

**PORTAGE METROPOLITAN HOUSING AUTHORITY**

Financial Condition

As of

December 31, 2014

Together with Auditors' Report





# Dave Yost • Auditor of State

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

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

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

Dave Yost  
Auditor of State

September 4, 2015

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**PORTAGE METROPOLITAN HOUSING AUTHORITY  
PORTAGE, OHIO**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

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

I have audited the accompanying financial statements of the business-type activities of Portage Metropolitan Housing Authority, Portage County as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Portage Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Portage Metropolitan Housing Authority, Portage County, Ohio as of December 31, 2014, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Supplementary***

My audit was conducted to opine on the Portage Metropolitan Housing Authority's basic financial statements taken as a whole. The Supplemental Financial Data Schedules and Statement of Modernization and Grant Cost present additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated May 23, 2015 on my consideration of the Portage Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portage Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

May 23, 2015



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

This Management's Discussion and Analysis (MD&A) for the Portage Metropolitan Housing Authority (the Authority) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify changes in the Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2014, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

- During FY 2014, the Authority's net position decreased by \$92,000 (or .1%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was \$10,033,000 and \$10,125,000 for FY 2014 and FY 2013 respectively.
- The revenue increased by \$191,000 (or 1.38%) during FY 2014, and was \$13,996,000 and \$13,805,000 for FY 2014 and FY 2013 respectively.
- The total expenses of the Authority decreased by \$508,000 (or 3.48%). Total expenses were \$14,060,000 and \$14,568,000 for FY 2014 and FY 2013 respectively.

**Overview in the Financial Statements**

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

The Statement of Net Position is very similar to what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2014; that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. The other half reports the Authority's liabilities; that is, what the Authority owes others at December 31, 2014, and what Net Position (equity) the Authority has at December 31, 2014. The two parts of the report are in balance and is why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus Net Position (or equity) part. In the statement, the Net Position are broken out into three broad categories:

Net Investment Capital Assets  
Restricted Net Position  
Unrestricted Net Position

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

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

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

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

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

**The Authority's Business Type Fund**

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

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

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

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

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

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

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

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

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

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

**Condensed Financial Statements**

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

**Table 1 - Condensed Statement of Net Position Compared to Prior Year  
(Values rounded to nearest Thousand)**

	2014	2013
<b>Assets</b>		
Current and Other Assets	\$ 4,013,000	\$ 3,800,000
Capital Assets	<u>6,610,000</u>	<u>6,825,000</u>
<b>Total Assets</b>	<u>\$10,623,000</u>	<u>\$10,625,000</u>
<b>Liabilities</b>		
Current Liabilities	\$ 547,000	\$ 420,000
Long-Term Liabilities	<u>43,000</u>	<u>80,000</u>
<b>Total Liabilities</b>	<u>\$ 590,000</u>	<u>\$ 500,000</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 6,610,000	\$ 6,823,000
Restricted Net Position	0	45,000
Unrestricted Net Position	<u>3,423,000</u>	<u>3,257,000</u>
<b>Total Net Position</b>	<u>10,033,000</u>	<u>10,125,000</u>
<b>Total Liabilities and Net Position</b>	<u>\$10,623,000</u>	<u>\$10,625,000</u>

For more detailed information, see the Statement of Net Position presented on page 9 of this report.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

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

The total net position decreased 0.1% from year-end 2013 to year-end 2014. See the discussion in the next section of factors contributing to this change. During 2014, current and other assets increased by \$213,000 while current liabilities increased by \$127,000. Capital assets decreased \$215,000 reflecting that additions in capital assets were less than disposals and depreciation on assets held by the agency.

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

**Table 2 - Statement of Revenues, Expenses, and Changes in Fund Net Position  
(Values rounded to nearest Thousand)**

	<u>2014</u>	<u>2013</u>
<b><u>Revenues</u></b>		
Tenant Revenues - Rents and Other	\$ 860,000	\$ 823,000
Operating Subsidies and Grants	12,236,000	12,418,000
Capital Grants	383,000	249,000
Investment Income	5,000	8,000
Other Revenues	<u>512,000</u>	<u>307,000</u>
<b>Total Revenues</b>	<b>\$ 13,996,000</b>	<b>\$ 13,805,000</b>
<b><u>Expenses</u></b>		
Administrative	\$ 1,767,000	\$ 1,665,000
Tenant Services	54,000	68,000
Utilities	342,000	311,000
Ordinary Maintenance and Operations	821,000	728,000
General and Insurance Expenses	212,000	213,000
Housing Assistance Payments	10,224,000	10,926,000
Protective Services	0	3,000
Depreciation	<u>640,000</u>	<u>654,000</u>
<b>Total Expenses</b>	<b><u>14,060,000</u></b>	<b><u>\$ 14,568,000</u></b>
Net Increases (Decreases) in Net Position	<b><u>\$ ( 64,000)</u></b>	<b><u>\$ (763,000)</u></b>

For 2014, the Authority revenues increased 1.38% while expenses decreased 3.48%. The Authority increased Capital Grants funding, but experienced declines in all other categories of revenue. The response to decreased revenue was to decrease expenses in administration and all other expense categories except property maintenance.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

The following is a condensed Statement of Changes in Capital Assets comparing balances in capital assets for 2014 and 2013.

**Table 3 - Condensed Statement of Changes in Capital Assets  
(Values rounded to nearest Thousand)**

	<u>2014</u>	<u>2013</u>
Land and Land Rights	\$ 1,623,000	\$ 1,623,000
Building and Improvements	21,283,000	20,969,000
Equipment	488,000	439,000
Construction in Progress	113,000	135,000
Accumulated Depreciation	<u>(16,897,000)</u>	<u>(16,341,000)</u>
<b>Total</b>	<u>\$ 6,610,000</u>	<u>\$ 6,825,000</u>

The Authority's Capital Assets decreased 3%, as a result of depreciation expenses and the disposal of assets.

**Debt**

The Authority has no debt outstanding at year-end 2014.

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development has decreased.
- The Federal sequestration of the budget further cut program and administrative funding.
- The Federal Government shut-down in 2014
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Federal Reserve Bank interest rates on investments
- Local labor supply and demand, which can affect salary and wage rates.

