CUYAHOGA METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

James G. Zupka, CPA, Inc.
Certified Public Accountants

Dave Yost · Auditor of State

Board of Commissioners
Cuyahoga Metropolitan Housing Authority
8120 Kinsman Road
Cleveland, OH 44104

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Metropolitan Housing Authority, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2014 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 Cuyahoga Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

October 8, 2015

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

To the Board of Commissioners
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

INDEPENDENT AUDITOR'S REPORT

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 Cuyahoga Metropolitan Housing Authority, Ohio (the Authority), as of and for the year 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely component units and the Western Reserve Revitalization and Management Company, Inc., a blended component unit. The blended component unit represents 15.93 percent of assets, 9.10 percent of net position, and 1.27 percent of revenues of the business-type activities of the primary government. The statements of the aggregate discretely presented component units and the blended component unit were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the blended component unit, is based solely on the report of the 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors audited the financial statements of the aggregate discretely presented component units and the blended component unit in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 respective financial position of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority, Ohio, as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As reported in Note 3 to the financial statements, the Authority has included the discretely presented component units and restated net position related to the Western Reserve Revitalization and Management Company, Inc. (a blended component unit), in its financial statements. 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 that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cuyahoga Metropolitan Housing Authority, Ohio's basic financial statements. The Supplemental Schedule of Modernization Costs Expended and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2015.10.05 12:59:09 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 13, 2015

The Cuyahoga Metropolitan Housing Authority ("CMHA" or the "Authority") owns and manages property and administers rent subsidy programs to provide eligible low-income persons good, safe, and affordable housing. The Authority is a political subdivision of the State of Ohio, created under sections 3735.27 to 3735.50 of the Ohio Revised Code and serves the County of Cuyahoga primarily through two federally assisted programs administered by the U.S. Department of Housing and Urban Development ("HUD"): Conventional Low Income Public Housing and Housing Choice Voucher programs.

The following discussion and analysis provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2014, and should be read in conjunction with the Authority's financial statements which begin on page 12. If you have any questions, please contact Amy M. Waxman, Director of Finance, 8120 Kinsman Road, Cleveland, Ohio 44104, or telephone 216-271-2599.

Overview of the Financial Statements

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, including Governmental Accounting Standards Board ("GASB") Statement No. 34 (as amended by GASB Statement No. 37). The Authority follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provide a comprehensive authority-wide look at the Authority's financial activities. The statements are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

The financial statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority's financial condition as of December 31, 2014, and the results of its operations and cash flows for the year then ended.

Management of the Authority continued its efforts to strengthen its internal controls and compliance of its policies through its Compliance Department, Internal Audit Department, and Risk Management Department. The Authority also has both a Finance Committee and an Operations Committee that consists of a member of the Board of Commissioners, Chief Executive Officer, Chief of Staff, Director of Finance, and various other staff members with financial and operational expertise across the Authority's departments. These committees meet monthly and report activities to the Board of Commissioners.

In addition, the Board of Commissioners has an Audit Committee to assist in fulfilling its oversight and responsibilities for the financial reporting process, system of internal control, audit process, and the Authority's process for monitoring compliance with laws and regulations. The Audit Committee consists of up to five outside, independent members with collective knowledge of accounting and reporting principles applied by the Authority in preparing its financial statements. Working directly with the Director of Internal Audit, the Audit Committee meets regularly and reports its activities to the full Board.

For the year ended 2014, the audited financial statements are presented with Primary Government and Discretely Presented Component Unit columns. In prior years, the audited financial statements were presented on a consolidated basis. The net position beginning of the year balance for the Primary Government, and all of 2013 amounts shown for comparative purposes in Management's Discussion and Analysis, have been restated to exclude what is now being reported under the Discretely Presented Component Units column. This will allow for like comparison of numbers.

2014 Financial Highlights

- The Authority's net position increased by $0.9 million (or 0.4 percent) during 2014. Net position was $226.8 million and $225.9 million at December 31, 2014 and 2013, respectively.
- Total operating and non-operating revenues decreased by $1.6 million (.8 percent) during 2014, and were $204.6 million and $206.2 million for 2014 and 2013, respectively.
- The total operating and non-operating expenses of all Authority programs decreased by $4.3 million (1.9 percent). Total expenses were $220.6 million and $224.9 million for 2014 and 2013, respectively.
- The Authority's unrestricted net position increased by $14.7 million (or 17.2 percent) during 2014, and was $100.4 million and $85.7 million for 2014 and 2013, respectively.

The Authority's Programs

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of the more significant programs is as follows:

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

Housing Choice Voucher Program and Moderate Rehabilitation Programs—Under these programs, the Authority administers contracts with private landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The Program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Housing Choice Voucher Program Project Based Voucher Program - Project Based vouchers are a component of the Authority's Housing Choice Voucher Program. Project Based assistance requires a resident to live in a housing unit at the property being subsidized.

Section 8 New Construction Housing Assistance Payment Programs - These programs account for the operation of low-income housing developments where the Authority, or its subsidiary, contract directly with HUD to develop low income property. The Authority, through its subsidiary, owns and manages all developments and handles all HUD funding and reporting.

Market Rate Property-Woody Woods - Properties that are rented by people who pay the market rent to lease the property. The Woody Woods property currently contains facilities serving Housing Choice Voucher Program and Non-Housing Choice Voucher Program residents.

Rental Assistance Demonstration Program - Allows the public housing agency to convert properties to project based rental assistance in order to attract debt and equity to make capital improvements. During 2014, the Agency was in the process of closing three projects under this program. In 2015, the process began for three additional projects.

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed information from the Authority's Statement of Net Position compared to 2013.

Table 1 - Condensed Statements of Net Position
(in millions)

	December 31	
	2014	Restated 2013
Assets		
Current and Other Assets	$ 141.1	$ 124.1
Capital Assets	194.1	206.7
Total Assets	335.2	330.8
Liabilities		
Accounts Payable and Other Current Liabilities	29.6	32.5
Long-term Liabilities	78.8	72.4
Total Liabilities	108.4	104.9
Net Position		
Net Investment in Capital Assets	112.0	132.8
Restricted	14.4	7.4
Unrestricted	100.4	85.7
Total Net Position	$ 226.8	$ 225.9

For more detailed information see page 12 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other assets increased by $17.0 million and current liabilities decreased by $2.9 million. The Authority's current ratio increased to 2.0 in 2014, compared to 1.7 in 2013. There are sufficient current assets (primarily cash, investments, and receivables from HUD) to extinguish current liabilities. Net capital assets decreased to $194.1 million in 2014 from $206.7 in 2013. The $12.6 million decrease is attributed to net capital asset additions of $10.5 million offset by depreciation expense of $20.6 million and $2.5 million of capital asset deletions. For additional detail see "Capital Asset and Debt Administration".

Long term liabilities increased $6.4 million to $78.8 million in 2014 from $72.4 in 2013. The increase is primarily the result of an increase in long-term debt.

While operating results are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer picture of the change in financial well-being.

The following presents details on the change in unrestricted net position during the years ended December 31, 2014 and 2013:

Table 2 - Changes in Unrestricted Net Position
(in millions)

	2014	2013
Unrestricted Net Position—Beginning of Year	$ 85.7	$ 91.1
Total Change in Net Position	(16.0)	(18.8)
Adjustments:		
Depreciation (1)	20.6	22.3
Adjustment for Retirement of Capital Assets	2.5	0.0
Adjusted Change in Net Position	7.1	3.5
Changes in Unexpended Borrowing on Debt - Net	6.7	1.0
Additions to Long-term Debt, Net of Payments on Long-term Debt	3.3	(4.6)
Capital Expenses	(10.5)	(8.4)
(Increase) Decrease in Restricted Net Position	(7.0)	2.9
Prior Period Adjustment	15.1	0.2
Unrestricted Net Position—End of Year	$ 100.4	$ 85.7

(1) Depreciation is treated as an expense and reduces the net investment in capital assets but does not have an impact on unrestricted net position.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net position is as follows for the year ended December 31, 2014 and 2013:

Table 3 - Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in millions)

	2014	Restated 2013
Operating Revenues		
Dwelling Rent from Tenants	$ 15.6	$ 16.0
HUD Operating Subsidies and Grants	174.4	174.8
Grants - Other	0.7	0.8
Other Revenues	2.9	3.3
Total Operating Revenues	193.6	194.9
Operating Expenses		
Housing Assistance Payments	91.5	93.0
Depreciation	20.6	22.2
Administrative	35.2	33.4
Building Maintenance	25.2	27.8
Utilities	17.0	17.1
Nonroutine Maintenance	5.7	10.0
Tenant Services	4.0	4.1
General	6.4	4.8
Protective Services	8.3	8.2
Other	0.3	0.3
Total Operating Expenses	214.2	220.9
Operating Loss	(20.6)	(26.0)
Non-Operating Revenues (Expenses)		
Capital Grants from HUD	10.9	11.0
Interest Income	0.1	0.1
Interest Expense	(3.9)	(3.9)
Amortization of Bond Issue	0.0	(0.1)
Gain (Loss) on Disposition	(2.5)	0.2
Total Non-Operating Revenues—Net	4.6	7.3
Change in Net Position	(16.0)	(18.7)
Net Position—Beginning of Year (1)	225.9	246.4
Prior Period Adjustment	16.9	(1.8)
Net Position—End of Year	$ 226.8	$ 225.9

(1) Net position at beginning of fiscal year 2014 was restated to reduce Primary Government by $1,769,334 and move to the Discretely Presented Component Unit classification.

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

December 31, 2014 compared to December 31, 2013

Operating revenues decreased $1.3 million or 0.7 percent in 2014. Dwelling Rent decreased by $0.4 million, HUD Operating Subsidies and Grants decreased $0.4 million, Other Operating Grants decreased by $0.1 million and there was a decrease in Other Revenues of $0.4 million.

Operating expenses decreased $6.7 million or 3.0 percent with decreases in Housing Assistance Payments ($1.5 million), Depreciation ($1.6 million), Building Maintenance ($2.6 million), Utilities ($0.1 million), Non-routine Maintenance ($4.3 million), and Tenant Services ($0.1 million). These decreases were offset by increased Administrative ($1.8 million), General ($1.6 million), and Protective Services ($0.1).

Capital grants from HUD decreased $0.1 million or 0.9 percent. The decrease can be attributed to a decrease in capital funding. Interest income has remained relatively flat. A loss on Capital Assets Dispositions of $2.5 million was experienced compared to a prior year gain of $0.2 million.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2014, the Authority had $194.1 million invested in a variety of net capital assets (as reflected in the following schedule), which represents a net decrease of $12.6 million from December 31, 2013.

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

	December 31 2014	December 31 Restated 2013
Land	$ 29.0	$ 28.9
Buildings	675.2	699.0
Equipment—Administrative	9.1	8.6
Equipment—Dwellings	17.9	16.8
Construction in Progress	12.8	8.9
Total	744.0	762.2
Accumulated Depreciation	(549.9)	(555.5)
Capital Assets—Net	$ 194.1	$ 206.7

Capital additions in 2014 were primarily for housing stock improvements through the HUD Capital Grant Program and the construction of new units.

Some of the major projects were:

- Completed construction of 40 new multi-generational townhome units at Fairfax.
- Completed UFAS units (ADA accessible) and A/V units at Riverview, Springbrook, Miles-Elmarge and Bellaire A&B, thus completing the Voluntary Compliance Agreement requirements.
- Initiated agency wide Green Physical Needs Assessment (GPNA).
- Hot water boiler replacement at Euclid Beach and Lakeview High Rises.
- Renovated 30+ vacant and deteriorated units at various estates under the Basic Ordering Agreement Program.

Projects initiated in 2014 still under construction:

- FHA modernization projects at Ambleside, Quarrytown and Severance. Construction completion expected by the end of 2015.
- Construction expected in Summer 2015 on new 4-story, 60-unit apartment building at Cedar Extension under the Rental Assistance Demonstration Program, Phase I.
- Construction expected in Summer 2015 on new townhomes at Cedar Extension under the Rental Assistance Demonstration Program, Phase II.
- Construction expected to begin on a new 4-story, 60-unit apartment building at Heritage View under the Rental Assistance Demonstration Program.
- Began the Rental Assistance Demonstration modernization conversion of Bohn Tower. Project completion expected in Spring 2016.
- Began elevator replacement project at Riverview Tower High Rise. Project includes replacement of all 5 elevators and the installation of a new trash lift elevator. Project completion expected in Fall 2016.
- Began design and phasing plan for fire alarm upgrades and generator replacements at various properties. Phase 1 scheduled to begin in late 2015.
- Installation of underground wiring for security camera systems at Heritage View Estates is schedule for late 2015.
- Addison High Rise sanitary stack reconfiguration scheduled to commence in Fall 2015.
- Beachcrest Buildings A & B roof replacement is in design and scheduled to begin Spring 2016.
- Lakeview and Outhwaite masonry repairs are in design. Multiple phases planned over two years and are expected to begin in Spring 2016.

