241,849
Legal Expense	166,756	-	51,737	-	44	-	-	137,625	-	-	102,041	-	458,203
Travel	27,172	10,623	3,643	-	1,573	-	40	11,816	-	-	61,339	-	116,206
Other	2,257,924	5,022	336,038	-	13,841	-	19,611	351,811	-	-	837,050	-	3,821,297
Total Administrative Expenses	12,769,790	16,710	3,995,290	-	127,094	53,345	32,359	1,759,056	-	16,428	7,211,716	(5,813,805)	20,167,983
<i>Tenant Services</i>													
Asset Management Fee	731,880	-	-	-	-	-	-	-	-	-	-	(731,880)	-
Tenant Services-Salaries	905,394	175,468	228,463	111,784	-	-	485,914	39,922	-	-	-	-	1,946,945
Employee Benefit Contributions	435,170	95,681	142,265	71,099	-	-	251,204	9,779	-	-	-	-	1,005,198
Other Tenant Services	184,069	11,624	2,162	-	-	-	192,358	28,880	-	-	-	-	419,093
Total Tenant Services Expenses	2,256,513	282,773	372,890	182,883	-	-	929,476	78,581	-	-	-	(731,880)	3,371,236
<i>Utilities</i>													
Water	961,946	-	-	-	-	-	-	74,460	-	-	1,541	-	1,037,947
Electricity	1,889,364	-	-	-	-	-	-	231,093	-	-	31,226	-	2,151,683
Gas	572,968	-	-	-	-	-	-	62,575	-	-	10,895	-	646,438
Sewer	2,012,082	-	-	-	-	-	-	154,120	-	-	1,989	-	2,168,191
Other Utilities Expense	25,717	-	-	-	-	-	-	-	-	-	-	-	25,717
Total Utilities Expenses	5,462,077	-	-	-	-	-	-	522,248	-	-	45,651	-	6,029,976
<i>Maintenance</i>													
Ordinary Maintenance and Operations Labor	5,351,891	-	-	-	-	-	-	294,627	-	-	1,476,955	-	7,123,473
Ordinary Maintenance and Operations Materials and Other	2,553,917	-	14,494	-	16	-	743	166,732	-	-	314,705	-	3,050,607
Ordinary Maintenance and Operations Contracts	6,361,486	-	20,789	-	-	-	7,627	657,437	-	-	187,737	-	7,235,076
Employee Benefits Contributions	3,073,781	-	-	-	-	-	-	149,938	-	-	696,895	-	3,920,614
Total Maintenance Expenses	17,341,075	-	35,283	-	16	-	8,370	1,268,734	-	-	2,676,292	-	21,329,770
<i>Protective Services</i>													
Protective Services Labor	1,532,066	-	71,822	-	-	-	-	85,680	-	-	24,773	-	1,714,341
Protective Services Contract Costs	531,647	-	47,484	-	6	-	-	46,285	-	-	24,418	-	649,840
Protective Services Other	21,649	-	-	-	-	-	-	1,362	-	-	48	-	23,059
Employee Benefits Contributions	246,402	-	26,971	-	-	-	-	29,191	-	-	11,689	-	314,253
Total Protective Services Expenses	\$ 2,331,764	\$ -	\$ 146,277	\$ -	\$ 6	\$ -	\$ -	\$ 162,518	\$ -	\$ -	\$ 60,928	\$ -	\$ 2,701,493