**Contact the Authority**

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

PORTAGE METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF Net POSITION  
 DECEMBER 31, 2014

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 1)	\$ 3,356,171
Cash and Cash Equivalents - Restricted (Note 3)	85,680
Accounts Receivable, (Net of Allowance for Doubtful Accounts)	382,773
Inventory (Net of Allowance for obsolete)	59,123
Prepaid Expenses and Other Assets	<u>128,035</u>
Total Current Assets	4,011,782

**Non-Current Assets**

Notes Receivable	1,486
Capital Assets: (Note 4)	
Non-Depreciable Capital Assets	1,736,623
Depreciable Capital Assets, Net	<u>4,873,510</u>
Total Non-Current Assets	<u>6,611,619</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,623,401</u></u>

LIABILITIES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$ 207,244
Accrued Wages/Payroll	65,111
Tenant Security Deposits	76,019
Accrued Compensated Absences - Current Portion	88,667
Deferred Credits and Other Liabilities	<u>110,132</u>
Total Current Liabilities	547,173

**Non-Current Liabilities**

Noncurrent Liabilities - Other	9,661
Accrued Compensated Absences, Net of Current Portion	<u>33,054</u>
Total Non-Current Liabilities	<u>42,715</u>
Total Liabilities	<u><u>\$ 589,888</u></u>

**Net Position**

Investment in Capital Assets, Net of Related Debt	\$ 6,610,133
Unrestricted	<u>3,423,380</u>
Total Net Position	<u><u>\$ 10,033,513</u></u>

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

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

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 12,236,575
Tenant Revenue	860,046
Other Revenue	<u>319,539</u>
Total Operating Revenue	13,416,160

**Operating Expenses:**

Administrative Expense	1,767,206
Tenant Services	54,024
Utilities	341,976
Maintenance and Operations	821,163
General Expenses	211,909
Housing Assistance Payments	10,223,882
Depreciation Expense	<u>640,082</u>
Total Operating Expenses	<u>14,060,242</u>
Net Operating Income (Loss)	(644,082)

Non-Operating Revenues (Expenses)

Interest Income	5,148
Gain(Loss) on Sale of Capital Assets	<u>191,569</u>
Total Non-Operating Revenues (Expenses)	196,717

Excess of Revenue Over(Under) Expenses before Capital Grants (447,365)

Capital Grants 383,659

Change in Net Position (63,706)

Net Position - Beginning of Year as previously stated 10,124,672

Prior Period Adjustment (Note 14) (27,453)

Net Position - Beginning of Year as restated 10,097,219

Net Position - End of Year \$ 10,033,513

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

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

Cash Flows From Operating Activities:	
Cash Received from HUD	\$ 12,652,641
Cash Received from Tenant	860,046
Cash Received from Other Income	534,179
Cash Payments for Housing assistance payments	(10,223,882)
Cash Payments for Administrative	(1,767,206)
Cash Payments for Other Operating Expenses	<u>(2,219,481)</u>
Net Cash Provided (Used) by Operating Activities	(163,703)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(424,716)
Gain(Loss) on Sale of Capital Assets	191,569
Capital Grant Funds Received	<u>383,659</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	150,512
Cash Flows From Investing Activities:	
Interest Income	<u>5,148</u>
Net Cash Provided (Used) by Investing Activities	5,148
Increase (Decrease) in Cash and Cash Equivalents	(8,043)
Cash and Cash Equivalents - Beginning of Year	<u>3,449,894</u>
Cash and Cash Equivalents - End of Year	<u><u>\$3,441,851</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ (644,082)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	640,082
(Increase) decrease in:	
Accounts Receivable	(239,065)
Notes Receivable	(1,341)
Inventory	2,705
Prepaid Expenses	(11,190)
Increase (decrease) in:	
Accounts Payable	112,875
Accrued Wages/Payroll	(6,870)
Intergovernmental Payables	(35,794)
Compensated Absences	5,784
Deferred Credits and Other Liabilities	36,799
Tenant Security Deposits	4,127
Noncurrent Liabilities - Other	<u>(27,733)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (163,703)</u></u>

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



**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

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

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

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

**Reporting Entity** (Continued)

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

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

**Fund Accounting**

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

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

**Proprietary Fund Types**

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

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

**Measurement Focus/Basis of Accounting**

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

Basic Financial Statements:

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

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

**Accounting and Reporting for Nonexchange Transactions**

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

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

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

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

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

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

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

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

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

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

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

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

**Net Position**

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

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2014 totaled \$5,148.

**Capital Assets**

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

**Cash and Cash Equivalents**

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

**Compensated Absences**

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

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

**Compensated Absences** (Continued)

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

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

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$2,000 at December 31, 2014.

**Budgetary Accounting**

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

**Estimates**

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

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**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS**

**Deposits**

At fiscal year end, the carrying amount of the Authority's deposits were \$3,441,851 and the bank balance was \$3,684,453. Included in the carrying amount of deposits at December 31, 2014 is \$75 in petty cash. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of December 31, 2014, \$1,000,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy; however the Authority's investments at December 31, 2014, were limited to certificates of deposit.

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

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

**Concentration of Credit Risk (Continued)**

Cash and investments included in the Authority's cash position at December 31, 2014, are as follows:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	Investment Maturities (in Years) <u>&lt;1</u>
Carrying Amount of Deposits – Unrestricted	\$3,356,171	\$3,356,171
Carrying Amount of Deposits – Restricted	<u>85,680</u>	<u>85,680</u>
Totals	<u>\$3,441,851</u>	<u>\$3,441,851</u>

**NOTE 3: RESTRICTED CASH**

The restricted cash balance of \$85,783 on the financial statements represents the following:

FSS Escrow Funds	\$ 9,661
Tenant Security Deposits	<u>76,019</u>
Total Restricted Cash	<u>\$ 85,680</u>

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at December 31, 2014, by class is as follows:

	<u>12/31/2013</u>	Reclasses	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2014</u>
Capital Assets Not Being Depreciated					
Land	\$1,623,261	\$ 0	\$ 0	\$ 0	\$ 1,623,261
Construction in Progress	<u>135,472</u>	<u>( 135,472)</u>	<u>113,362</u>	<u>0</u>	<u>113,362</u>
Total Capital Assets Not Being Depreciated	<u>1,758,733</u>	<u>( 135,472)</u>	<u>113,362</u>	<u>0</u>	<u>1,736,623</u>
Capital Assets Being Depreciated					
Buildings and Improvements	20,968,631	135,472	270,296	( 91,611)	21,282,788
Furniture, Equipment, and Machinery- Administrative	<u>438,582</u>	<u>0</u>	<u>49,206</u>	<u>0</u>	<u>487,788</u>
Subtotal Capital Assets Being Depreciated	21,407,213	135,472	319,502	( 91,611)	21,770,576
Accumulated Depreciation:					
Buildings and Improvements	(16,042,325)	0	( 610,104)	0	(16,652,429)
Furniture, Equipment and Machinery- Administrative	<u>( 298,848)</u>	<u>0</u>	<u>( 29,978)</u>	<u>84,189</u>	<u>( 244,637)</u>
Total Accumulated Depreciation	<u>(16,341,173)</u>	<u>0</u>	<u>( 640,082)</u>	<u>84,189</u>	<u>(16,897,066)</u>
Depreciable Assets, Net	<u>5,066,040</u>	<u>135,472</u>	<u>( 320,580)</u>	<u>( 7,422)</u>	<u>4,873,510</u>
Total Capital Assets, Net	<u>\$ 6,824,773</u>	<u>\$ 0</u>	<u>\$( 207,218)</u>	<u>\$( 7,422)</u>	<u>\$ 6,610,133</u>

Depreciation is calculated using the straight line method with lives varying between 3 and 30 years. The depreciation expense for the year ended December 31, 2014 was \$640,082.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

**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:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a benefit 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 investment earnings.
- 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 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.