Debt Outstanding

As of December 31, 2014, the Authority had $82.0 million in long-term debt and capital lease obligations compared to $78.7 million at December 31, 2013, for a $3.3 million increase. The following summarizes these obligations:

Table 5 - Outstanding Debt at Year-End
(in millions)

	2014	2013
Energy Program - Capital Lease	$ 17.1	$ 20.0
Ohio Bond Financing	11.6	12.2
Bond Anticipation Notes, Series 2013	3.1	3.1
General Revenue Bonds	2.6	3.2
Build America Bonds	12.9	12.9
Modernization Express Loan A	11.2	11.6
Modernization Express Loan B	6.7	6.9
Severance Mortgage	6.0	3.1
Quarrytown Mortgage	4.1	3.0
Ambleside Mortgage	6.7	2.7
Capital Assets—End of Year	$ 82.0	$ 78.7

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development. Operating subsidy for the Low Income Housing Program was funded at 89 percent. Future years' funding levels are expected to be approximately 85 percent. The Administrative Fee funding for the Housing Choice Voucher Program was funded at 79 percent and levels are expected to increase in 2015.
- Local labor supply and demand, which can affect salary and wage rates of the Authority.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance costs continue to rise.

Contact the Authority

Questions concerning this report or requests for additional information should be directed to Amy M. Waxman, Director of Finance, 8120 Kinsman Road, Cleveland, Ohio 44104.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government	Discretely Presented Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 25,014,998	$ 1,983,678
Cash - Restricted	17,187,852	3,408,276
Cash - Restricted for Resident Security Deposits	1,396,946	96,805
Accounts Receivable Tenants - Net of Allowance for Doubtful Accounts of $240,037; $13,598 for Discretely Presented Component Units	268,757	11,554
Accounts Receivable - HUD	6,962,990	0
Accounts Receivable - Other Governments	205,753	0
Accounts Receivable - Miscellaneous	6,313,718	98,869
Inventories	207,749	0
Prepaid Expense and Other Current Assets	1,100,694	34,495
Total Current Assets	58,659,457	5,633,677
Non-Current Assets		
Capital Assets		
Non-Depreciable Capital Assets	41,801,634	852,963
Depreciable Capital Assets, Net	152,259,338	102,114,116
Total Capital Assets, Net of Accumulated Depreciation	194,060,972	102,967,079
Notes and Mortgage Receivable	68,906,660	0
Investment in Real Estate Partnerships	11,414,076	0
Other Assets	2,187,603	2,621,124
Total Non-Current Assets	276,569,311	105,588,203
TOTAL ASSETS	$ 335,228,768	$ 111,221,880

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government	Discretely Presented Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable - Vendors	$ 10,622,580	$ 4,650,606
Accounts Payable - HUD	128,750	0
Accrued Wages/Taxes Payable	6,219,736	67,771
Accrued Interest Payable	987,149	428,803
Accrued Expenses	5,135,359	919,655
Security and Other Deposits	1,396,946	96,805
Current Portion of Long-Term Debt	5,095,532	0
Total Current Liabilities	29,586,052	6,163,640
Non-Current Liabilities		
Long-Term Debt - Net of Current Portion	76,940,569	62,828,291
Workers' Compensation Liability	1,562,536	0
Other Non-Current Liabilities	322,421	6,070,886
Total Non-Current Liabilities	78,825,526	68,899,177
TOTAL LIABILITIES	108,411,578	75,062,817
NET POSITION		
Net Investment in Capital Assets	112,024,871	40,138,788
Restricted	14,420,855	3,408,276
Unrestricted	100,371,464	(7,388,001)
TOTAL NET POSITION	226,817,190	36,159,063
TOTAL LIABILITIES AND NET POSITION	$ 335,228,768	$ 111,221,880

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Primary Government	Discretely Presented Component Units
Operating Revenues		
Dwelling Rent	$ 15,648,312	$ 909,948
HUD Operating Subsidies and Grants	174,363,343	0
Other Operating Grants	705,385	1,699,451
Other Revenues	2,938,697	4,301,123
Total Operating Revenues	193,655,737	6,910,522
Operating Expenses		
Housing Assistance Payments	91,534,445	0
Depreciation	20,591,278	3,724,857
Administrative	35,276,716	903,298
Building Maintenance	25,262,954	737,135
Utilities	16,991,781	484,250
Nonroutine Maintenance	5,736,096	17,228
Tenant Services	3,968,403	83,410
General	6,371,310	525,708
Protective Services	8,269,408	179,046
Other	282,138	0
Total Operating Expenses	214,284,529	6,654,932
Operating Income (Loss)	(20,628,792)	255,590
Nonoperating Revenues (Expenses)		
Interest Income	79,073	4,769
Gain/(Loss) on Disposition of Capital Assets	(2,507,278)	0
Interest Expense	(3,882,213)	(174,260)
Amortization of Bond Issue Costs	0	(351,541)
Capital Grants	10,898,956	0
Total Nonoperating Revenues (Expenses)	4,588,538	(521,032)
Change in Net Position	(16,040,254)	(265,442)
Net Position - Beginning of Year, as Restated	225,977,498	1,769,334
Prior Period Adjustment (Note 3)	16,879,946	34,655,171
Net Position - End of Year	$ 226,817,190	$ 36,159,063

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Primary Government
Cash Flows From Operating Activities	
HUD Operating Subsidies and Grants	$ 173,944,419
Other Operating Grants	705,385
Cash Received from Tenant Rents	15,670,886
Cash Payments to Suppliers for Goods and Services	(50,409,722)
Cash Paid for Salaries and Benefits	(51,813,040)
Housing Assistance Payments	(91,534,445)
Other Receipts	1,490,062
Net Cash Used in Operating Activities	(1,946,455)
Cash Flows From Capital and Related Financing Activities	
Proceeds from Debt Issuance	16,790,200
HUD Capital Grants	11,089,454
Property and Equipment Additions	(10,483,339)
Repayment of Debt and Capital Lease Obligations	(13,555,208)
Interest Paid on Debt and Capital Lease Obligations	(3,812,215)
Net Cash Provided by Capital and Related Financing Activities	28,892
Cash Flows From Investing Activities	
Notes Receivable	(2,017,201)
Interest Income	79,073
Net Cash Used in Investing Activities	(1,938,128)
Decrease in Cash and Cash Equivalents	(3,855,691)
Cash and Cash Equivalents - Beginning of Year	47,455,487
Cash and Cash Equivalents - End of Year*	$ 43,599,796

* The amount includes $ 25,014,998 unrestricted cash and cash equivalents, $ 17,187,852 of restricted cash, and $1,396,946 of security deposits.

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	$ (20,628,792)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	20,591,278
(Increase) Decrease in Assets:	
Accounts Receivable Tenants	22,574
Accounts Receivable - HUD Operating	(365,066)
Accounts Receivable—Other	(59,905)
Inventory	15,692
Prepaid Expenses and Other Assets	(645,337)
Increase (Decrease) in Liabilities:	
Accounts Payable	(280,592)
Intergovernmental	(53,858)
Accrued Expenses and Other	24,927
Security and Other Deposits	(458,333)
Workers' Compensation	(109,043)
Net Cash Used in Operating Activities	$ (1,946,455)

See notes to the financial statements.

1. DEFINITION OF THE ENTITY

The Cuyahoga 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-rent housing programs in the County of Cuyahoga 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.

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of the various programs, including HUD Annual Contributions Contract Number ("ACC"), if applicable, is as follows:

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

Housing Choice Voucher Program and Moderate Rehabilitation Programs **–** Under these programs, the Authority administers contracts with private landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Housing Choice Voucher Program Project Based Voucher Program **-** Project Based vouchers are a component of the Authority's Housing Choice Voucher Program. Project Based assistance requires a resident to live in a housing unit at the property being subsidized.

Section 8 New Construction Housing Assistance Payment Programs **–** These programs account for the operation of low-income housing developments where the Authority, or its subsidiary, contracts directly with HUD to develop low-income housing. The Authority, through its subsidiary, owns and manages all developments and handles all HUD funding and reporting.

Market Rate Property-Woody Woods **-** Properties that are rented by people who pay the market rent to lease the property. The Woody Woods property currently contains facilities serving both Housing Choice Voucher Program and Non-Housing Choice Voucher Program residents.

Rental Assistance Demonstration Program **-** Allows the public housing agency to convert properties to project based rental assistance in order to attract debt and equity to make capital improvements. During 2014, the Agency was in the process of closing three projects under this program. In 2015, the process began for three additional projects.

1. DEFINITION OF THE ENTITY (Continued)

Local Fund—In 1998, a $100,000 contribution of capital was made by Title V to a new Local Fund. This fund is to be used for expenses necessary for the accomplishment of the Authority's mission but which do not fall under HUD oversight. All expenses from the Local Fund must be approved by the Chief Executive Officer and Director of Finance, and the budget is approved by the Board of Commissioners.

Other Grants – During 2014, the Authority received state and local funding under the 21st Century Grant, the Neighborhood System of Care, and private donations. Expenses for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

Excluded Entities—Certain entities that conduct activities for the benefit of the Authority or its residents are excluded from the financial statements. These entities are:

Joint Venture—The Authority is a member of the Housing Authority Risk Retention Group ("HARRG") and the Housing Authority Property Insurance, Inc., a mutual company ("HAPI"). HARRG and HAPI are nonprofit, tax exempt mutual insurance companies that are wholly owned by their public housing authority members. HARRG operates under the Federal Liability Risk Retention Act. It provides liability insurance coverages solely to public housing authorities and public housing and redevelopment agencies throughout the United States. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. The Board of Directors is elected by HARRG's approximately 839 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10 percent of the total votes available. Due to the lack of significant oversight responsibility and accountability of the Authority's Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority's reporting entity. HARRG and HAPI issue stand-alone financial reports that include financial statements and required supplementary information.

Interested parties may obtain a copy by making a written request to Housing Authority Insurance, c/o Sarah Rodriguez, P.O. Box 189, Cheshire, Connecticut 06410, or by calling 203-272-8220.

Component Units — As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the components units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government.

1. <u>DEFINITION OF THE ENTITY</u> (Continued)

Component Units (Continued) **-** The Authority is reporting five blended component units within the business-type activities. The blending method was applied to these five component units mainly because the management of the Authority has operational responsibilities for each component unit.

The Authority has a minority interest in eight real estate limited partnerships as of December 31, 2014. The majority interests are held by third parties unrelated to the Authority. The Authority, or an affiliate of the Authority, operates as either General Partner, Special General Partner, Class B Limited Partner or Limited Partner in the limited partnerships. As such, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. The Authority is not financially accountable for the limited partnerships as the limited partnerships do not meet the fiscal dependency and financial benefit/burden criteria. The Authority also has outstanding loans and net advances to the limited partnerships in the amount of $55,314,164 at December 31, 2014. The limited partnerships are shown as discretely presented component units because of their nature and significance of the relationship with the Authority.

The five blended component units consist of: Western Reserve Revitalization and Management Company, Inc., Ambleside Redevelopment, LLC, Severance Redevelopment, LLC, Quarrytown Redevelopment, LLC, and CMHA Charities Fund, Inc. The eight discretely presented component units consist of: Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly, L.P., Fairfax Intergenerational Housing L.P., and Bohn Tower Redevelopment, L.P.

<u>Blended Component Units</u>

Western Reserve Revitalization and Management Company, Inc.—The Authority has established Western Reserve Revitalization and Management Company, Inc. ("Western Reserve"), a 501(c)(3) corporation, as a wholly-owned subsidiary. Western Reserve was established for public, charitable, and educational purposes to revitalize neighborhoods in Cuyahoga County and, in particular, the City of Cleveland and the City of East Cleveland, through planning and rebuilding; to assist the Authority in the planning, undertaking, developing, construction, and operation of housing for families who are low income; to develop, construct, renovate, acquire, own, lease, manage, and sell interest in real and personal property; and to promote and participate in other housing related or educational activities that assist residents of the Authority.

- ***Ambleside Redevelopment, LLC –*** On July 17, 2014, the Authority transferred Ambleside Redevelopment, LLC's (Ambleside) (202 units) net assets to Western Reserve. Ambleside was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Corporation, by providing decent, safe, sanitary and affordable housing for low-income persons and families.

- ***Severance Redevelopment, LLC –*** On September 30, 2007, Western Reserve acquired Severance Redevelopment, LLC (Severance) (190 units) which is a wholly-owned and controlled subsidiary. Severance was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Corporation, by providing decent, safe, sanitary and affordable housing for low-income persons and families.

1. DEFINITION OF THE ENTITY (Continued)

Blended Component Units (Continued)

- ***Quarrytown Redevelopment, LLC –*** On February 25, 2009, Western Reserve acquired Quarrytown Redevelopment, LLC (Quarrytown) (180 units) which is a wholly-owned and controlled subsidiary. Quarrytown was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Corporation, by providing decent, safe, sanitary and affordable housing for low-income persons and families.

Western Reserve has had a separate audit and report for the year ended December 31, 2014. Questions concerning this report or requests for additional information should be directed to Amy M. Waxman, Director of Finance, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2599.

CMHA Charities Fund, Inc. — The Authority has established the CMHA Charities Fund, Inc., a 501(c)(3) corporation. This charity is to raise funds through donations and fundraising events to be used to provide charitable and educational support for the Authority's residents. The assets, liabilities, and results of operations are included in the accompanying financial statements.

Discretely Presented Component Units

Riverside Park Homes, L.P. – (the "Partnership"). Formed on February 9, 2006 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Riverside Park Homes (the "Property") located in Cleveland, Ohio. The Property consists of 90 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, Ohio Equity Fund for Housing Limited Partnership XV, an Ohio limited partnership, and National City Community Development Corporation [the "Limited Partners"]. The Partnership is 0.1% owned by Riverside Park Homes, Inc., an Ohio corporation [the "General Partner"].