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2014**

	Low Rent 14.850 and Capital Fund 14.872	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Operating Expenses (continued)													
<i>Insurance</i>													
Property Insurance	\$ 982,867	\$ -	\$ 57,478	\$ -	\$ -	\$ -	\$ 1,777	\$ 69,954	\$ -	\$ -	\$ 135,319	\$ -	\$ 1,247,395
Workman's Compensation	195,503	-	35,387	107	1,012	-	7,448	18,528	-	-	94,596	-	352,581
Other Insurance	-	-	-	-	-	-	-	-	-	-	14,812	-	14,812
Total Insurance Expenses	1,178,370	-	92,865	107	1,012	-	9,225	88,482	-	-	244,727	-	1,614,788
<i>General</i>													
Other General Expenses	994,334	-	-	-	-	-	-	94,250	978,713	-	6,626	-	2,073,923
Compensated Absences	175,186	-	22,588	-	-	-	-	2,144	-	-	154,504	-	354,422
Payments in Lieu of Taxes	695,808	-	-	-	-	-	-	-	-	-	-	-	695,808
Bad Debt - Tenant Services	306,158	-	-	-	-	-	-	6,706	-	-	-	-	312,864
Bad Debt - Other	-	-	-	-	-	-	-	4,492,378	-	-	-	-	4,492,378
Total General Expenses	2,171,486	-	22,588	-	-	-	-	4,595,478	978,713	-	161,130	-	7,929,395
Interest of Mortgage or Bonds Payable	950,132	-	-	-	-	-	-	20,034	-	-	-	-	970,166
Interest on Notes Payable	494,205	-	-	-	-	-	-	-	-	-	-	-	494,205
Amortization of Bond Issue Costs	23,572	-	-	-	-	-	-	-	-	-	-	-	23,572
Total Expense and Amortization Cost	1,467,909	-	-	-	-	-	-	20,034	-	-	-	-	1,487,943
Total Operating Expenses	44,978,984	299,483	4,665,193	182,990	128,128	53,345	979,430	8,495,131	978,713	16,428	10,400,444	(6,545,685)	64,632,584
Excess of Operating Revenues Over (Under) Operating Expense	6,517,292	-	37,984,117	-	3,122,102	771,701	-	251,649	(42,755)	93,759	12,362	-	48,710,227
Other Financing Sources (Uses)													
<i>Non-Operating Expenses</i>													
Extraordinary Maintenance	(2,824)	-	-	-	-	-	-	(38,494)	-	-	-	-	(41,318)
Non-Capitalized Casulty Losses	(440,240)	-	-	-	-	-	-	(4,704)	-	-	(4,509)	-	(449,453)
Housing Assistance Payments	-	-	(40,305,062)	-	(2,906,843)	(771,701)	-	-	-	(93,759)	-	-	(44,077,365)
Depreciation Expense	(16,635,897)	(2,337)	(15,719)	-	-	-	(22,268)	(1,015,335)	-	-	(242,389)	-	(17,933,945)
Total Non-Operating Expenses	(17,078,961)	(2,337)	(40,320,781)	-	(2,906,843)	(771,701)	(22,268)	(1,058,533)	-	(93,759)	(246,898)	-	(62,502,081)
<i>Transfers</i>													
Operating Transfer In	1,762,542	-	-	-	-	-	-	-	-	-	-	(1,762,542)	-
Operating Transfer Out	(1,762,542)	-	-	-	-	-	-	-	-	-	-	1,762,542	-
Inter Project Excess Cash Transfer In	1,615,502	-	-	-	-	-	-	-	-	-	-	(1,615,502)	-
Inter Project Excess Cash Transfer Out	(1,615,502)	-	-	-	-	-	-	-	-	-	-	1,615,502	-
Transfer In between Program and Project	-	-	-	-	-	-	-	118,150	-	-	-	(118,150)	-
Transfer Out between Program and Project	(118,150)	-	-	-	-	-	-	-	-	-	-	118,150	-
Total Transfers	(118,150)	-	-	-	-	-	-	118,150	-	-	-	-	-
Total Other Financing Sources (Uses)	(17,197,111)	(2,337)	(40,320,781)	-	(2,906,843)	(771,701)	(22,268)	(940,383)	-	(93,759)	(246,898)	-	(62,502,081)
Excess (Deficiency) of Total Revenue Over (Under) Total Expens	\$ (10,679,819)	\$ (2,337)	\$ (2,336,664)	\$ -	\$ 215,259	\$ -	\$ (22,268)	\$ (688,734)	\$ (42,755)	\$ -	\$ (234,536)	\$ -	\$ (13,791,854)

**AKRON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE 18 MONTHS ENDED DECEMBER 31, 2014**

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Programs</u>		
Low Rent Public Housing Program	14.850	\$ 23,890,637
Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators	14.870	299,483
Public Housing Family Self-Sufficiency Under ROSS	14.877	182,990
Capital Fund Program	14.872	13,792,305
<u>Section 8</u>		
Section 8 Housing Choice Voucher Program	14.871	42,443,983
<u>Section 8 Project Cluster</u>		
Section 8 New Construction	14.182	3,193,623
Section 8 Moderate Rehabilitation	14.856	110,151
<i>Total Section 8 Project Cluster</i>		<u>3,303,774</u>
Shelter Care Plus	14.238	825,046
Total Section 8		<u>46,572,803</u>
Total U.S. Department of Housing and Urban Development		<u>84,738,218</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 84,738,218</u></u>

This schedule is prepared on the accrual basis of accounting

**Akron Metropolitan Housing Authority
Summit County
Notes to the Schedule of Federal Awards Expenditures
For the 18 Months Ended December 31, 2014**

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures reports the Akron Metropolitan Housing Authority's (the Authority) federal award programs' disbursements. The schedule has been prepared in accordance with accounting principles generally accepted in the United States of America.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 43616

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, (the Authority) as of and for the period ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 5, 2015. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits from the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of Eastland Woods, LLC, Wilbeth-Arlington Homes, Limited Partnership, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC as described in our report on the Authority's financial statements. The financial statements of Eastland Woods, LLC, Wilbeth-Arlington Homes, Limited Partnership, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

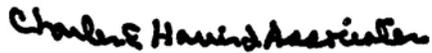
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 5, 2015

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Akron Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Authority's major federal program for the period ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Akron Metropolitan Housing Authority complied in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the period ended December 31, 2014.

Report on Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



CHARLES E. HARRIS & ASSOCIATES, INC.
June 5, 2015

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**AKRON METROPOLITAN HOUSING AUTHORITY
SUMMIT COUNTY
FOR THE 18 MONTHS ENDED DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Low Rent Public Housing Program CFDA #14.850
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$2,542,147 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**Akron Metropolitan Housing Authority
Summit County**

**Schedule of Prior Audit Findings
For the 18 Months Ended December 31, 2014**

The prior audit report, for the year ended June 30, 2013, reported no material citations or recommendations.

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Dave Yost • Auditor of State

AKRON METROPOLITAN HOUSING AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2015**