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 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at [www.opers.org](http://www.opers.org).

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 14.00 percent of covered payroll. The Authority's required contributions for the years ended December 31, 2014, 2013 and 2012, were \$167,984, \$162,896 and \$167,569, respectively. The full amount has been contributed for 2014, 2013, and 2012.



**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

NOTE 6: **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, or by calling 614222-5601 or 1-800-222-7377.

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care 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 benefits.

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.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

NOTE 6: **POST-EMPLOYMENT BENEFITS**

**Funding Policy** (Continued)

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that we will 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 was 4.0 percent for calendar year 2014, and allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2014.

The OPERS Retirement Board 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 year ended December 31, 2014, 2013, and 2012, which were used to fund post-employment benefits were \$48,099, \$46,542 and \$47,877 respectively.

Effective January 1, 2014, the portion of employer contributions allocated to health care was lowered to 1 percent for both plans, as recommended to the OPERS Actuary. 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 coverage, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7: **COMPENSATED ABSENCES**

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

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

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

At December 31, 2014, based on the vesting method, \$121,721 was accrued by the Authority for unused vacation and sick time.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

**NOTE 8: INSURANCE**

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

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

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

**NOTE 9: CONTINGENCIES AND OTHER COMMITMENTS**

**Litigation and Claims**

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2014, the Authority was involved in no matters which management believes would have a material effect on the financial statements. In addition, the Authority had no material operating lease commitments or construction commitments at December 31, 2014.

**NOTE 10: RESTRICTED NET POSITION**

No restriction has been reported for the Housing Choice Voucher program because it has been concluded that as a Moving to Work (MTW) agency none of the funding the agency receives from HUD is designated as Housing Choice Voucher program HAP revenue. HUD grants Portage Metropolitan Housing Authority as a MTW agency the flexibility to determine how to use MTW funds provided to the agency. None of the MTW funding provided the agency is designated as revenues to be restricted for use to make housing assistance payments under the Section 8 Housing Choice Voucher Program.

**NOTE 11 SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through May 23, 2015, the date on which the financial statements were available to be issued.

**PORTAGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**NOTE 12**      **INTERPROGRAM RECEIVABLES/PAYABLES**

Interprogram balance at December 31, 2014, consists of the following receivables and payables:

	<u>Due From</u>	<u>Due to</u>
Supportive Housing for Persons with Disabilities		\$ 74,148
Moving to Work Demonstration	\$ 79,293	\$ 1,120
Public Housing	\$ 1,467	\$ 3,930
COCC	\$ 1,096	\$ 2,024
State & Local	\$ 882	\$ 1,635
Business Activities	\$ 582	\$ 463

These interprogram Due From/Due To arise from housing assistance payments and the repayment of funds from the non-federal program to the proper federal program. These balances are eliminated for the Statement of Net Position on page 9.

**NOTE 13**      **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Portage Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

**NOTE 14**      **PRIOR PEIROD ADJUSTMENT**

The Authority adjusted prior period Net Position as follows:

Net Position as of December 31, 2013	\$10,124,672
Adjustment:	
Decrease in prepaid expense (Public Housing)	( 10,531)
Decrease in prepaid expense (Supportive Housing for Persons with Disabilities)	( 492)
Decrease in prepaid expense (Moving to Work Demonstration)	( 12,287)
Decrease in prepaid expense (Shelter Plus Care)	( 97)
Decrease in prepaid expense (State & Local)	( 496)
Decrease in prepaid expense (Business Activities)	( 378)
Decrease in prepaid expense (Mod. Rehab. Section 8)	( 1,120)
Decrease in prepaid expense (COCC)	( 2,779)
Decrease in accounts payable (Public Housing)	290
Decrease in accounts payable (MTW)	437
Restated Net Position as of December 31, 2013	<u>\$10,097,219</u>

The adjustments to prior period Net Position were necessary to properly reflect the overstatement of prepaid expenses and accounts payable.

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION AND GRANT COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014**