Garden Valley Housing Partnership I, L.P. – (the "Partnership"). Formed on November 18, 2009 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Heritage Homes (the "Property") located in Cleveland, Ohio. The Property consists of 81 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, Ohio Equity Fund for Housing Limited Partnership XIX-A, an Ohio limited partnership, and Key Community Development Corporation [the "Limited Partners"]. The Partnership is 0.025% owned by Garden Valley Redevelopment LLC, an Ohio limited liability company [the "Special General Partner"], 0.037% by Ralph A Falbo, Inc., a Pennsylvania corporation [the "Administrative General Partner"], and 0.038% by Pennrose GP, LLC, a Pennsylvania limited liability company [the "Managing General Partner].

1. **DEFINITION OF THE ENTITY** (Continued)

Discretely Presented Component Units (Continued)

Garden Valley Housing Partnership II, L.P. – (the "Partnership"). Formed on October 1, 2009 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Heritage Homes (the "Property") located in Cleveland, Ohio. The Property consists of 57 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is owned .0095% by Pennrose GP, LLC [the "Managing General Partner"], .0095% by Ralph A Falbo, Inc. [the "Administrative General Partner"], 99.98% by Colton Enterprises, Inc., a Pennsylvania corporation [the "Limited Partner"] and 0.001% by Garden Valley Redevelopment, LLC [the "Class B Limited Partner"].

Garden Valley Housing Partnership III, L.P. – (the "Partnership"). Formed on October 13, 2009 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Heritage Homes (the "Property") located in Cleveland, Ohio. The Property consists of 69 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, Ohio Equity Fund for Housing Limited Partnership XX, [the "Limited Partner"], an Ohio limited partnership, .005% by Garden Valley Redevelopment LLC, an Ohio limited liability company [the "Special Limited Partner"], .04845% by Pennrose GP, LLC, a Pennsylvania limited liability company [the "Managing General Partner"], and .04655% by Ralph A Falbo, Inc., a Pennsylvania corporation [the "Administrative General Partner"].

Euclid-Lee Senior, L.P. – (the "Partnership"). Formed on May 23, 2011 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Euclid-Lee Senior (the "Property") located in Cleveland, Ohio. The Property consists of 79 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, OEF 5/3 Fund III, LLC, an Ohio limited liability company [the "Limited Partner"], and 0.1% by Cleveland East LLC, an Ohio limited liability company [the "General Partner"].

Miles Pointe Elderly, L.P. – (the "Partnership"). Formed on April 21, 2011 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Miles Pointe (the "Property") located in Cleveland, Ohio. The Property consists of 43 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, OEF 5/3 Fund III, LLC, an Ohio limited liability company [the "Limited Partner"], and 0.1% by Miles Pointe GP, LLC, an Ohio corporation [the "General Partner"].

Fairfax Intergenerational Housing, L.P. – (the "Partnership"). Formed on May 15, 2012 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Fairfax Intergenerational Housing (the "Property") located in Cleveland, Ohio. The Property consists of 40 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the limited partner, OEF Investment Fund, LLC, an Ohio limited liability company [the "Limited Partner"], and 0.1% by WRRMC Intergenerational Housing, Inc., an Ohio corporation [the "General Partner"].

1. DEFINITION OF THE ENTITY (Continued)

Discretely Presented Component Units (Continued)

Bohn Tower Redevelopment, L.P. – (the "Partnership"). Formed on September 3, 2014 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Bohn Tower Redevelopment (the "Property") located in Cleveland, Ohio. The Property consists of 267 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.99% owned by the limited partner, Wincopin Circle LLLP, a Maryland limited liability limited partnership [the "Limited Partner"], and 0.01% by Bohn Tower GP, Inc., an Ohio corporation [the "General Partner"].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities' reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

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

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

The significant accounting policies under which the financial statements have been prepared are as follows:

A. *Cash and Cash Equivalents*—Cash and cash equivalents include investments with original maturities of three months or less and Certificates of Deposit regardless of term. Cash and cash equivalents are stated at fair value. Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

B. *Restricted Cash*—Restricted cash includes cash held with financial institutions for refunds of tenant security deposits, insurance escrows, and repairs or improvements to the building which extend their useful lives. Restricted cash does not fall under the criteria for temporarily or permanently restricted net position as these funds are held for operational purposes rather than donor imposed restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Restricted Assets*—Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions.

D. *Capital Assets*—Capital assets (items with an individual cost greater than $1,500, or appliances less than $1,500, and a useful life exceeding two years), including land, property and equipment, are recorded at cost. Property and equipment are depreciated using the straight line method over the estimated useful lives of the assets, which are as follows:

Buildings and Improvements	15-40 years
Furniture, Equipment, and Machinery	3–7 years

E. *Impairment of Long-Lived Assets*— The Authority accounts for impairments in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No impairment losses were recorded during the year ended December 31, 2014.

F. *Accounts Receivable*—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable.

G. *Mortgage Notes Receivable*—The Authority has advanced loans to third-party developers in conjunction with various mixed finance projects. All principal and interest are due at maturity or based upon cash flow, and due to the uncertainty created by the extended period time to repayment, interest income will be recognized when cash payments are received. The Authority reviews Mortgage Notes Receivable for collectability whenever events or circumstances indicate that the carrying value of the receivable may not be recoverable. See Note 7 for further information on Mortgage Notes Receivable.

H. *Debt Obligations*—Debt obligations (and the related debt service requirements) are the responsibility of the Authority and are classified as liabilities in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Compensated Absences*—Vacation time may be accrued and carried over from year to year up to a maximum of 240 hours. Earned vacation time is due and payable to employees upon termination of employment.

Sick time is accrued up to 120 hours per year and carried over from year to year to a maximum of 960 hours (120 days). Upon retirement, employees can convert accumulated but unused sick time into a cash payment at the rate of one day for every two days accumulated.

J. *Debt Amortization Funds*—Debt amortization funds consist of restricted cash and investments held by fiscal agents. These funds are used to retire current installments of debt and to pay interest accrued thereon. Investments of debt amortization funds are carried at fair value.

K. *Revenue Recognition*—Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which the grants relate. Tenant rental revenues are recognized during the period of occupancy. Receipts from CFP, URD (HOPE VI), and other reimbursement based grants are recognized when the related expenses are incurred. Expenses are recognized as incurred.

L. *Debt Issuance Costs and Original Issue Discounts*—Prior to 2012, bond premiums, original issuance discounts, and bond issuance costs were amortized over the life of the underlying debt using the straight-line method. Based on the implementation of GASB Statement No. 65 in 2012, bond issuance costs will now be expensed.

M. *Indirect Costs*—Certain indirect costs are charged to programs under a cost allocation plan. These indirect costs are accumulated in and allocated from the Central Office Cost Center.

N. *Inventory*—Inventory is valued using an average costing method. Expense is recorded based upon consumption.

O. *Use of Estimates*—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reporting period. Actual results could differ from those estimates.

P. *Budgetary Accounting and Control*—The Authority's annual budget is prepared on the accrual basis of accounting and approved by the Board of Commissioners. The budget includes anticipated amounts for current year revenues and expenses for the Operating Program and Housing Assistance Program, as well as new capital projects.

The Board of Commissioners adopts the annual budget for the Authority following a review and approval process by the Finance Committee and the Chief Executive Officer. Once adopted by the Board, the annual budgets are implemented and monitored by the Finance Department on a monthly basis to address any variances against budget.

Q. *Income Taxes*—The Authority is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Contributions to the Authority, if any, would qualify as charitable contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. New Accounting Updates—The Governmental Accounting Standards Board (GASB) has issued Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* effective for financial statements with periods beginning after June 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority's financial statements. The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* effective for financial statements with periods beginning after June 15, 2014. Management is currently evaluating the impact of adopting this standard. The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations* effective for financial statements with periods beginning after December 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority's financial statements. The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees - an amendment of GASB Statement No. 27* effective for financial statements with periods beginning after June 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority's financial statements. The GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* effective for financial statements with periods beginning after June 15, 2014. Management is currently evaluating the impact of adopting this standard. The GASB has issued Statement No. 72, *Fair Value Measurement and Application* effective for financial statements with periods beginning after June 15, 2015. Management is currently evaluating the impact of adopting this standard.

3. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2014, the Authority further evaluated the effects of the implementation of GASB Statement No. 61, as well as an audit of Western Reserve Revitalization and Management Company, Inc., the blended component unit, which impacted the Authority's beginning net position in the following ways:

- During 2014, one of the Authority's blended component units (Western Reserve) evaluated its financial statements as part of an independent audit. The result of this evaluation added assets in Developer Fee Receivables of $5,002,756, Investment in Real Estate Partnership of $11,414,076, and other asset changes of $578,000.

- In addition, the Authority determined that mixed finance entities should be reported as discretely presented component units. This change resulted in an adjustment to beginning equity of $34,655,171.

3. PRIOR PERIOD ADJUSTMENT (Continued)

Prior Period Adjustment	Primary	Discretely Presented
Inclusion of Component Units	$ 0	$ 34,655,171
Adjustment to Western Reserve blended component unit	16,994,832	0
Other Adjustments	(114,886)	0
Total Prior Period Adjustments	$ 16,879,946	$ 34,655,171

In addition, Net Position at the beginning of year 2014 was restated to reduce Primary Government by $1,769,334 and move assets to the Discretely Presented Component Unit classification.

4. DEPOSITS AND INVESTMENTS – PRIMARY GOVERNMENT

Legal Requirement—The deposit and investment of the Authority's monies are governed by the provisions of the Ohio Revised Code and regulations established by the U.S. Department of Housing and Urban Development. The Authority is permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, state and local government investment pools, direct obligations of the federal government, obligations of federal government agencies, and securities of federal government agencies. These investments must mature within three years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding 30 days.

Under Ohio law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"), or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within 5 years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require the security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse purchase agreements.

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does have a deposit policy that addresses custodial credit risk. At year-end, the carrying amount of the Authority's deposits was $40,843,588. Included in the carrying amount is $10,000 in petty cash. Also included is the amount of $10,714,906 held by an outside institution which is considered restricted cash. The funds held are available for drawdown by the Authority. The total balance of bank accounts held by the Authority was $30,098,241, the difference representing outstanding checks and other in-transit items. Of the bank balance, $1,430,800 was covered by Federal Depository Insurance, $28,146,725 was collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code, $360,000 was not subject to collateralization, and $160,716 was uninsured and uncollateralized.

4. DEPOSITS AND INVESTMENTS – PRIMARY GOVERNMENT (Continued)

Investments—The Authority has a formal investment policy. Investments held by the Authority at December 31, 2014 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature no later than one year.

Interest Rate Risk – The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

Concentration of Credit Risk – The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, all deposits exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

Description	Total Fair Value/ Carrying Value	Credit Quality Rating
Money Market Funds	$ 1,513,518	A+
Money Market Funds	1,242,690	AAA
Total Primary Government Investments	$ 2,756,208	

Rating offered by Standard & Poor's

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2014 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	$ 25,014,998
Cash - Restricted	18,584,798
Total	$ 43,599,796
Carrying Amount of Deposits	$ 40,843,588
Carrying Amount of Investments	2,756,208
Total	$ 43,599,796

Information on cash deposits and investments relating to the discretely presented component units can be obtained in each entity's audit report.

5. RESTRICTED CASH AND INVESTMENTS – PRIMARY GOVERNMENT

At December 31, 2014, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

Conventional Program:	
Tenant Security Deposits	$ 1,271,004
Industrial Commission of Ohio Escrow Fund	2,444,576
Housing Choice Voucher Restricted HAP:	
Restricted HAP	161,712
FSS Escrow Deposits	322,421
Ohio Bond Financing:	
Debt Service Reserve	1,066,933
Capital Fund Revenue Loan A:	
Net Proceeds	10,749
Debt Service Reserve	1,175,763
Capital Fund Revenue Loan B:	
Net Proceeds	12,141
Debt Service Reserve	700,625
Western Reserve Revitalization and Management Company, Inc.	
Pledge Reserve	578,026
Ambleside:	
Tenant Security Deposits	35,449
Repair Escrow	3,772,351
Replacement Escrow	439,438
Insurance Escrow	10,259
MIP Escrow	10,883
Severance Redevelopment, LLC:	
Tenant Security Deposits	38,477
Repair Escrow	3,185,865
Replacement Escrow	206,942
Insurance Escrow	6,951
MIP Escrow	5,533
Quarrytown Redevelopment, LLC:	
Tenant Security Deposits	42,170
Repair Escrow	2,735,343
Replacement Escrow	331,874
Insurance Escrow	5,698
MIP Escrow	3,769
Woody Woods:	
Tenant Security Deposits	9,846
Total	$ 18,584,798

6. CAPITAL ASSETS

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

Primary Government

	January 1, 2014	Additions	Transfers	Deletions	December 31, 2014
Capital Assets Not Being Depreciated:					
Land	$ 28,889,183	$ 124,525	$ 0	$ 0	$ 29,013,708
Construction in Progress	8,925,912	8,301,605	0	(4,439,591)	12,787,926
Total Capital Assets Not Being Depreciated	37,815,095	8,426,130	0	(4,439,591)	41,801,634
Capital Assets Being Depreciated:					
Buildings and Improvements	698,998,230	4,670,114	0	(28,491,295)	675,177,049
Furniture, Equipment, and Machinery - Dwelling	16,755,766	1,239,591	(35,941)	(39,078)	17,920,338
Furniture, Equipment, and Machinery - Admin	8,626,816	587,095	35,941	(137,944)	9,111,908
Subtotal Capital Assets Being Depreciated	724,380,812	6,496,800	0	(28,668,317)	702,209,295
Accumulated Depreciation:					
Buildings and Improvements	(535,364,866)	(18,479,934)	0	25,927,186	(527,917,614)
Furniture and Equipment	(20,154,852)	(2,111,344)	0	233,853	(22,032,343)
Subtotal Accumulated Depreciation	(555,519,718)	(20,591,278)	0	26,161,039	(549,949,957)
Depreciable Assets, Net	168,861,094	(14,094,478)	0	(2,507,278)	152,259,338
Total Capital Assets—Net	$ 206,676,189	$ (5,668,348)	$ 0	$ (6,946,869)	$ 194,060,972

Beginning balance adjusted for Discretely Presented Component units that were included in the Consolidated Financial Statements in the prior year.

Discretely Presented Component Units

	January 1, ** 2014	Additions	Transfers	Deletions	December 31, 2014
Capital Assets Not Being Depreciated:					
Land	$ 0	$ 0	$ 0	$ 0	$ 0
Construction in Progress	0	852,963	0	0	852,963
Total Capital Assets Not Being Depreciated	0	852,963	0	0	852,963
Capital Assets Being Depreciated:					
Buildings and Improvements	1,616,404	111,648,600	0	0	113,265,004
Furniture, Equipment, and Machinery - Dwelling	169,034	1,570,504	0	0	1,739,538
Subtotal Capital Assets Being Depreciated	1,785,438	113,219,104	0	0	115,004,542
Accumulated Depreciation:					
Buildings and Improvements	(305,131)	(11,543,209)	0	0	(11,848,340)
Furniture and Equipment	(104,590)	(937,496)	0	0	(1,042,086)
Subtotal Accumulated Depreciation	(409,721)	(12,480,705)	0	0	(12,890,426)
Depreciable Assets, Net	1,375,717	100,738,399	0	0	102,114,116
Total Capital Assets—Net	$ 1,375,717	$ 101,591,362	$ 0	$ 0	$ 102,967,079

** Reported in Primary Government in 2013. Additions include beginning balance at January 1, 2014 of component units brought into reporting entity.

7. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable are comprised of the following types of loans:

Mixed Finance Construction Loans – the Authority advances loans to third-party developers in conjunction with multi-lender Mixed Finance arrangements for new construction. A lump sum payment of principal and interest, if applicable, is due at maturity, which is 40 to 50 years. These loans are secured by the notes and mortgages on the respective properties. There are other loans where principal and interest are paid based on the cash flow of the respective properties.

Allowances – At December 31, 2014, Notes and Mortgages Receivable total $78.5 million and related accrued interest totals $3.1 million. The balance includes amounts for construction loans. An allowance for uncollectible amounts of $12.7 million has been credited against these receivables at December 31, 2014. In addition, an allowance for the full $3.1 million has been credited against the accrued interest. All notes and mortgages are collateralized by the respective properties. These loans are due at maturity ranging from 40 to 50 years and no facts are currently known that would lead the Authority to believe that default on these loans is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

Interest Income – Interest is due at the maturity date of these loans. Due to the length of time preceding the required payment of interest, interest earned on the notes and mortgage receivables has been deferred and not recognized in the Statements of Revenues, Expenses, and Changes in Net Position. Interest receivable accrued to date under terms of the notes but not given accounting recognition in these financial statements is summarized.

Notes and mortgages receivable at December 31, 2014 consisted of the following:

	Principal	Deferred Interest	Balance
Notes Receivable	$ 13,999,332	$ 0	$ 13,999,332
Mortgage Receivable	64,506,660	3,055,237	67,561,897
Total	78,505,992	3,055,237	81,561,229
Allowance for Loan Loss	(9,599,332)	(3,055,237)	(12,654,569)
Total Net of Allowance	$ 68,906,660	$ 0	$ 68,906,660

As of December 31, 2014, the Authority loaned funds to various Cleveland Housing Network, Inc. partnerships. The notes receivable terms are summarized as follows:

CHN Partnership Name	Original Loan Date	* Maturity Date	Original Balance	** Balance at 12/31/14	Interest Rate
Cleveland New Construction LP, III	December 31, 2003	December 31, 2019	$ 1,289,280	$ 1,479,313	0.25%
Cleveland New Construction LP, IV	September 4, 2007	December 31, 2038	1,400,000	1,400,000	2.50%
East Cleveland Homes, LP	March 11, 2004	March 11, 2024	1,480,000	1,480,000	4.68%
Hough Homes, LP	December 1, 2005	December 31, 2037	2,327,273	2,249,908	5.25%
Hough Homes, LP II	December 9, 2004	December 31, 2036	1,492,475	1,492,475	4.68%
Stockyard Homes, LP	December 20, 2006	December 31, 2038	1,497,636	1,497,636	1.00%
	Total notes receivable, including accrued interest			$ 9,599,332	
	Allowance for notes receivable, including accrued interest			(9,599,332)	
	Notes receivable, net			$ 0	

7. NOTES AND MORTGAGES RECEIVABLE (Continued)

* The maturity date, as defined in each Loan Agreement, is the earlier of 20 or 30 years from the date the last unit in the CHN partnership is leased to a tenant meeting all LIHTC and HUD requirements, but in no event later than the maturity date in the above schedule.

** Balance includes accrued interest.

No principal and interest payments are received on the notes receivable until each note's maturity date. The notes are secured by a mortgage on each CHN's respective partnership.

Additionally, during 2014, $429,246 of interest income was earned and $429,246 was allowed for and included on the consolidated Statement of Activities.

8. DEVELOPER FEES RECEIVABLE – PRIMARY GOVERNMENT

In connection with the development of various mixed finance projects, the Authority has development fees receivable from the discretely presented component units totaling $5.4 million. These receivables are payable based upon the respective partnership agreements.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses at December 31, 2014 consist of the following items:

Payroll and Related Accruals	$ 6,219,736
Unearned Revenue	775,244
Workers' Compensation—Current Portion	882,040
Other Litigation Reserves	1,675,000
Interest Payable	987,149
Other	1,803,075
Total	$ 12,342,244

10. DEBT AND LEASE OBLIGATIONS – PRIMARY GOVERNMENT

A. Primary Government

First Mortgage Notes - Ambleside - In December 1994, the Authority, through the Cleveland-Rock Glen Housing Assistance Corporation, issued $8.3 million in Multifamily Housing Revenue and Revenue Refunding bonds (composed of $2.4 million of serial bonds and a $5.9 million term bond) to retire the mortgage obligation on the Ambleside Section 8 New Construction Project and provide funds for the construction of housing for low income elderly, handicapped, and disabled individuals.

The bonds are secured by a pledge of all revenues generated by the Ambleside Project, including the housing assistance payments from HUD, and a mortgage on the Ambleside property. The serial bonds matured in December 2005. The term bond matures on June 1, 2018, and bears interest at a rate of 7 percent.

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. Primary Government (Continued)

In 2014, the bonds were retired. On July 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $6,720,000, with an interest rate at 4.50%, maturing August 1, 2049. Principal and interest payments are made monthly. At December 31, 2014, $6,693,440 in debt remained outstanding.

Obligations under the agreement are as follows:

	Principal	Interest	Total
2015	$ 82,109	$ 299,525	$ 381,634
2016	85,881	295,753	381,634
2017	89,827	291,808	381,635
2018	93,953	287,681	381,634
2019	98,269	283,365	381,634
2020-2024	563,358	1,344,813	1,908,171
2025-2029	705,209	1,202,962	1,908,171
2030-2034	882,778	1,025,393	1,908,171
2035-2039	1,105,058	803,113	1,908,171
2040-2044	1,383,307	524,864	1,908,171
2045-2049	1,603,691	177,271	1,780,962
Total	$ 6,693,440	$ 6,536,548	$ 13,229,988

First Mortgage Note – Severance **-** On October 22, 2007 the Authority borrowed $4,000,000 on a first mortgage note from First Merit Bank to finance the purchase of the Severance Tower property. The interest rate was 6.00 percent through November 14, 2010. From November 15, 2010 through November 14, 2013, the annual interest rate was a fixed rate equal to one hundred and fifty basis points (1.50 percent) above the Bank's Three Year Cost of Funds Index in effect on November 15, 2010. From November 15, 2013 through November 14, 2016, the annual interest rate was a fixed rate equal to one hundred fifty basis points (1.50 percent) above the Bank's Three Year Cost of Funds Index in effect on November 14, 2013. From November 15, 2016 until the note is paid in full, the annual interest rate shall be a fixed rate equal to one hundred fifty basis points (1.50 percent) above the Bank's Three Year Cost of Funds Index in effect on November 15, 2016. Starting on December 15, 2007, the note requires monthly payments of principal and interest of $28,850 through November 15, 2017, at which time the entire unpaid principal balance hereof and all accrued interest, if any, shall be due and payable in full. The required installments of principal and interest shall be adjusted with each change in interest rate.

During 2014, the 2007 note was retired. On September 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $5,989,900 with an interest rate of 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2014, $5,978,235 in debt remained outstanding.

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. **Primary Government** (Continued)

Obligations under the agreement are as follows:

	Principal	Interest	Total
2015	$ 71,877	$ 270,523	$ 342,400
2016	75,217	267,184	342,401
2017	78,712	263,689	342,401
2018	82,369	260,032	342,401
2019	86,195	256,205	342,400
2020-2024	494,902	1,217,100	1,712,002
2025-2029	621,061	1,090,941	1,712,002
2030-2034	779,380	932,622	1,712,002
2035-2039	978,058	733,945	1,712,003
2040-2044	1,227,382	484,621	1,712,003
2045-2049	1,483,082	171,848	1,654,930
Total	$ 5,978,235	$ 5,948,710	$ 11,926,945

First Mortgage Note – Quarrytown – On February 27, 2009, the Western Reserve Revitalization and Management Company, Inc., a wholly owned subsidiary of the Authority, borrowed $3,500,000 on a first mortgage note from First Merit Bank to finance the purchase of the Quarrytown Towers property. Interest on the loan was calculated under the terms of the International Swap Dealers Association (SDA) agreement, whereby an effective fixed rate of 5.56 percent is achieved.

On February 1, 2013, a First Loan Modification Agreement was entered into, extending the maturity date to May 1, 2013. On May 1, 2013, a Second Loan Modification Agreement was entered into, amending the maturity date of the note to September 3, 2013. On September 2, 2013, a Third Loan Modification was entered into, extending the maturity date to November 5, 2013. On November 5, 2013, a Fourth Loan Modification was entered into, extending the maturity date to October 3, 2014.

In 2014, the 2013 Fourth Loan Modification was retired. On September 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $4,080,300 with an interest rate at 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2014, $4,072,354 in debt remained outstanding.

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. **Primary Government** (Continued)

Obligations under the agreement are as follows:

	Principal	Interest	Total
2015	$ 48,963	$ 184,279	$ 233,242
2016	51,237	182,005	233,242
2017	53,618	179,624	233,242
2018	56,109	177,133	233,242
2019	58,716	174,526	233,242
2020-2024	337,125	829,085	1,166,210
2025-2029	423,064	743,146	1,166,210
2030-2034	530,910	635,300	1,166,210
2035-2039	666,248	499,961	1,166,209
2040-2044	836,087	330,123	1,166,210
2045-2049	1,010,277	117,063	1,127,340
Total	$ 4,072,354	$ 4,052,245	$ 8,124,599

Series 2009A and 2009B Administrative Campus Financing – On September 18, 2009, the Authority issued Series 2009A Tax Exempt **General Revenue Bonds** in the amount of $3,145,000 and Series B Build America Bonds in the amount of $12,855,000. The net proceeds from the bonds were used to build the consolidated Administrative Campus. The Series A Bonds have various maturity dates and coupon rates as follows:

- September 1, 2014 - $485,000 at 2.75 percent
- September 1, 2015 - $500,000 at 3.00 percent
- September 1, 2016 - $510,000 at 3.38 percent
- September 1, 2017 - $530,000 at 3.63 percent
- September 1, 2018 - $550,000 at 3.75 percent
- September 1, 2019 - $570,000 at 4.00 percent

The Build America Bonds, Series 2009B is a new type of bond created under The American Recovery and Reinvestment Act of 2009. This type of bond is taxable and allows government entities to offer bonds in the market at competitive rates, thereby widening the pool of potential buyers. The Build America Bonds mature as follows: September 1, 2029 - $4,835,000 at 7.88 percent and September 1, 2039 - $8,020,000 at 8.13 percent. Under the Build America Program, the Authority will be reimbursed by the Internal Revenue Service 35 percent of the interest paid, thus borrowing the actual interest rate the Authority will pay.