**Annual Contributions Contract C-5501**

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

OH12P03150112

Funds Approved	\$ 359,570
Funds Expended	<u>359,570</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 359,570
Funds Expended	<u>359,570</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons With Disabilities
111	Cash - Unrestricted	\$ 1,021,101		61,988	2,968
112	Cash - Restricted				
114	Cash - Tenant Security Deposits	73,718			
100	Total Cash	1,094,819	-	61,988	2,968
122	Acct. Rec. - HUD		840	2,709	8,137
124	Acct. Rec. - Other Government				
125	Acct. Rec. - Misc.				468
126	Acct. Rec. - Tenants	32,428		98	38
126.1	Allowance Doubtful Accts. - Tenants	(21,983)			
126.2	Allowance Doubtful Accts. - Other				(206)
127	Notes, Loans, & Mortgages Rec. - Current	12,206			
128	Fraud Recovery	5,827		1,628	1,557
128.1	Allowance Doubtful Accts.	(5,827)		(1,628)	(1,557)
129	Accrued Interest Receivable	955			
120	Net Total Receivables	23,606	840	2,807	8,437
142	Prepaid Expenses	47,475		490	1,494
143	Inventories	61,123			
143.1	Allowance for Obsolete Inventories	(2,000)			
144	Inter Program Due From	1,467			
<b>150</b>	<b>Total Current Assets</b>	<b>1,226,490</b>	<b>840</b>	<b>65,285</b>	<b>12,899</b>
161	Land	1,413,461			
162	Buildings	19,360,795			
164	Furniture, Equip. & Mach. - Admin.	211,620			
166	Accumulated Depreciation	(15,408,267)			
167	Construction in Progress	113,362			
160	Net Fixed Assets	5,690,971	-	-	-
171	Notes Receivable - Non-Current	145			
<b>190</b>	<b>TOTAL ASSETS</b>	<b>\$ 6,917,606</b>	<b>\$ 840</b>	<b>\$ 65,285</b>	<b>\$ 12,899</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
312	A/P <= 90 days	\$ 10,896	\$ 840	\$ 732	\$ 1,086
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	12,659		252	411
322	Accrued Compensated Absences - Current Portion	25,953		521	1,601
331	Accounts Payable - HUD PHA				36,921
332	Accounts Payable - PHA Projects	897			
333	Accounts Payable - Other Government	31,665			
341	Tenant Security Deposits	73,718			
342	Unearned Revenue	5,474			
345	Other Current Liabilities	66,096		16	48
346	Accrued Liabilities - Other	196			
347	Inter Program - Due To	3,930			74,148
310	Total Current Liabilities	<u>231,484</u>	<u>840</u>	<u>1,521</u>	<u>114,215</u>
353	Non-current Liabilities - Other				
354	Accrued Comp. Abs. - Noncurrent	<u>12,566</u>		<u>153</u>	<u>468</u>
	TOTAL Liabilities	244,050	840	1,674	114,683
508.1	Invested in Capital Assets Net	5,690,971			
511.1	Restricted Net Position	-			
512.1	Unrestricted Net Position	<u>982,585</u>		<u>63,611</u>	<u>(101,784)</u>
513	TOTAL Equity/Net Position	<u>6,673,556</u>	<u>-</u>	<u>63,611</u>	<u>(101,784)</u>
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<u><u>\$ 6,917,606</u></u>	<u><u>\$ 840</u></u>	<u><u>\$ 65,285</u></u>	<u><u>\$ 12,899</u></u>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
111	Cash - Unrestricted	596,632	2,502	470,583	527,881
112	Cash - Restricted	9,661			
114	Cash - Tenant Security Deposits				2,301
100	Total Cash	<u>606,293</u>	<u>2,502</u>	<u>470,583</u>	<u>530,182</u>
122	Acct. Rec. - HUD	300,800			
124	Acct. Rec. - Other Government			6,000	
125	Acct. Rec. - Misc.	48,946	913	1,480	
126	Acct. Rec. - Tenants	34,336	245	13,825	19,085
126.1	Allowance Doubtful Accts. - Tenants	(31,087)	(245)		(5,431)
126.2	Allowance Doubtful Accts. - Other	(45,044)	(890)		
127	Notes, Loans, & Mortgages Rec. - Current	-			777
128	Fraud Recovery	23,504	34		
128.1	Allowance Doubtful Accts.	(23,504)	(34)		
129	Accrued Interest Receivable	993		506	332
120	Net Total Receivables	<u>308,944</u>	<u>23</u>	<u>21,811</u>	<u>14,763</u>
142	Prepaid Expenses	56,844	994	1,110	5,129
143	Inventories				
143.1	Allowance for Obsolete Inventories				
144	Inter Program Due From	79,293		882	582
<b>150</b>	<b>Total Current Assets</b>	<u>1,051,374</u>	<u>3,519</u>	<u>494,386</u>	<u>550,656</u>
161	Land			100,713	19,187
162	Buildings	250,058		198,477	1,067,030
164	Furniture, Equip. & Mach. - Admin.	116,989			4,204
166	Accumulated Depreciation	(138,949)		(155,446)	(830,950)
167	Construction in Progress				
160	Net Fixed Assets	<u>228,098</u>	<u>-</u>	<u>143,744</u>	<u>259,471</u>
171	Notes Receivable - Non-Current				
<b>190</b>	<b>TOTAL ASSETS</b>	<u><u>\$ 1,279,472</u></u>	<u><u>\$ 3,519</u></u>	<u><u>\$ 638,130</u></u>	<u><u>\$ 810,127</u></u>



Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
312	A/P <= 90 days	\$ 22,400	\$ 1,684	\$ 1,942	\$ 1,047
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	48,339	505	1,166	837
322	Accrued Compensated Absences - Current Portion	40,208	1,042	1,937	1,969
331	Accounts Payable - HUD PHA				
332	Accounts Payable - PHA Projects				
341	Tenant Security Deposits				2,301
342	Unearned Revenue	64	169	25	550
345	Other Current Liabilities	1,084	32	16	3,957
346	Accrued Liabilities - Other				
347	Inter Program - Due To	<u>1,120</u>		<u>1,635</u>	<u>463</u>
310	Total Current Liabilities	113,215	3,432	6,721	11,124
353	Non-current Liabilities - Other	9,661			
354	Accrued Comp. Abs. - Noncurrent	<u>13,100</u>	<u>306</u>	<u>653</u>	<u>885</u>
	TOTAL Liabilities	135,976	3,738	7,374	12,009
508.1	Invested in Capital Assets Net	228,098		143,744	259,471
511.1	Restricted Net Position				
512.1	Unrestricted Net Position	<u>915,398</u>	<u>(219)</u>	<u>487,012</u>	<u>538,647</u>
513	TOTAL Equity/Net Position	<u>1,143,496</u>	<u>(219)</u>	<u>630,756</u>	<u>798,118</u>
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<b><u>\$ 1,279,472</u></b>	<b><u>\$ 3,519</u></b>	<b><u>\$ 638,130</u></b>	<b><u>\$ 810,127</u></b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
111	Cash - Unrestricted	632,679	39,837	\$ 3,356,171
112	Cash - Restricted			9,661
114	Cash - Tenant Security Deposits			76,019
100	Total Cash	<u>632,679</u>	<u>39,837</u>	3,441,851
122	Acct. Rec. - HUD			312,486
124	Acct. Rec. - Other Government			6,000
125	Acct. Rec. - Misc.	2,681		54,488
126	Acct. Rec. - Tenants	1,516		101,571
126.1	Allowance Doubtful Accts. - Tenants	(690)		(59,436)
126.2	Allowance Doubtful Accts. - Other	(2,217)		(48,357)
127	Notes, Loans, & Mortgages Rec. - Current			12,983
128	Fraud Recovery	2,227		34,777
128.1	Allowance Doubtful Accts.	(1,975)		(34,525)
129	Accrued Interest Receivable			<u>2,786</u>
120	Net Total Receivables	1,542	-	382,773
142	Prepaid Expenses	3,018	11,481	128,035
143	Inventories			61,123
143.1	Allowance for Obsolete Inventories			(2,000)
144	Inter Program Due From		1,096	<u>83,320</u>
<b>150</b>	<b>Total Current Assets</b>	<u>637,239</u>	<u>52,414</u>	4,095,102
161	Land		89,900	1,623,261
162	Buildings		406,428	21,282,788
164	Furniture, Equip. & Mach. - Admin.		154,975	487,788
166	Accumulated Depreciation		(363,454)	(16,897,066)
167	Construction in Progress			<u>113,362</u>
160	Net Fixed Assets	-	287,849	6,610,133
171	Notes Receivable - Non-Current		<u>1,341</u>	<u>1,486</u>
<b>190</b>	<b>TOTAL ASSETS</b>	<u><u>\$ 637,239</u></u>	<u><u>\$ 341,604</u></u>	<u><u>\$ 10,706,721</u></u>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Section 8		Subtotal
		Moderate	COCC	
312	A/P <= 90 days	\$ 2,545	\$ 5,357	\$ 48,529
313	A/P <= 90 days Past Due		3,948	3,948
321	Accrued Wage/Taxes Payable	942		65,111
322	Accrued Compensated Absences - Current Portion	3,690	11,746	88,667
331	Accounts Payable - HUD PHA	116,949		153,870
332	Accounts Payable - PHA Projects			897
333	Accounts Payable - Other Government			31,665
341	Tenant Security Deposits			76,019
342	Unearned Revenue	373		6,655
345	Other Current Liabilities	96	271	71,616
346	Accrued Liabilities - Other			196
347	Inter Program - Due To		2,024	83,320
310	Total Current Liabilities	124,595	23,346	630,493
353	Non-current Liabilities - Other			9,661
354	Accrued Comp. Abs. - Noncurrent	1,084	3,839	33,054
	TOTAL Liabilities	125,679	27,185	673,208
508.1	Invested in Capital Assets Net		287,849	6,610,133
511.1	Restricted Net Position			-
512.1	Unrestricted Net Position	511,560	26,570	3,423,380
513	TOTAL Equity/Net Position	511,560	314,419	10,033,513
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<b>\$ 637,239</b>	<b>\$ 341,604</b>	<b>\$ 10,706,721</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	\$ -	\$ 3,356,171
112	Cash - Restricted		9,661
114	Cash - Tenant Security Deposits		76,019
100	Total Cash	-	3,441,851
122	Acct. Rec. - HUD		312,486
124	Acct. Rec. - Other Government		6,000
125	Acct. Rec. - Misc.		54,488
126	Acct. Rec. - Tenants		101,571
126.1	Allowance Doubtful Accts. - Tenants		(59,436)
126.2	Allowance Doubtful Accts. - Other		(48,357)
127	Notes, Loans, & Mortgages Rec. - Current		12,983
128	Fraud Recovery		34,777
128.1	Allowance Doubtful Accts.		(34,525)
129	Accrued Interest Receivable		2,786
120	Net Total Receivables		382,773
142	Prepaid Expenses		128,035
143	Inventories		61,123
143.1	Allowance for Obsolete Inventories		(2,000)
144	Inter Program Due From	(83,320)	-
<b>150</b>	<b>Total Current Assets</b>	<b>(83,320)</b>	<b>4,011,782</b>
161	Land		1,623,261
162	Buildings		21,282,788
164	Furniture, Equip. & Mach. - Admin.		487,788
166	Accumulated Depreciation		(16,897,066)
167	Construction in Progress		113,362
160	Net Fixed Assets	-	6,610,133
171	Notes Receivable - Non-Current		1,486
<b>190</b>	<b>TOTAL ASSETS</b>	<b>\$ (83,320)</b>	<b>\$ 10,623,401</b>

Portage Metropolitan Housing Authority  
Statement of Net Position  
December 31, 2014

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

Line item	Account Description	Elimination	Total
312	A/P <= 90 days	\$ -	\$ 48,529
313	A/P <= 90 days Past Due		3,948
321	Accrued Wage/Taxes Payable		65,111
322	Accrued Compensated Absences - Current Portion		88,667
331	Accounts Payable - HUD PHA		153,870
332	Accounts Payable - PHA Projects		897
333	Accounts Payable - Other Government		31,665
341	Tenant Security Deposits		76,019
342	Unearned Revenue		6,655
345	Other Current Liabilities		71,616
346	Accrued Liabilities - Other		196
347	Inter Program - Due To	(83,320)	-
310	Total Current Liabilities	(83,320)	547,173
353	Non-current Liabilities - Other		9,661
354	Accrued Comp. Abs. - Noncurrent		33,054
	TOTAL Liabilities	(83,320)	589,888
508.1	Invested in Capital Assets Net		6,610,133
511.1	Restricted Net Position		-
512.1	Unrestricted Net Position		3,423,380
513	TOTAL Equity/Net Position	-	10,033,513
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<b>\$ (83,320)</b>	<b>\$ 10,623,401</b>

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
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Financial Data Schedule Submitted to U.S. Department of HUD

<u>Line item</u>	<u>Account Description</u>	<u>Public Housing</u>	<u>Resident Opportunity &amp; Supportive Services</u>	<u>Housing Choice Voucher</u>	<u>Supportive Housing for Persons with Disabilities</u>
703	Net Tenant Rental Revenue	\$ 640,998			
704	Tenant Revenue - Other	44,054			
705	Total Tenant Revenue	685,052	-	-	-
706	HUD PHA Operating Grants		72,172	116,249	372,750
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				
711	Investment Income - Unrestricted	2,465			
714	Fraud Recovery	3,447		1,564	2,650
715	Other Revenue	21,893		115	478
716	Gain or Loss on Sale of Capital Assets	191,569			
700	TOTAL REVENUE	904,426	72,172	117,928	375,878
911	Admin Salaries	257,968	55,089	5,236	16,634
912	Audit	3,836		47	221
913	Management Fee	187,500			
913.1	Bookkeeping Fee	26,745			
914	Advertising and Marketing	276		18	60
915	Employee Benefits	112,912	7,814	2,005	8,836
916	Office Expenses	11,306		875	2,999
917	Legal Expense	14,676		443	1,386
918	Travel	1,063		102	305
919	Other	1,235		5,532	11,728
	Total Operating - Admin.	617,517	62,903	14,258	42,169
920	Asset Management Fee	36,600			
921	Tenant Services - Salaries				
922	Relocation Costs	292			
923	Employee Benefit Contributions - Tenant Services				
924	Tenant Services - Other	8,425	8,002		
925	Total Tenant Services	8,717	8,002	-	-
931	Water	77,916			
932	Electricity	94,599		96	311
933	Gas	18,955		48	184
936	Sewer	101,879			
930	Total Utilities	293,349	-	144	495