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. **Primary Government** (Continued)

	Principal	Interest	Total
2015	$ 500,000	$ 1,124,124	$ 1,624,124
2016	510,000	1,108,571	1,618,571
2017	530,000	1,090,858	1,620,858
2018	550,000	1,071,293	1,621,293
2019	570,000	1,050,124	1,620,124
2020-2024	0	4,846,374	4,846,374
2025-2029	4,835,000	3,923,626	8,758,626
2030-2034	0	2,720,298	2,720,298
2035-2039	8,020,000	1,140,230	9,160,230
Total Payments	15,515,000	18,075,498	33,590,498
Less Amortized Bond Discount	(34,002)	0	(34,002)
Total	$ 15,480,998	$ 18,075,498	$ 33,556,496

Bond Anticipation Note, Series 2008, Series 2009 & 2013 – On February 28, 2008, the Bond Anticipation Note, Series 2008 was issued for $5,600,000, with a due date of August 27, 2009, and an interest rate of 4 percent. The note was issued to cover the cost of 25 acres of land on which the consolidated Administrative Campus was built.

On September 18, 2009, the Series 2008 Note was fully redeemed and the Note Series 2009 was issued for $3,000,000 for half the land. During the design process for the Campus, it was determined that only half the land would be needed for the project and the remaining half would be re-purposed or sold.

The Note Series 2009 matured September 1, 2012 and had an interest rate of 4.5 percent. The note was sold at a premium of $117,570. Interest on the note was payable March 1 and September 1, commencing on March 1, 2010.

On August 30, 2012, the Notes Series 2009 was fully redeemed and the Note Series 2012 was issued for $3,060,000. This note matured March 1, 2013 and had an interest rate of 1.75 percent.

On February 27, 2013, the Note Series 2012 was fully redeemed and Note Series 2013 was issued for $3,120,000. This note matures March 1, 2016, with principal due upon maturity. Interest rate is 2 percent and is payable each September 1 and March 1.

Future payments, including unamortized bond premiums under the agreement are as follows:

	Principal	Interest	Total
2015	$ 0	$ 62,400	$ 62,400
2016	3,120,000	31,200	3,151,200
Total	$ 3,120,000	$ 93,600	$ 3,213,600

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. Primary Government (Continued)

Ohio Bond Financing **-** On July 17, 2007, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is $15,315,000 and after providing for a debt service reserve and upfront costs, the Authority will have $14,003,165 to spend on improvements to facilities. The bonds have a 20 year term with interest rates from 3.9 percent to 4.67 percent . A bond premium was also received and will be amortized over the life of the bonds on a straight line basis. Payments will be made in April and October starting in October of 2007 and will be made directly from HUD. At December 31, 2014, total debt and unamortized bond premium was $11,651,750.

Payments under the agreement are as follows:

	Principal	Interest	Total
2015	$ 635,000	$ 553,875	$ 1,188,875
2016	665,000	521,375	1,186,375
2017	700,000	487,250	1,187,250
2018	740,000	451,250	1,191,250
2019	775,000	413,375	1,188,375
2020-2024	4,545,000	1,425,125	5,970,125
2025-2027	3,335,000	255,875	3,590,875
Total	11,395,000	4,108,125	15,503,125
Unamortized Bond Premium	256,750	0	256,750
Total	$ 11,651,750	$ 4,108,125	$ 15,759,875

Capital Fund Financing 2009 – On November 18, 2009, the Authority issued Capital Fund backed debt in the form of two Fannie Mae loans (Loans A and B). The Authority's debt for both loans is $18,568,900

Loan A in the amount of $13,082,970, provided $11,700,426 net proceeds after debt service reserves and up-front costs. These proceeds were used for the Garden Valley Housing Partnership I, LP. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.4 percent.

Loan B in the amount of $7,795,990 provided $7,000,256 net proceeds after debt service reserves and up-front costs. These proceeds were used at various Authority properties to fund the implementation of Uniform Federal Accessibility Standards (UFAS) improvements. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.4 percent.

Payments will be made in April and October each year and began in April 2010. The payments will be made directly from HUD.

10. DEBT AND LEASE OBLIGATIONS (Continued)

A. **Primary Government** (Continued)

Combined payments for both loans under the agreement are as follows:

	Principal	Interest	Total
2015	$ 738,960	$ 1,132,182	$ 1,871,142
2016	787,010	1,084,119	1,871,129
2017	838,210	1,032,930	1,871,140
2018	892,720	978,413	1,871,133
2019	950,780	920,351	1,871,131
2020-2024	5,765,990	3,589,689	9,355,679
2025-2029	7,901,400	1,454,268	9,355,668
Total	$ 17,875,070	$ 10,191,952	$ 28,067,022

Capital Lease—On October 10, 2006, the Authority entered into an equipment lease-purchase agreement to acquire equipment under an energy performance contract to upgrade the heating and energy efficiency of several properties. The total amount of the contract is $33,610,000 which was all committed at December 31, 2008. Principal payments commenced April 10, 2008. Interest from inception to April 10, 2007 in the amount of $707,818 was added to principal.

Payments under the agreement are as follows:

	Principal	Interest	Total
2015	$ 2,981,811	$ 671,606	$ 3,653,417
2016	3,108,724	544,692	3,653,416
2017	3,241,040	412,375	3,653,415
2018	3,378,989	274,427	3,653,416
2019	3,522,809	130,607	3,653,416
2020	903,884	9,468	913,352
Total	$ 17,137,257	$ 2,043,175	$ 19,180,432

10. DEBT AND LEASE OBLIGATIONS (Continued)

B. **Discretely Presented Component Units**

***Euclid-Lee Senior, L.P.* -** On November 4, 2011, the Partnership entered into a loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount not to exceed $6,059,163. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10 percent per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $5,962,955 was outstanding. At December 31, 2014, accrued interest totaled $16,493. Interest incurred and expensed was $5,963 for the year ended December 31, 2014.

On November 4, 2011, the Partnership entered into a promissory note with Cuyahoga Metropolitan Housing Authority in the amount not to exceed $6,338,348. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10 percent per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $6,338,023 was outstanding. At December 31, 2014, accrued interest totaled $15,328. Interest incurred and expensed was $6,338 for the year ended December 31, 2014.

***Fairfax Intergenerational Housing, L.P.* -** On October 22, 2012, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of $1,400,000. The loan is secured by a mortgage on the rental property and is due fifty years after construction of the Project has been completed and a final occupancy certificate has been issued. Interest accrues at a rate of 0.25 percent per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $1,400,000 was outstanding. At December 31, 2014, accrued interest totaled $93,600. Interest incurred and expensed during 2014 was $0.

On October 12, 2012, the Partnership entered into a promissory note with the General Partner in the amount of $998,000. The loan is secured by the rental property and bears interest at the rate of 0.25 percent per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $998,000 was outstanding. Interest incurred and expensed during 2014 was $0.

On June 27, 2012, the Partnership entered into a Home Investment Partnership loan agreement with the City of Cleveland in the amount of $3,202,000. The loan is secured and interest accrues at a rate of 0.25 percent. The term of the loan will be 45 years and the loan term will begin on the date when all construction work has been performed in compliance with the obligations of the Agreement. No principal or interest payments are required until its maturity date. At December 31, 2014, $2,788,966 was outstanding. Interest incurred and expensed during 2014 was $0.

On October 23, 2012, the Partnership entered into a Construction Loan Agreement with PNC Bank in an amount not to exceed $1,000,000, with the option to convert the loan into a permanent loan not to exceed $1,000,000. Prior to the Conversion Date, the loan bears interest at an annual rate equal to the sum of Daily LIBOR plus 2.50 percent. Interest only shall be due and payable monthly. Post conversion, amounts outstanding will bear interest at a fixed rate equal to 3.95 percent. At December 31, 2014, $877,161 was outstanding.

10. DEBT AND LEASE OBLIGATIONS (Continued)

B. **Discretely Presented Component Units** (Continued)

***Garden Valley Housing Partnership I, L.P.* -** On November 18, 2009, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of $11,700,000. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20 percent per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $11,700,000 was outstanding. At December 31, 2014, accrued interest totaled $93,600. Interest incurred and expensed during 2014 was $23,400.

On November 18, 2009, the Partnership entered into a promissory note with Cuyahoga Metropolitan Housing Authority in the amount of $1,750,593. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $1,750,593 was outstanding. At December 31, 2014, accrued interest totaled $14,004. Interest incurred and expensed during 2014 was $3,501.

On September 23, 2009, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of $2,250,000. The loan is secured and interest accrues at a rate of 0.25 percent. No principal or interest payments are required until its maturity date of December 31, 2060. At December 31, 2014, accrued interest totaled $21,515. At December 31, 2014, $2,250,000 was outstanding. Interest incurred and expensed during 2014 was $5,625.

***Garden Valley Housing Partnership II, L.P.* -** On March 17, 2010, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of $10,209,408. The loan is secured by a second mortgage on the rental property and is due on its maturity date of December 31, 2060. The loan is non-interest bearing and no principal payments are required until its maturity date. At December 31, 2014, $10,209,408 was outstanding.

***Garden Valley Housing Partnership III, L.P.* -** On September 16, 2010, the Partnership entered into a CMHA Capital Competitive Recovery Act Fund Loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount of $14,953,185. The loan is secured by a mortgage on the rental property and is due fifty years after the first day of the month following construction completion, or January 2060. Interest accrues at a rate of 0.50% per annum. No principal or interest payments are required until its maturity date. At December 31, 2014, $14,953,185 was outstanding. At December 31, 2014, accrued interest totaled $225,053. Interest incurred and expensed during 2014 was $74,766.

On September 16, 2010, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of $600,000. The loan is secured by the rental property and is non-interest bearing. No principal or interest payments are required until its maturity date of December 31, 2061. At December 31, 2014, $600,000 was outstanding.

10. DEBT AND LEASE OBLIGATIONS (Continued)

B. **Discretely Presented Component Units** (Continued)

***Miles Pointe Elderly, L.P.* -** On August 16, 2012, the Partnership entered into an Authority Funds Loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount of $3,000,000. The loan is secured by a mortgage on the rental property and is due in forty-five years. Interest accrues at a rate of 0.25 percent per annum. No principal or interest payments are required until its maturity date of August 16, 2057. At December 31, 2014, $3,000,000 was outstanding. At December 31, 2014, accrued interest totaled $16,493. Interest incurred and expensed at December 31, 2014 was $7,126.

C. **Debt Summary**

A summary of the Authority's long-term debt and capital leases in 2014 follows:

Primary Government

	January 1, 2014	Increase	Decrease	December 31, 2014	Due Within One Year
Ambleside Bonds	$ 2,775,000	$ 0	$ (2,775,000)	$ 0	$ 0
Unamortized Bond Discount	(106,810)	0	106,810	0	0
Ambleside - Mortgage Note	0	6,720,000	(26,560)	6,693,440	82,109
Mortgage Note - Severance	3,105,524	0	(3,105,524)	0	0
Severance - Mortgage Note	0	5,989,900	(11,665)	5,978,235	71,877
First Mortgage Note-Quarrytown	2,989,607	0	(2,989,607)	0	0
Quarrytown - Mortgage Note	0	4,080,300	(7,946)	4,072,354	48,963
General Revenue Bonds	3,145,000	0	(485,000)	2,660,000	500,000
Unamortized Discount - Bond	(41,288)	0	7,286	(34,002)	(7,286)
Build America Bonds	12,855,000	0	0	12,855,000	0
Bond Anticipation Note - 2013	3,120,000	0	0	3,120,000	0
Unamortized Bond Premium 2013	50,137	0	(23,140)	26,997	23,140
Ohio Bond Financing	11,995,000	0	(600,000)	11,395,000	635,000
Unamortized Bond Prem Ohio Bd	277,708	0	(20,958)	256,750	20,958
Modernization Express Loan A	11,635,470	0	(434,760)	11,200,710	463,040
Modernization Express Loan B	6,933,430	0	(259,070)	6,674,360	275,920
Energy Program-Capital Lease	19,997,333	0	(2,860,076)	17,137,257	2,981,811
Total	$ 78,731,111	$ 16,790,200	$ (13,485,210)	$ 82,036,101	$ 5,095,532

Discretely Presented Component Units

Euclid-Lee Mortgages	$ 0	$ 12,300,978	$ 0	$ 12,300,978	$ 0
Fairfax Mortgage/Construction	0	6,064,127	0	6,064,127	0
Garden Valley I Mortgages	0	15,700,593	0	15,700,593	0
Garden Valley II Mortgages	0	10,209,408	0	10,209,408	0
Garden Valley III Mortgages	0	15,553,185	0	15,553,185	0
Miles Pointe Mortgage	0	3,000,000	0	3,000,000	0
Total	$ 0	$ 62,828,291	$ 0	$ 62,828,291	$ 0

10. DEBT AND LEASE OBLIGATIONS (Continued)

C. **Debt Summary** (Continued)

Other Lease Obligations—The Authority leases office equipment under various operating leases. Total expense recognized under these operating leases was $557,365 in 2014.

Future minimum lease payments are as follows:

2015	$	254,333
2016		190,751
Total	$	445,084

11. CONDUIT DEBT OBLIGATION

The Authority has selected Western Reserve Redevelopment and Management Company, Inc. to serve as the developer ("Developer") to acquire and renovate Bohn Tower Apartments, a 267-unit affordable senior housing complex located at 1300 Superior Avenue, Cleveland, Ohio (the "Project"). The Developer will form a limited partnership (the "Borrower") with a fund managed by Enterprise Community Partners, Inc., as the equity investor limited partner (the "Limited Partner").

The Authority has determined the need to issue short-term housing revenue bonds (the "Bonds") in the amount of $14,000,000 to pay a portion of the costs of the Project. The Bonds will be secured by funds provided from an FHA-insured mortgage originated by Bellwether Enterprise Real Estate Capital, LLC (the "Lender") to the Borrower. These bonds are expected to be issued in 2015.

12. RETIREMENT AND OTHER BENEFIT PLANS

Ohio Public Employees Retirement System

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

1. The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan;

2. The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investments earnings.

3. The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement 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 to the Member-Directed Plan.

12. RETIREMENT AND OTHER BENEFIT PLANS (Continued)

Ohio Public Employees Retirement System (Continued)
OPERS provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, by calling 1-800-222-7377, or by using the OPERS website at http://www.opers.org/investments/cafr.shtml

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 (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were $5,680,885, $5,779,329, and $5,835,360, respectively. The full amount has been contributed for 2014.

13. POST-EMPLOYMENT BENEFITS

Plan Description
The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement to qualifying members of both the Traditional Pension and the 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 No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. 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 writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, by calling 614-222-5601 or 1-800-222-7377, or by visiting the OPERS website at http://www.opers.org/investments/cafr.shtml

13. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 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 benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 2.0 percent for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2014, 2013, and 2012, used to fund post-employment health care benefits were $811,230, $467,987, and $1,669,931, respectively. The full amount has been contributed for 2014.

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 recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

14. INSURANCE COVERAGE AND RISK RETENTION

The Authority adheres to a Risk Management Policy adopted by the Board of Commissioners that seeks to incorporate risk management principles into the management and operation of business activities and through purposefully making risk management a valued aspect of the organization. The Executive Team oversees the Authority's implementation of an effective system of risk management, compliance and control through purposefully integrating risk principles with business decisions. These principles include value creation, continuous improvement, transparency, inclusiveness, responsiveness to change, and explicit consideration of uncertainty. The Office of Legal Affairs/Risk Management is responsible for serving as the lead resource for the Authority's risk program and acting as a consultant to all constituent groups. This is accomplished by developing consensus with leadership to reduce exposures and losses, reviewing the effectiveness of existing risk management practices, controls, and compliance systems, and through crafting innovative approaches to manage the Authority's risks.

14. INSURANCE COVERAGE AND RISK RETENTION (Continued)

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Authority is a member of HARRG, which is a risk retention group operated as a joint venture by its more than 1,000 public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $25,000 deductible, and $2,000,000 of public officials' liability coverage, with a $25,000 deductible.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its more than 1,000 public housing authority members. Through HAPI, the Authority carries coverage with a per occurrence loss limit of $100,000,000 and with a $10,000 deductible.

The Authority's commercial automobile coverage includes liability insurance with a combined single limit of $2,000,000 per accident, with a $1,000 deductible. The Authority is self-insured for the following risks:

Workers' Compensation Benefits—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than $500,000 per individual occurrence with a $10,000,000 limit in the aggregate. The Authority has recorded a $2,444,576 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2014.

Employee Termination and Other Third-Party Liability Matters—The Authority is self-insured for certain employee termination and miscellaneous third-party claims that are not covered by HARRG.

The changes in the Authority's liabilities for self-insured risks for the years ended December 31, 2014 were as follows:

	Workers' Compensation Benefits	Employee Termination and Other
Balance—December 31, 2013	$ 3,043,000	$ 737,000
Incurred Claims—Net of Changes in Estimates	(78,567)	938,000
Payments	(519,897)	0
Balance—December 31, 2014	$ 2,444,536	$ 1,675,000
Current Portion	$ 882,000	$ 1,675,000

The liabilities above represent the Authority's best estimates based upon available information and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic factors.

14. INSURANCE COVERAGE AND RISK RETENTION (Continued)

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs, and the establishment of an accident and incident investigation program. During 2014, there were no significant reductions in the Authority's insurance coverage.

Settled claims have not exceeded the Authority's insurance coverage in any of the past three years.

15. CONTINGENCIES

The Authority is a defendant in several lawsuits, including construction claims. Where possible, estimates have been made and reflected in the financial statements for the effect, if any, of such contingencies. The ultimate outcome of these matters is not presently determinable.

16. CONSTRUCTION COMMITMENTS – PRIMARY GOVERNMENT

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

Project Type	Amount
Building Renovations	$ 8,013,644
Roofing	603,493
Site improvements	85,301
HVAC/Elevator	569,292
UFAS	7,367,888
Total Construction Commitments	$ 16,639,618

17. NET INVESTMENT IN CAPITAL ASSETS – PRIMARY GOVERNMENT

Below is a summary of Investment in Capital Assets, net of related debt at December 31, 2014:

Capital Assets	$ 194,060,972
Less Related Debt	(82,036,101)
Total Investment in Capital Assets, Net of Related Debt	$ 112,024,871

18. RESTRICTED NET POSITION – PRIMARY GOVERNMENT

Below is a summary of restricted net position at December 31, 2014:

Restricted funds held by third party.	$ 10,714,906
Nonroutine maintenance and debt service reserves	3,705,949
Total Restricted Net Position at December 31, 2014	$ 14,420,855

19. CONDENSED FINANCIAL STATEMENT INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS

	Riverside Park Homes, LP	Garden Valley Housing Partnership I, LP	Garden Valley Housing Partnership II, LP	Garden Valley Housing Partnership III, LP	Euclid-Lee Senior, LP
Balance Sheet					
Current Assets	$ 1,404,520	$ 1,163,800	$ 836,322	$ 1,048,577	$ 188,682
Capital Assets	13,653,326	17,916,220	11,842,483	19,470,227	17,991,953
Other Assets	95,536	713,846	488,461	675,488	175,813
Current Liabilities	(638,737)	(376,938)	(189,596)	(281,804)	(564,436)
Non-Current Liabilities	(94,781)	(16,676,986)	(10,613,491)	(16,638,539)	(13,865,966)
Net Position	14,419,864	2,739,942	2,364,179	4,273,949	3,926,046
Revenue, Expenses, and Changes in Equity					
Total Revenue	666,601	679,799	387,893	630,447	1,485,469
Total Expenses	1,414,841	1,218,917	884,541	1,321,955	992,449
Excess of Revenue Over Expenses	(748,240)	(539,118)	(496,648)	(691,508)	493,020
Beginning Net Position	0	0	0	0	0
Prior Period Adjustments	15,168,104	3,279,060	2,860,827	4,965,457	3,433,026
Ending Net Position	$ 14,419,864	$ 2,739,942	$ 2,364,179	$ 4,273,949	$ 3,926,046

	Miles Pointe Elderly, LP	Fairfax Intergenerational Housing, LP	Bohn Tower Redevelopment, LP	Total Discretely Presented Component Units
Balance Sheet				
Current Assets	$ 87,289	$ 904,487	$ 0	$ 5,633,677
Capital Assets	9,436,632	11,803,275	852,963	102,967,079
Other Assets	100,138	371,842	0	2,621,124
Current Liabilities	(1,474,273)	(1,784,893)	(852,963)	(6,163,640)
Non-Current Liabilities	(3,618,000)	(7,391,414)	0	(68,899,177)
Net Position	4,531,786	3,903,297	0	36,159,063
Revenue, Expenses, and Changes in Equity				
Total Revenue	953,834	2,111,248	0	6,915,291
Total Expenses	537,660	810,370	0	7,180,733
Excess of Revenue Over Expenses	416,174	1,300,878	0	(265,442)
Beginning Net Position	0	0	0	0
Prior Period Adjustments	4,115,612	2,602,419	0	36,424,505
Ending Net Position	$ 4,531,786	$ 3,903,297	$ 0	$ 36,159,063

20. CONDENSED FINANCIAL STATEMENT INFORMATION – BLENDED COMPONENT UNITS

	Western Reserve Revitalization and Management Company, Inc.	Quarrytown Redevelopment LLC	Severance Redevelopment LLC	Ambleside Redevelopment LLC	CMHA Charities Fund, Inc.	Total Blended Component Units
Balance Sheet						
Current Assets	$ 7,352,606	$ 3,126,103	$ 3,463,289	$ 4,302,004	$ 230,220	$ 18,474,222
Capital Assets	14,296,762	2,830,605	3,673,078	2,151,538	0	22,951,983
Other Assets	11,473,353	201,507	259,395	282,523	0	12,216,778
Current Liabilities	(12,599,515)	(1,247,438)	(749,702)	(1,633,493)	0	(16,230,148)
Non-Current Liabilities	0	(4,023,392)	(5,906,357)	(6,611,330)	0	(16,541,079)
Net Position	20,523,206	887,385	739,703	(1,508,758)	230,220	20,871,756
Revenue Expenses and Changes in Equity						
Total Revenue	1,107,312	560,336	652,976	272,081	36,533	2,629,238
Total Expenses	730,131	1,338,746	1,767,523	917,191	5,670	4,759,261
Excess of Revenue Over Expenses	377,181	(778,410)	(1,114,547)	(645,110)	30,863	(2,130,023)
Transfers In	0	782,940	1,106,240	542,761	0	2,431,941
Beginning Net Position	3,420,194	0	0	0	199,357	3,619,551
Prior Period Adjustments	16,725,831	882,855	748,010	(1,406,409)	0	16,950,287
Ending Net Position	$ 20,523,206	$ 887,385	$ 739,703	$ (1,508,758)	$ 230,220	$ 20,871,756

21. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 13, 2015, which is the date the financial statements were available to be issued.

Pursuant to the First Amended and Restated Limited Partnership (the "Agreement") agreement dated February 26, 2015, Bohn Tower Redevelopment, L.P. ("Bohn Tower") replaced the Corporation's limited partner interest and admitted a new Limited Partner as defined in the Agreement. The Corporation's partnership interest in Bohn Tower is held through its wholly-owned subsidiary, Bohn Tower GP, Inc. with a 0.01 percent general partnership interest.

On April 1, 2015 a resolution authorizing the initial approval of the issuance of bonds for Carver Park Phase I, LP ("Carver Park") was created by CMHA. The resolution approved the formation of Carver Park, which will be a partnership formed to acquire, renovate, and operate a 279 unit affordable housing project in Cleveland, Ohio. The Corporation intends to hold a controlling, general partnership interest in Carver Park, which will be included as a LIHTC Partnership in the consolidated financial statements for 2015.

On April 1, 2015 a resolution authorizing the initial approval of the issuance of bonds for West Side Riverview, LP ("Riverview") was created by CMHA. The resolution approved the formation of Riverview, which will be a partnership formed to acquire five scattered site properties, and renovate, construct, and operate the properties as 70 units of affordable housing project in Cleveland, Ohio. The Corporation intends to hold a controlling, general partnership interest in Riverview, which will be included as a LIHTC Partnership in the consolidated financial statements for 2015.

* * * * * *

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL SCHEDULE OF MODERNIZATION COSTS EXPENDED - PROJECTS CLOSED THROUGH DECEMBER 31, 2014

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

Modernization Project Number	OH12R003501-06	OH12P003501-03	OH12R003501-09	OH12R003504-09	OH12R003501-10
Funds Approved	$ 1,059,225	$ 22,376,951	$ 473,813	$ 1,200,857	$ 1,036,696
Funds Expended	1,059,225	22,376,951	473,813	1,200,857	1,036,696
Excess of Funds Approved	$ 0	$ 0	$ 0	$ 0	$ 0
Funds Advanced	$ 1,059,225	$ 22,376,951	$ 473,813	$ 1,200,857	$ 1,036,696
Funds Expended	1,059,225	22,376,951	473,813	1,200,857	1,036,696
Excess of Funds Advanced	$ 0	$ 0	$ 0	$ 0	$ 0

Modernization Project Number	OH12R003502-10	OH12E003501-11	OH12P003501-05	OH12P003501-06	OH12P003501-08
Funds Approved	$ 1,341,919	$ 250,000	$ 25,491,899	$ 24,686,133	$ 25,524,420
Funds Expended	1,341,919	250,000	25,491,899	24,686,133	25,524,420
Excess of Funds Approved	$ 0	$ 0	$ 0	$ 0	$ 0
Funds Advanced	$ 1,341,919	$ 250,000	$ 25,491,899	$ 24,686,133	$ 25,524,420
Funds Expended	1,341,919	250,000	25,491,899	24,686,133	25,524,420
Excess of Funds Advanced	$ 0	$ 0	$ 0	$ 0	$ 0

Modernization Project Number	OH12R003501-09	OH12E003501-10	OH12P003501-05	OH12P003502-08
Funds Approved	$ 26,010,631	$ 25,308,114	$ 1,313,970	$ 568,126
Funds Expended	26,010,631	25,308,114	1,313,970	568,126
Excess of Funds Approved	$ 0	$ 0	$ 0	$ 0
Funds Advanced	$ 26,101,631	$ 25,308,114	$ 1,313,970	$ 568,126
Funds Expended	26,101,631	25,308,114	1,313,970	568,126
Excess of Funds Advanced	$ 0	$ 0	$ 0	$ 0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. There are no discharged mechanics, laborers, contracors, 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.