Portage Metropolitan Housing Authority  
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<u>Line item</u>	<u>Account Description</u>	<u>Public Housing</u>	<u>Resident Opportunity &amp; Supportive Services</u>	<u>Housing Choice Voucher</u>	<u>Supportive Housing for Persons with Disabilities</u>
941	Ordinary Maint. & Operations - Labor	129,707			
942	Ordinary Maint. & Operations - Materials & Other	137,269		46	144
943	Ordinary Maint. & Operations - Contracts	187,885		495	2,910
945	Employee Benefits Contributions - Ordinary Maint.	91,084			
940	Total Maintenance	545,945	-	541	3,054
961.1	Property Insurance	54,368		11	387
961.2	Liability Insurance				
961.3	Workmen's Compensation	9,894	910	145	590
961.4	All Other Insurance	1,457		1	5
961	Total Insurance	65,719	910	157	982
962	Other General Expenses				
962.1	Compensated Absences	3,521		674	57
963	Payments in Lieu of Taxes	31,665			
964	Bad Debt - Tenant Rents	7,586		1,628	1,517
966	Bad Debt - Other	-		-	
960	Total Other General Expenses	42,772	-	2,302	1,574
	<b>TOTAL OPERATING EXPENSES</b>	<b>1,610,619</b>	<b>71,815</b>	<b>17,402</b>	<b>48,274</b>
970	Excess Operating Revenue over Expenses	(706,193)	357	100,526	327,604
971	Extraordinary Maintenance	5,380			
972	Casualty Losses - Non Capital	-			
973	Housing Assistance Payments			92,741	329,253
973.5	HAP Portability-In				
974	Depreciation Expense	547,315			
900	TOTAL EXPENSES	2,163,314	71,815	110,143	377,527
1001	Operating Transfer In	1,302,117			
1002	Operating Transfer Out	(6,500)			
1010	Total Other Financing Sources (Uses)	1,295,617	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 36,729	\$ 357	\$ 7,785	\$ (1,649)

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
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Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>Moving to Work Demonstration Program</b>	<b>Shelter Plus Care</b>	<b>State &amp; Local</b>	<b>Business Activities</b>
703	Net Tenant Rental Revenue				167,688
704	Tenant Revenue - Other	10			7,296
705	Total Tenant Revenue	10	-	-	174,984
706	HUD PHA Operating Grants		270,644		
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants			7,575	
711	Investment Income - Unrestricted	771		1,112	767
714	Fraud Recovery	32,139	179		
715	Other Revenue	69,984	230	117,229	53,346
716	Gain or Loss on Sale of Capital Assets				
700	TOTAL REVENUE	102,904	271,053	125,916	229,097
911	Admin Salaries	471,745	10,698	27,932	21,134
912	Audit	6,247	94	488	300
913	Management Fee				
913.1	Bookkeeping Fee				
914	Advertising and Marketing	1,472	38		4
915	Employee Benefits	237,902	4,238	11,945	6,742
916	Office Expenses	66,991	1,825	655	1,878
917	Legal Expense	30,160	898	233	2,232
918	Travel	6,631	203	140	111
919	Other	30,696	9,603	881	5
	Total Operating - Admin.	851,844	27,597	42,274	32,406
920	Asset Management Fee				
921	Tenant Services - Salaries	26,453			
922	Relocation Costs				
923	Employee Benefit Contributions - Tenant Services	10,386			
924	Tenant Services - Other			466	
925	Total Tenant Services	36,839	-	466	-
931	Water				5,477
932	Electricity	7,076	196	96	5,773
933	Gas	4,112	105	30	12,095
936	Sewer				9,431
930	Total Utilities	11,188	301	126	32,776



Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
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Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
941	Ordinary Maint. & Operations - Labor	5,261		14,389	9,321
942	Ordinary Maint. & Operations - Materials & Other	6,614	93	20,136	10,336
943	Ordinary Maint. & Operations - Contracts	65,933	1,257	39,819	33,325
945	Employee Benefits Contributions - Ordinary Maint.	1,797		9,281	5,755
940	Total Maintenance	79,605	1,350	83,625	58,737
961.1	Property Insurance	9,181			
961.2	Liability Insurance		93	1,199	4,253
961.3	Workmen's Compensation	15,913	290	765	759
961.4	All Other Insurance	107	2	1	3,736
961	Total Insurance	25,201	385	1,965	8,748
962	Other General Expenses			1,135	
962.1	Compensated Absences	1,383	952	450	1,395
963	Payments in Lieu of Taxes				
964	Bad Debt - Tenant Rents	23,919	279		
966	Bad Debt - Other	17,480	(321)		
960	Total Other General Expenses	42,782	910	1,585	1,395
	TOTAL OPERATING EXPENSES	1,047,459	30,543	130,041	134,062
970	Excess Operating Revenue over Expenses	(944,555)	240,510	(4,125)	95,035
971	Extraordinary Maintenance				
972	Casualty Losses - Non Capital				
973	Housing Assistance Payments	8,427,961	252,435		
973.5	HAP Portability-In	41,963			
974	Depreciation Expense	16,427		5,601	46,906
900	TOTAL EXPENSES	9,533,810	282,978	135,642	180,968
1001	Operating Transfer In	9,280,269			
1002	Operating Transfer Out				
1010	Total Other Financing Sources (Uses)	9,280,269	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (150,637)	\$ (11,925)	\$ (9,726)	\$ 48,129

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
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Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>Section 8 Moderate</b>	<b>COCC</b>	<b>CFP Moving to Work Demonstration Program</b>
703	Net Tenant Rental Revenue			
704	Tenant Revenue - Other			
705	Total Tenant Revenue	-	-	-
706	HUD PHA Operating Grants	1,212,533		48,674
706.1	Capital Grants			383,659
707.1	Management Fee		187,500	
707.2	Asset Management Fee		36,600	
707.3	Bookkeeping Fee		26,745	
708	Other Government Grants			
711	Investment Income - Unrestricted		33	
714	Fraud Recovery	4,464		
715	Other Revenue	1,128	3,118	
716	Gain or Loss on Sale of Capital Assets			
700	TOTAL REVENUE	1,218,125	253,996	432,333
911	Admin Salaries	56,228	122,058	
912	Audit	522	14	
913	Management Fee			
913.1	Bookkeeping Fee			
914	Advertising and Marketing	136	63	
915	Employee Benefits	23,428	51,578	
916	Office Expenses	6,302	16,269	
917	Legal Expense	2,974	4,446	
918	Travel	650	2,570	
919	Other	3,055	190	
	Total Operating - Admin.	93,295	197,188	-
920	Asset Management Fee			
921	Tenant Services - Salaries			
922	Relocation Costs			
923	Employee Benefit Contributions - Tenant Services			
924	Tenant Services - Other			
925	Total Tenant Services	-	-	-
931	Water			
932	Electricity	629	1,789	
933	Gas	396	783	
936	Sewer			
930	Total Utilities	1,025	2,572	-

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

<u>Line item</u>	<u>Account Description</u>	<u>Section 8 Moderate</u>	<u>COCC</u>	<u>CFP Moving to Work Demonstration Program</u>
941	Ordinary Maint. & Operations - Labor		2,367	
942	Ordinary Maint. & Operations - Materials & Other	294	10,286	
943	Ordinary Maint. & Operations - Contracts	6,339	21,246	
945	Employee Benefits Contributions - Ordinary Maint.		1,585	
940	Total Maintenance	<u>6,633</u>	<u>35,484</u>	-
961.1	Property Insurance			
961.2	Liability Insurance	877	8,932	
961.3	Workmen's Compensation	1,376	3,529	
961.4	All Other Insurance	10	29	
961	Total Insurance	<u>2,263</u>	<u>12,490</u>	-
962	Other General Expenses			
962.1	Compensated Absences	101	(2,750)	
963	Payments in Lieu of Taxes			
964	Bad Debt - Tenant Rents	1,172		
966	Bad Debt - Other	1,246		
960	Total Other General Expenses	<u>2,519</u>	<u>(2,750)</u>	-
	TOTAL OPERATING EXPENSES	<u>105,735</u>	<u>244,984</u>	-
970	Excess Operating Revenue over Expenses	1,112,390	9,012	432,333
971	Extraordinary Maintenance			
972	Casualty Losses - Non Capital		809	
973	Housing Assistance Payments	1,079,529		
973.5	HAP Portability-In			
974	Depreciation Expense		23,833	
900	TOTAL EXPENSES	<u>1,185,264</u>	<u>269,626</u>	-
1001	Operating Transfer In			
1002	Operating Transfer Out			(432,333)
1010	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(432,333)</u>
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 32,861</u>	<u>\$ (15,630)</u>	<u>\$ -</u>

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
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Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>HVC Moving to Work Demonstration Program</b>	<b>Low Rent Moving to Work Demonstration Program</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
703	Net Tenant Rental Revenue			\$ 808,686	\$ -	\$ 808,686
704	Tenant Revenue - Other			51,360		51,360
705	Total Tenant Revenue	-	-	860,046	-	860,046
706	HUD PHA Operating Grants	9,280,269	863,284	12,236,575		12,236,575
706.1	Capital Grants			383,659		383,659
707.1	Management Fee			187,500	(187,500)	-
707.2	Asset Management Fee			36,600	(36,600)	-
707.3	Bookkeeping Fee			26,745	(26,745)	-
708	Other Government Grants			7,575		7,575
711	Investment Income - Unrestricted			5,148		5,148
714	Fraud Recovery			44,443		44,443
715	Other Revenue			267,521		267,521
716	Gain or Loss on Sale of Capital Assets			191,569		191,569
700	TOTAL REVENUE	9,280,269	863,284	14,247,381	(250,845)	13,996,536
911	Admin Salaries			1,044,722		1,044,722
912	Audit			11,769		11,769
913	Management Fee			187,500	(187,500)	-
913.1	Bookkeeping Fee			26,745	(26,745)	-
914	Advertising and Marketing			2,067		2,067
915	Employee Benefits			467,400		467,400
916	Office Expenses			109,100		109,100
917	Legal Expense			57,448		57,448
918	Travel			11,775		11,775
919	Other			62,925		62,925
	Total Operating - Admin.	-	-	1,981,451	(214,245)	1,767,206
920	Asset Management Fee			36,600	(36,600)	-
921	Tenant Services - Salaries			26,453		26,453
922	Relocation Costs			292		292
923	Employee Benefit Contributions - Tenant Services			10,386		10,386
924	Tenant Services - Other			16,893		16,893
925	Total Tenant Services	-	-	54,024		54,024
931	Water			83,393		83,393
932	Electricity			110,565		110,565
933	Gas			36,708		36,708
936	Sewer			111,310		111,310
930	Total Utilities	-	-	341,976	-	341,976

Portage Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2014

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

<b>Line item</b>	<b>Account Description</b>	<b>HVC Moving to Work Demonstration Program</b>	<b>Low Rent Moving to Work Demonstration Program</b>	<b>Total</b>	<b>Elimination</b>	<b>Total</b>
941	Ordinary Maint. & Operations - Labor			\$ 161,045		\$ 161,045
942	Ordinary Maint. & Operations - Materials & Other			185,218		185,218
943	Ordinary Maint. & Operations - Contracts			359,209		359,209
945	Employee Benefits Contributions - Ordinary Maint.			109,502		109,502
940	Total Maintenance	-	-	814,974	-	814,974
961.1	Property Insurance			63,947		63,947
961.2	Liability Insurance			15,354		15,354
961.3	Workmen's Compensation			34,171		34,171
961.4	All Other Insurance			5,348		5,348
961	Total Insurance	-	-	118,820	-	118,820
962	Other General Expenses			1,135		1,135
962.1	Compensated Absences			5,783		5,783
963	Payments in Lieu of Taxes			31,665		31,665
964	Bad Debt - Tenant Rents			36,101		36,101
966	Bad Debt - Other			18,405		18,405
960	Total Other General Expenses	-	-	93,089	-	93,089
	TOTAL OPERATING EXPENSES	-	-	3,440,934	(250,845)	3,190,089
970	Excess Operating Revenue over Expenses	9,280,269	863,284	10,806,447	-	10,806,447
971	Extraordinary Maintenance			5,380		5,380
972	Casualty Losses - Non Capital			809		809
973	Housing Assistance Payments			10,181,919		10,181,919
973.5	HAP Portability-In			41,963		41,963
974	Depreciation Expense			640,082		640,082
900	TOTAL EXPENSES	-	-	14,311,087	(250,845)	14,060,242
1001	Operating Transfer In			10,582,386		10,582,386
1002	Operating Transfer Out	(9,280,269)	(863,284)	(10,582,386)		(10,582,386)
1010	Total Other Financing Sources (Uses)	(9,280,269)	(863,284)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ (63,706)	\$ -	\$ (63,706)

Portage Metropolitan Housing Authority  
 Additional Information Required by HUD  
 For the Year Ended December 31, 2014

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

<b>Line item</b>	<b>Account Description</b>	<b>Public Housing</b>	<b>Section 8 Moderate</b>	<b>Moving to Work Demonstration Program</b>	<b>Supportive Housing for Persons With Disabilities</b>
11190	Unit Months Available	3,606	2,064	18,504	900
11210	Number of Unit Month Leased	3,542	1,778	17,103	813

Portage Metropolitan Housing Authority  
Additional Information Required by HUD  
For the Year Ended December 31, 20134

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

<b>Line item</b>	<b>Account Description</b>	<b>Business Activities</b>	<b>Veterans Affairs Supportive Housing</b>	<b>Shelter Plus Care</b>
11190	Unit Months Available	324	300	600
11210	Number of Unit Month Leased	293	249	502

**PORTAGE METROPOLITAN HOUSING AUTHORITY  
 HEDULLE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Fund Expended</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Programs:		
PHA Owned Housing:		
Public and Indian Housing Operating Subsidy	14.850	\$ <u>863,284</u>
Total PHA Owned Housing		863,284
CFP Cluster:		
Capital Fund Program	14.872	<u>432,333</u>
Total CFP Cluster		432,333
Section 8 Programs:		
Section 8 Project Based Cluster:		
Annual Contribution – Mod. Rehab.	14.856	<u>1,186,268</u>
Total Section 8 Project Based Cluster		1,186,268
Supportive Housing for Persons with Disabilities	14.181	377,972
Annual Contribution – Housing Choice Voucher	14.871	<u>9,638,322</u>
Total Section 8 Program		11,202,562
Resident Opportunity and Supportive Services	14.870	71,815
Shelter Plus Care	14.238	<u>283,021</u>
Total U.S. Department of Housing and Urban Development		<u>12,853,015</u>
<b>TOTAL ALL PROGRAMS</b>		<u>\$12,853,015</u>

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





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

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Portage Metropolitan Housing Authority, Portage County, Ohio as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated May 23, 2015.

***Internal Control Over Financial Reporting***

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, I did not identify any deficiencies in internal control that I consider material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings that I consider a significant deficiency in internal control. I consider finding 2014-001 to be a significant deficiency.

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

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

I noted certain matters that I reported to management of Portage Metropolitan Housing Authority's in a separate letter dated May 23, 2015.

### ***Entity's Response to Findings***

The Portage Metropolitan Housing Authority's response to the finding identified in my audit is described in the accompanying schedule of findings. I did not audit the Portage Metropolitan Housing Authority's response and, accordingly, I express no opinion on it.

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

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

Kevin L. Penn, Inc.

May 23, 2015



Kevin L.  
enn, Inc.

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

Board of Trustees  
Portage Metropolitan Housing Authority  
Ravenna, Ohio 44266

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In my opinion, the Portage Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

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

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

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

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

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

Kevin L. Penn, Inc.

May 23, 2015

**Portage Metropolitan Housing Authority**  
 Schedule of Findings  
 December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs:	
14.871	Housing Choice Vouchers
14.872	Capital Fund
14.850	Public and Indian Housing Operating Subsidy
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > \$385,590 Type B: all others
Auditee qualified as low-risk auditee?	Yes

**Portage Metropolitan Housing Authority**  
Schedule of Findings  
December 31, 2014

Section II - Financial Statement Findings

2014-001

**Preparation of Financial Statements**

Condition:

The year-end financial statements that management prepared and presented for the audit contained a number of errors and inconsistencies, resulting in adjusting journal entries.

Criteria:

The internal controls established by management, pertaining to the year-end financial statements should operate in a manner which should prevent or detect errors and inconsistencies.

Effect:

The summary schedules provided for accounts receivable; prepaid expenses; fixed assets; accounts payable; accrued expenses and security deposit, did not agree to the general ledger.

Cause:

Lack of internal controls over financial statement preparation.

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or inconsistencies could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or inconsistencies on a timely basis.

Auditee's Response:

"PMHA is reviewing established policies and procedures in light of this finding, determining their adequacy and assessing staff compliance with those policies and procedures where established."

Section III - Federal Award Findings

There were no audit findings.

**Portage Metropolitan Housing Authority**  
Status of Prior Year Findings  
December 31, 2014

2013-001

**Preparation of Financial Statements**

Condition:

The year-end financial statements that management prepared and presented for the audit contained a number of errors and inconsistencies, resulting in adjusting journal entries.

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or inconsistencies could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or inconsistencies on a timely basis.

Auditee's Response:

Portage Metropolitan Housing Authority is assessing the adequacy of the design of existing policies and procedures as well as controls and formally documenting all policies and procedures related to financial activities that will impact financial statement preparation and possibly lead to material deficiencies in any financial reporting.

Current Status:

This finding will be repeated in the 2014 audit.

2013-002

**Indirect Cost Allocation Plan**

Condition:

During the testing of payroll and non-payroll transactions, the percentages used to allocate payroll and non-payroll transactions to the various federal programs were based on the percentages used in the prior fiscal year, which was not documented by financial data.

Recommendation:

The Authority needs to document the percentages used to allocate indirect cost, based on current data (usually data from the most recently ended fiscal year, known as the base period).

Auditee's Response:

Portage Metropolitan Housing Authority will update and document its methods used to allocate indirect costs during 2013, and apply this procedure to 2013 financial data and statements.

Current Status:

This finding has been corrected.

**Portage Metropolitan Housing Authority**  
Status of Prior Year Findings  
December 31, 2014

2013-003

**Disaster Recovery Plan**

**Condition:**

A contingency plan to ensure the continued operation of data processing in the event of a localized disaster or hardware failure has not been developed.

**Recommendation:**

The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing IT facilities. I recommend that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage.
- A listing of all data files that would have to be obtained from the off-site storage location.
- Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing. (Management should make arrangements for such backup with another company, a computer vendor, or a service center. The agreement should be in writing.)
- Responsibilities of various personnel in an emergency.
- Priority of critical applications and reporting requirements during the emergency period.

The plan should be tested periodically through actual "forced" offline processing to ensure adequate familiarity by all employees.

**Auditee's Response:**

PMHA has an overall emergency plan for the agency, and will include and enhance the section specifically related to IT functions to resolve this finding. In the meantime, PMHA has established practices related to off-site storage to improve access to and recovery of data in cases of disaster or emergency situation.

**Current Status:**

This finding will has been corrected.





# Dave Yost • Auditor of State

**PORTAGE COUNTY METROPOLITAN HOUSING AUTHORITY**

**PORTAGE 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  
SEPTEMBER 17, 2015**