4. There are no discuarged 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.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL SCHEDULE OF GRANT COSTS EXPENDED - PROJECTS CLOSED THROUGH DECEMBER 31, 2014

1. The total amount of costs of the grants shown below:

Choice Neighborhood Grant	OH5D003CNB111
Funds Approved	$ 300,000
Funds Expended	300,000
Excess of Funds Approved	$ 0
Funds Advanced	$ 300,000
Funds Expended	300,000
Excess of Funds Advanced	$ 0

2. All work in connection with the grant program has been completed.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	Project Total	14.199 Multifamily Property Disposition	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Discretely Presented	Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
111 Cash - Unrestricted	24,161,832					1,425,841	61,985	1,983,678	387,564	118,658
112 Cash - Restricted - Modernization and Development	2,943,321									
113 Cash - Other Restricted	22,890					484,133		3,408,276	11,292,932	
114 Cash - Tenant Security Deposits	1,271,004	9,846						96,805	116,096	
100 Total Cash	28,399,047	9,846	-	-	-	1,909,974	61,985	5,488,759	11,796,592	118,658
122 Accounts Receivable - HUD Other Projects	6,460,539				200,020	243,243				
124 Accounts Receivable - Other Government				24,071						
125 Accounts Receivable - Miscellaneous	67,170					226,888		98,869	5,602,883	
126 Accounts Receivable - Tenants	486,958	6,042						25,152	15,794	
126.1 Allowance for Doubtful Accounts -Tenants	-230,465	-2,255						-13,598	-7,317	
128 Fraud Recovery						230,071				
128.1 Allowance for Doubtful Accounts - Fraud						-230,071				
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	6,784,202	3,787	-	24,071	200,020	470,131	-	110,423	5,611,360	-
142 Prepaid Expenses and Other Assets	305,187	471						34,495	98,548	
143 Inventories										
144 Inter Program Due From									967,722	
150 Total Current Assets	35,488,436	14,104	-	24,071	200,020	2,380,105	61,985	5,633,677	18,474,222	118,658
161 Land	23,644,635	10								
162 Buildings	642,517,723	628,787						113,265,004	28,832,653	
163 Furniture, Equipment & Machinery - Dwellings	16,603,237	21,136						1,739,538	1,295,965	
164 Furniture, Equipment & Machinery - Administration						1,634,186				
166 Accumulated Depreciation	-528,540,812	-507,374				-1,068,943		-12,890,426	-10,621,145	
167 Construction in Progress	8,832,075							852,963	3,444,510	240,000
160 Total Capital Assets, Net of Accumulated Depreciation	163,056,858	142,559	-	-	-	565,243	-	102,967,079	22,951,983	240,000
171 Notes, Loans and Mortgages Receivable - Non-Current	67,447,383	1,400,000							59,277	
174 Other Assets								2,621,124	743,425	
176 Investments in Joint Ventures									11,414,076	
180 Total Non-Current Assets	230,504,241	1,542,559	-	-	-	565,243	-	105,588,203	35,168,761	240,000
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	265,992,677	1,556,663	-	24,071	200,020	2,945,348	61,985	111,221,880	53,642,983	358,658

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	State/Local	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted			87,926	5,052,869	128,750	4,342,229	37,751,332	-10,752,656	26,998,676
112 Cash - Restricted - Modernization and Development							2,943,321		2,943,321
113 Cash - Other Restricted						2,444,576	17,652,807		17,652,807
114 Cash - Tenant Security Deposits							1,493,751		1,493,751
100 Total Cash	-	-	87,926	5,052,869	128,750	6,786,805	59,841,211	-10,752,656	49,088,555
122 Accounts Receivable - HUD Other Projects		53,775			5,413		6,962,990		6,962,990
124 Accounts Receivable - Other Government			181,682				205,753		205,753
125 Accounts Receivable - Miscellaneous				30,104		384,576	6,410,490		6,410,490
126 Accounts Receivable - Tenants							533,946		533,946
126.1 Allowance for Doubtful Accounts -Tenants							-253,635		-253,635
128 Fraud Recovery							230,071		230,071
128.1 Allowance for Doubtful Accounts - Fraud							-230,071		-230,071
129 Accrued Interest Receivable						2,097	2,097		2,097
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	53,775	181,682	30,104	5,413	386,673	13,861,641	-	13,861,641
142 Prepaid Expenses and Other Assets						13,241,698	13,680,399	-12,545,210	1,135,189
143 Inventories						207,749	207,749		207,749
144 Inter Program Due From						4,427,039	5,394,761	-5,394,761	-
150 Total Current Assets	-	53,775	269,608	5,082,973	134,163	25,049,964	92,985,761	-28,692,627	64,293,134
161 Land	620,597					4,748,466	29,013,708		29,013,708
162 Buildings						3,197,886	788,442,053		788,442,053
163 Furniture, Equipment & Machinery - Dwellings							19,659,876		19,659,876
164 Furniture, Equipment & Machinery - Administration				329,998		7,147,724	9,111,908		9,111,908
166 Accumulated Depreciation				-256,416		-8,955,267	-562,840,383		-562,840,383
167 Construction in Progress						271,341	13,640,889		13,640,889
160 Total Capital Assets, Net of Accumulated Depreciation	620,597	-	-	73,582	-	6,410,150	297,028,051	-	297,028,051
171 Notes, Loans and Mortgages Receivable - Non-Current							68,906,660		68,906,660
174 Other Assets						1,444,178	4,808,727		4,808,727
176 Investments in Joint Ventures							11,414,076		11,414,076
180 Total Non-Current Assets	620,597	-	-	73,582	-	7,854,328	382,157,514	-	382,157,514
200 Deferred Outflow of Resources							-		-
290 Total Assets and Deferred Outflow of Resources	620,597	53,775	269,608	5,156,555	134,163	32,904,292	475,143,275	-28,692,627	446,450,648

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	Project Total	14.199 Multifamily Property Disposition	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Discretely Presented	Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
311 Bank Overdraft	10,747,243									
312 Accounts Payable <= 90 Days	7,722,117	17,997		314	2,518	146,129		4,650,606	2,023,651	
321 Accrued Wage/Payroll Taxes Payable	2,758,348	1,091		15,230	30,785	458,077		67,771	118,689	
325 Accrued Interest Payable	590,391							428,803		
331 Accounts Payable - HUD PHA Programs										
341 Tenant Security Deposits	1,271,004	9,846						96,805	116,096	
342 Unearned Revenue								915	12,545,210	126,130
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	4,376,729								202,949	
345 Other Current Liabilities								254,544		
346 Accrued Liabilities - Other	1,369,237	382				76,366		664,196	34,105	
347 Inter Program - Due To	3,606,718	251,670		8,527	166,717	110,328			1,189,448	
310 Total Current Liabilities	32,441,787	280,986	-	24,071	200,020	790,900	-	6,163,640	16,230,148	126,130
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	42,287,349							62,828,291	16,541,079	
353 Non-current Liabilities - Other						322,421		6,070,886		
350 Total Non-Current Liabilities	42,287,349	-	-	-	-	322,421	-	68,899,177	16,541,079	-
300 Total Liabilities	74,729,136	280,986	-	24,071	200,020	1,113,321	-	75,062,817	32,771,227	126,130
400 Deferred Inflow of Resources										
508.4 Net Investment in Capital Assets	116,392,780	142,559				565,243		40,138,788	6,207,955	240,000
511.4 Restricted Net Position	2,966,211					161,712		3,408,276	11,292,932	
512.4 Unrestricted Net Position	71,904,550	1,133,118				1,105,072	61,985	-7,388,001	3,370,869	-7,472
513 Total Equity - Net Assets / Position	191,263,541	1,275,677	-	-	-	1,832,027	61,985	36,159,063	20,871,756	232,528
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets / Position	265,992,677	1,556,663	-	24,071	200,020	2,945,348	61,985	111,221,880	53,642,983	358,658

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	State/Local	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
311 Bank Overdraft					5,413		10,752,656	-10,752,656	-
312 Accounts Payable <= 90 Days		26,986	26,297	6,516		650,055	15,273,186		15,273,186
321 Accrued Wage/Payroll Taxes Payable			27,928			2,809,588	6,287,507		6,287,507
325 Accrued Interest Payable						396,758	1,415,952		1,415,952
331 Accounts Payable - HUD PHA Programs					128,750		128,750		128,750
341 Tenant Security Deposits							1,493,751		1,493,751
342 Unearned Revenue			195,649	118,340		335,125	13,321,369	-12,545,210	776,159
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds						515,854	5,095,532		5,095,532
345 Other Current Liabilities							254,544		254,544
346 Accrued Liabilities - Other						2,880,025	5,024,311		5,024,311
347 Inter Program - Due To		26,789	18,383	16,181			5,394,761	-5,394,761	-
310 Total Current Liabilities	-	53,775	268,257	141,037	134,163	7,587,405	64,442,319	-28,692,627	35,749,692
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						18,112,141	139,768,860		139,768,860
353 Non-current Liabilities - Other						1,562,536	7,955,843		7,955,843
350 Total Non-Current Liabilities	-	-	-	-	-	19,674,677	147,724,703	-	147,724,703
300 Total Liabilities	-	53,775	268,257	141,037	134,163	27,262,082	212,167,022	-28,692,627	183,474,395
400 Deferred Inflow of Resources							-		-
508.4 Net Investment in Capital Assets	620,597			73,582		-12,217,845	152,163,659		152,163,659
511.4 Restricted Net Position							17,829,131		17,829,131
512.4 Unrestricted Net Position			1,351	4,941,936		17,860,055	92,983,463		92,983,463
513 Total Equity - Net Assets / Position	620,597	-	1,351	5,015,518	-	5,642,210	262,976,253	-	262,976,253
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets / Position	620,597	53,775	269,608	5,156,555	134,163	32,904,292	475,143,275	-28,692,627	446,450,648

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Project Total	14.199 Multifamily Property Disposition	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Discretely Presented	Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
70300 Net Tenant Rental Revenue	13,670,173	194,875						902,875	1,338,618	
70400 Tenant Revenue - Other	143,656							7,073	4,772	
70500 Total Tenant Revenue	13,813,829	194,875	-	-	-	-	-	909,948	1,343,390	-
70600 HUD PHA Operating Grants	74,370,492				439,980	94,254,851	899,825			
70610 Capital Grants	10,898,956									
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	-	-
70800 Other Government Grants				333,503				1,699,451		
71100 Investment Income - Unrestricted	2,874							744	11,025	
71400 Fraud Recovery						15,105				
71500 Other Revenue	948,525	26	70,114			32,959		4,301,123	1,274,622	
71600 Gain or Loss on Sale of Capital Assets	-2,533,578					7,575				
72000 Investment Income - Restricted	602							4,025	201	
70000 Total Revenue	97,501,700	194,901	70,114	333,503	439,980	94,310,490	899,825	6,915,291	2,629,238	-
91100 Administrative Salaries	5,652,576	11,702				3,341,165		429,293	367,286	
91200 Auditing Fees	89,721	382				70,560		77,739	43,967	
91300 Management Fee	7,508,001					1,000,000		49,479	26,959	
91310 Book-keeping Fee	802,376							8,100	26,473	
91500 Employee Benefit contributions - Administrative	2,189,890	3,599				1,224,248		159,535	102,763	
91600 Office Expenses	2,237,979	3,168			30,753	1,321,080	93,884	60,023	576,308	
91700 Legal Expense	1,075,004	3,897				60,632		36,068	40,619	
91800 Travel	18,797	4				6,008		476	1,604	
91900 Other	1,060,439					6,970		82,585		
91000 Total Operating - Administrative	20,634,783	22,752	-	-	30,753	7,030,663	93,884	903,298	1,185,979	-
92000 Asset Management Fee	1,001,300							19,157		
92100 Tenant Services - Salaries	1,164,500	1,760			407,590			39,175	57,602	
92300 Employee Benefit Contributions - Tenant Services	450,569	388						15,966	20,031	
92400 Tenant Services - Other	1,197,191	329			1,637	5,395		28,269	21,061	
92500 Total Tenant Services	2,812,260	2,477	-	-	409,227	5,395	-	83,410	98,694	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	State/Local	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	294,369						16,400,910		16,400,910
70400 Tenant Revenue - Other	1,849						157,350		157,350
70500 Total Tenant Revenue	296,218	-	-	-	-	-	16,558,260	-	16,558,260
70600 HUD PHA Operating Grants	3,101,564	397,410			899,221		174,363,343		174,363,343
70610 Capital Grants							10,898,956		10,898,956
70710 Management Fee						8,609,344	8,609,344	-8,559,865	49,479
70720 Asset Management Fee						1,020,457	1,020,457	-1,020,457	-
70730 Book Keeping Fee						846,476	846,476	-838,376	8,100
70740 Front Line Service Fee						9,979,600	9,979,600	-9,979,600	-
70700 Total Fee Revenue	-	-	-	-	-	20,455,877	20,455,877	-20,398,298	57,579
70800 Other Government Grants			371,882				2,404,836		2,404,836
71100 Investment Income - Unrestricted						315	14,958		14,958
71400 Fraud Recovery							15,105		15,105
71500 Other Revenue	42,621			403,959		913,937	7,987,886	-820,750	7,167,136
71600 Gain or Loss on Sale of Capital Assets						18,725	-2,507,278		-2,507,278
72000 Investment Income - Restricted	60,928					3,128	68,884		68,884
70000 Total Revenue	3,501,331	397,410	371,882	403,959	899,221	21,391,982	230,260,827	-21,219,048	209,041,779
91100 Administrative Salaries	49,760		100,803			9,300,740	19,253,325		19,253,325
91200 Auditing Fees	770					10,000	293,139		293,139
91300 Management Fee	24,905						8,609,344	-8,559,865	49,479
91310 Book-keeping Fee	9,527						846,476	-838,376	8,100
91500 Employee Benefit contributions - Administrative	21,835					4,274,754	7,976,624		7,976,624
91600 Office Expenses	33,635		136,711	325,866	98,805	2,493,938	7,412,150	-820,750	6,591,400
91700 Legal Expense	8,291					1,148,888	2,373,399	-612,295	1,761,104
91800 Travel	533			881		97,003	125,306		125,306
91900 Other						37,067	1,187,061	-1,065,523	121,538
91000 Total Operating - Administrative	149,256	-	237,514	326,747	98,805	17,362,390	48,076,824	-11,896,809	36,180,015
92000 Asset Management Fee							1,020,457	-1,020,457	-
92100 Tenant Services - Salaries	13,232		76,426				1,760,285		1,760,285
92300 Employee Benefit Contributions - Tenant Services	5,806						492,760		492,760
92400 Tenant Services - Other	4,985	397,410	56,591	82,381		3,519	1,798,768		1,798,768
92500 Total Tenant Services	24,023	397,410	133,017	82,381	-	3,519	4,051,813	-	4,051,813

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Project Total	14.199 Multifamily Property Disposition	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Discretely Presented	Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
93100 Water	3,065,399	16,113				2,097		133,159	166,446	
93200 Electricity	4,782,171	32,543				77,238		139,561	293,587	
93300 Gas	3,109,306	20,601				1,104		25,625	83,317	
93400 Fuel	232,046									
93600 Sewer	4,454,198	22,569				2,200		185,905	160,687	
93000 Total Utilities	15,643,120	91,826	-	-	-	82,639	-	484,250	704,037	-
94100 Ordinary Maintenance and Operations - Labor	8,942,911	7,186				71,133		135,355	277,156	
94200 Ordinary Maintenance and Operations - Materials and Other	3,319,116	13,131				1,680		91,088	108,218	
94300 Ordinary Maintenance and Operations Contracts	10,253,434	58,802				11,624		455,730	457,680	
94500 Employee Benefit Contributions - Ordinary Maintenance	3,455,200	1,586				26,064		54,962	96,787	
94000 Total Maintenance	25,970,661	80,705	-	-	-	110,501	-	737,135	939,841	-
95100 Protective Services - Labor	2,320,665			333,503		175,070			26,374	
95200 Protective Services - Other Contract Costs	5,356,622							178,341	157,132	
95300 Protective Services - Other	69,300					554		705	571	
95500 Employee Benefit Contributions - Protective Services	897,281					64,148			7,455	
95000 Total Protective Services	8,643,868	-	-	333,503	-	239,772	-	179,046	191,532	-
96110 Property Insurance	1,342,406	13,945				95		148,711	110,340	
96120 Liability Insurance	411,653	1,810				13,140		37,315	29,663	
96130 Workmen's Compensation	77,892	130				10,716		8,313	1,294	
96140 All Other Insurance	185,420	670				25,203		4,130	182,068	
96100 Total insurance Premiums	2,017,371	16,555	-	-	-	49,154	-	198,469	323,365	-
96200 Other General Expenses	2,951,542					71,091		286,861		
96400 Bad debt - Tenant Rents	464,678	12,724						21,221	17,817	
96000 Total Other General Expenses	3,416,220	12,724	-	-	-	71,091	-	308,082	17,817	-
96710 Interest of Mortgage (or Bonds) Payable	1,723,498							174,260	308,791	
96720 Interest on Notes Payable (Short and Long Term)	766,310									
96730 Amortization of Bond Issue Costs								351,541		
96700 Total Interest Expense and Amortization Cost	2,489,808	-	-	-	-	-	-	525,801	308,791	-
96900 Total Operating Expenses	82,629,391	227,039	-	333,503	439,980	7,589,215	93,884	3,438,648	3,770,056	-
97000 Excess of Operating Revenue over Operating Expenses	14,872,309	-32,138	70,114	-	-	86,721,275	805,941	3,476,643	-1,140,818	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	State/Local	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
93100 Water	21,143					30,805	3,435,162		3,435,162
93200 Electricity	73,343					232,204	5,630,647		5,630,647
93300 Gas	30,426					13,109	3,283,488		3,283,488
93400 Fuel							232,046		232,046
93600 Sewer	28,751					40,378	4,894,688		4,894,688
93000 Total Utilities	153,663	-	-	-	-	316,496	17,476,031	-	17,476,031
94100 Ordinary Maintenance and Operations - Labor	58,127					3,545,363	13,037,231		13,037,231
94200 Ordinary Maintenance and Operations - Materials and Other	18,400					241,333	3,792,966		3,792,966
94300 Ordinary Maintenance and Operations Contracts	163,138					543,598	11,944,006	-6,434,220	5,509,786
94500 Employee Benefit Contributions - Ordinary Maintenance	25,507						3,660,106		3,660,106
94000 Total Maintenance	265,172	-	-	-	-	4,330,294	32,434,309	-6,434,220	26,000,089
95100 Protective Services - Labor	29,233					604,957	3,489,802		3,489,802
95200 Protective Services - Other Contract Costs	56,065						5,748,160	-1,852,478	3,895,682
95300 Protective Services - Other	297					9,831	81,258		81,258
95500 Employee Benefit Contributions - Protective Services	12,828						981,712		981,712
95000 Total Protective Services	98,423	-	-	-	-	614,788	10,300,932	-1,852,478	8,448,454
96110 Property Insurance	6,327					22,470	1,644,294		1,644,294
96120 Liability Insurance	2,790					196,221	692,592		692,592
96130 Workmen's Compensation	354					50,373	149,072		149,072
96140 All Other Insurance	1,578					179,766	578,835		578,835
96100 Total insurance Premiums	11,049	-	-	-	-	448,830	3,064,793	-	3,064,793
96200 Other General Expenses							3,309,494		3,309,494
96400 Bad debt - Tenant Rents	6,291						522,731		522,731
96000 Total Other General Expenses	6,291	-	-	-	-	-	3,832,225	-	3,832,225
96710 Interest of Mortgage (or Bonds) Payable	225,328					847,786	3,279,663		3,279,663
96720 Interest on Notes Payable (Short and Long Term)							766,310		766,310
96730 Amortization of Bond Issue Costs	10,500						362,041		362,041
96700 Total Interest Expense and Amortization Cost	235,828	-	-	-	-	847,786	4,408,014	-	4,408,014
96900 Total Operating Expenses	943,705	397,410	370,531	409,128	98,805	23,924,103	124,665,398	-21,203,964	103,461,434
97000 Excess of Operating Revenue over Operating Expenses	2,557,626	-	1,351	-5,169	800,416	-2,532,121	105,595,429	-15,084	105,580,345

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Project Total	14.199 Multifamily Property Disposition	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Discretely Presented	Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
97100 Extraordinary Maintenance	5,751,180							17,228		
97200 Casualty Losses - Non-capitalized	224,897								35,322	
97300 Housing Assistance Payments						89,990,073	743,956			
97400 Depreciation Expense	18,522,983	43,636				270,229		3,724,857	953,883	
90000 Total Expenses	107,128,451	270,675	-	333,503	439,980	97,849,517	837,840	7,180,733	4,759,261	-
10010 Operating Transfer In	4,434,595								2,431,941	
10020 Operating transfer Out	-4,434,595									
10091 Inter Project Excess Cash Transfer In	4,150,000									
10092 Inter Project Excess Cash Transfer Out	-4,150,000									
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	2,431,941	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-9,626,751	-75,774	70,114	-	-	-3,539,027	61,985	-265,442	301,918	-
11020 Required Annual Debt Principal Payments	4,153,906								8,499,303	
11030 Beginning Equity	195,797,298	-48,549	5,300,056			5,371,054			3,619,551	232,528
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	5,092,994	1,400,000	-5,370,170					36,424,505	16,950,287	
11170 Administrative Fee Equity						1,670,315				
11180 Housing Assistance Payments Equity						161,712				
11190 Unit Months Available	114,352	856				178,314	1,740	5,428	6,840	
11210 Number of Unit Months Leased	109,939	715				167,025	1,672	5,393	6,523	

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	State/Local	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance							5,768,408	-15,084	5,753,324
97200 Casualty Losses - Non-capitalized						21,919	282,138		282,138
97300 Housing Assistance Payments					800,416		91,534,445		91,534,445
97400 Depreciation Expense	92,561			49,395		658,590	24,316,134		24,316,134
90000 Total Expenses	1,036,266	397,410	370,531	458,523	899,221	24,604,612	246,566,523	-21,219,048	225,347,475
10010 Operating Transfer In							6,866,536	-6,866,536	-
10020 Operating transfer Out	-2,431,941						-6,866,536	6,866,536	-
10091 Inter Project Excess Cash Transfer In							4,150,000	-4,150,000	-
10092 Inter Project Excess Cash Transfer Out							-4,150,000	4,150,000	-
10100 Total Other financing Sources (Uses)	-2,431,941	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	33,124	-	1,351	-54,564	-	-3,212,630	-16,305,696	-	-16,305,696
11020 Required Annual Debt Principal Payments	513,570					477,714	13,644,493		13,644,493
11030 Beginning Equity	666,733			5,368,113		11,440,048	227,746,832		227,746,832
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-79,260			-298,031		-2,585,208	51,535,117		51,535,117
11170 Administrative Fee Equity							1,670,315		1,670,315
11180 Housing Assistance Payments Equity							161,712		161,712
11190 Unit Months Available	6,840				1,536		315,906		315,906
11210 Number of Unit Months Leased	6,523				1,445		299,235		299,235

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Program/Title	**CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs		
Conventional Low-Income Housing Program - Subsidy	14.850	$ 61,590,813
Section 8 Project Based Cluster		
Section 8 New Construction and Moderate Rehabilitation Programs:		
New Construction	14.182	3,101,564
Moderate Rehabilitation	14.856	899,221
Total Section 8 Project Based Cluster		4,000,785
Housing Choice Voucher Program Cluster		
Section 8 Housing Choice Voucher Program	14.871	94,254,851
Mainstream Vouchers	14.879	899,825
Total Housing Choice Voucher Program Cluster		95,154,676
Capital Fund Program	14.872	23,678,635
Supportive Housing Program	14.235	397,410
Resident Opportunities and Supportive Services	14.870	439,980
Total Direct Programs		185,262,299
Total U.S. Department of Housing and Urban Development		185,262,299
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 185,262,299

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Cuyahoga Metropolitan Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is required to be included on the Schedule.

The information presented in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for each federal grant.

Revenue and expenses are presented on an accrual basis of accounting with the exception of capital assets and depreciation. For purposes of the Schedule, depreciation expense is not recorded and the cost of capital asset additions is included as an expenditure.

2. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Authority provided federal awards to subrecipients as follows:

Program Title	Subrecipient	Federal CFDA No.	2014 Grant Expenditures
Conventional Low-Rent	Progressive Action Council and Management Company	14.850	$ 309,334
Conventional Low-Rent	Eastside Homes Partnership	14.850	$ 233,529
Conventional Low-Rent	Union Court Partnership	14.850	$ 233,529
Conventional Low-Rent	Westside Homes Partnership	14.850	$ 190,438
Conventional Low-Rent	Tremont Pointe I	14.850	$ 259,949
Conventional Low-Rent	Gordon Square Partnership	14.850	$ 274,112
Conventional Low-Rent	Tremont and Pointe II Partnership	14.850	$ 249,611

* * * * * *

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

Regional Inspector General for Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year 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 July 13, 2015, wherein we noted the Authority included discretely presented component units and restated net position related to Western Reserve Revitalization and Management Company, Inc. 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 the aggregate discretely presented component units and the Western Reserve Revitalization and Management Company, Inc., a blended component unit, as described in our report on the Authority's financial statements. The financial statements of the aggregate discretely presented component units and the Western Reserve Revitalization and Management Company, Inc., were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2015.10.05 13:00:11 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 13, 2015

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners	Regional Inspector General of Audit
Cuyahoga Metropolitan Housing Authority	Department of Housing and Urban
Cleveland, Ohio	Development

Report on Compliance for Each Major Federal Program

We have audited the Cuyahoga Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cuyahoga Metropolitan Housing Authority, Ohio's (the Authority) major federal programs for the year ended December 31, 2014. The Cuyahoga Metropolitan Housing Authority, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Cuyahoga Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Cuyahoga Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2015.10.05 13:00:29 -04'00'

James G. Zupka CPA, Inc.
Certified Public Accountants

July 13, 2015

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
DECEMBER 31, 2014

1.	**SUMMARY OF AUDITOR'S RESULTS**	
2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weakneses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS?)	No
2014(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2014(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Any there any reportable findings under .510?	No
2014(vii)	Major Programs (list):	
	Section 8 Project Based Cluster:	
	Section 8 New Construction and Moderate Rehabilitation Programs -	
	New Construction - CFDA #14.182	
	Moderate Rehabilitation - CFDA #14.856	
	Housing Choice Voucher Program Cluster:	
	Section 8 Housing Choice Voucher Program - CFDA #14.871	
	Mainstream Vouchers - CFDA #14.879	
	Capital Fund Program - CFDA #14.872	
2014(viii)	Dollar Threshold: Type A/B Programs	Type A: > $3,000,000 Type B: all others
2014(ix)	Low Risk Auditee?	Yes

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

The prior audit report, as of December 31, 2013, included no citations or management letter recommendations.

This page intentionally left blank.

Dave Yost • Auditor of State

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

CUYAHOGA 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
OCTOBER 20, 2015

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov