

**CINCINNATI METROPOLITAN
HOUSING AUTHORITY
HAMILTON COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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



Dave Yost • Auditor of State

Board Members
Cincinnati Metropolitan Housing Authority
1627 Western Avenue
Cincinnati, Ohio 45214

We have reviewed the *Independent Auditor's Report* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Cincinnati 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

May 23, 2017

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**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Cincinnati Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Reserve on South Martin Limited Partnership and Springdale Senior Limited Partnership, which represent \$21,404,964, (\$754,708), and \$938,677, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for Reserve on South Martin Limited Partnership and Springdale Senior Limited Partnership, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors audited the financial statements of the aggregated discretely presented component units of Reserve on South Martin Limited Partnership and Springdale Senior Limited Partnership in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Cincinnati Metropolitan Housing Authority, Ohio, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As reported in Note 23 to the financial statements, the Authority has restated its beginning net position due to the inclusion of a blended component unit and three discretely presented component units in its financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017, on our consideration of the Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.



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

March 21, 2017

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This discussion and analysis provides the reader with a narrative overview and financial analysis of the Cincinnati Metropolitan Housing Authority's (CMHA) financial activities and performance for the year ended June 30, 2016. This section should be read in conjunction with the audited financial statements and accompanying notes.

Financial Highlights

For the fiscal year ended June 30, 2016, the audited financial statements are presented with Primary Government and Discretely Presented Component unit columns. The discretely presented component units are presented in more detail within the notes of the financial statements.

- CMHA's total assets and deferred outflows of resources, and liabilities and deferred inflows of resources, were \$352.0 million and \$66.5 million, respectively; therefore, net position was \$285.5 million as of June 30, 2016.
- Total revenues, including capital contributions, and total expenses were \$129.5 million and \$124.8 million, respectively, resulting in a \$4.7 million change in net position for fiscal year 2016.

Overview of the Financial Statements

Management's Discussion and Analysis - The Management's Discussion and Analysis is intended to serve as an introduction to the Authority-wide financial statements. The Authority-wide financial statements and Notes to the Financial Statements included in the Audit Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types as set forth in GASB Statement No. 34.

Authority-wide Financial Statements - The Authority-wide financial statements are designed to provide readers with a broad overview of CMHA's finances in a manner similar to a private-sector business. The statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Notes to Financial Statements - The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Overview of the Financial Statements

CMHA's most significant programs include:

Conventional Public Housing - Under the Conventional or Low Rent Housing Program, CMHA rents units that it owns to low income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy and Capital Grant funding to enable CMHA to provide the housing at a rent that is based upon approximately 30 percent of household income.

Capital Fund Program - The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to CMHA's properties. The formula funding methodology used is based upon the number of units, including the bedroom sizes and the age of the buildings/units.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Choice Neighborhood Grant – In 2011, CMHA applied for a Choice Neighborhood Planning Grant for the Fairmount neighborhood, which included the former English Woods public housing site, as well as the Cincinnati neighborhoods of North and South Fairmount. The awarded grant of \$201,844 supports the development of a comprehensive revitalization plan focused on the following three goals: Housing, People, and Neighborhoods. As of the end of fiscal year 2016, CMHA and the Community Building Institute, its planning partner, significantly completed most of the activities associated with this plan.

Neighborhood Stabilization Program 2 (NSP2) - During fiscal year 2010, CMHA, as part of a consortium with Hamilton County, the City of Cincinnati, and the Local Initiative Support Corporation, was awarded funds through the competitive NSP2. Of the \$24 million award to the consortium, CMHA expended \$11.2 million, of which the primary use was to purchase foreclosed and abandoned property and replace them with a new development of senior housing in Mt. Healthy, along with program administrative costs. Activities under this grant were completed as of June 30, 2013.

HOPE VI Grant - The HOPE VI grants are programs funded by HUD for redevelopment of CMHA's properties. It is a mixed financing and mixed-use development with homeownership opportunities for public housing residents.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, CMHA administers contracts with independent landlords who own the properties. CMHA subsidizes a 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 Contributions Funding to enable CMHA to structure a lease that sets a participants' rent at approximately 30 percent of household income.

Overview of CMHA's Financial Position and Operations

Statement of Net Position

CMHA's total assets and deferred outflows of resources increased by \$5.7 million during fiscal year 2016, due mainly to the increase in notes receivables by \$4.3 million and deferred inflows of resources related to GASB Statement No. 68 by \$3.4 million. However, there was a decrease in current assets of \$4.3 million over fiscal year 2015, which is attributed to decreases in cash and HUD receivables.

Total liabilities and deferred inflows of resources increased in fiscal year 2016 by \$1.0 million. This was largely attributed to the increase of Net Pension Liability resulting from the application of GASB Statement No. 68.

During 2015, CMHA adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, which significantly revised accounting for pension costs and liabilities, For reasons discussed below, many end users of this financial statement will gain a clearer understanding of CMHA's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under GASB Statement No. 68, the net pension liability equals CMHA's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" -that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, CMHA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences, sick, and vacation leave, are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

In accordance with GASB Statement No. 68, CMHA's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

**Statement of Net Position (in Millions)
(Condensed)**

	2016	2015	Change
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current Assets	\$ 25.1	\$ 29.4	\$ (4.3)
Other Assets	72.7	68.4	4.3
Capital Assets	249.7	247.4	2.3
Deferred Outflows of Resources	4.5	1.1	3.4
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	352.0	346.3	5.7
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
<u>Liabilities and Deferred Inflows of Resources</u>			
Current Liabilities	10.5	9.9	0.6
Long-Term Liabilities	42.0	45.5	(3.5)
Net Pension Liability	13.2	9.9	3.3
Deferred Inflows of Resources	0.8	0.2	0.6
Total Liabilities and Deferred Inflows of Resources	66.5	65.5	1.0
<u>Net Position</u>			
Net Investment in Capital Assets	228.0	223.9	4.1
Restricted Net Position	1.7	1.7	0.0
Unrestricted Net Position	55.8	55.2	0.6
Total Net Position	285.5	280.8	4.7
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 352.0	\$ 346.3	\$ 5.7

Revenues, Expenses, and Changes in Net Position

CMHA's operating revenue for fiscal year 2016 increased by \$0.2 million. Operating expenses are up \$9.0 million from prior year. The changes in operating revenues and expenses resulted in a positive net change in net position of \$4.7 million on a consolidated basis.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

**Statement of Revenues, Expenses, and Change in Net Position (Millions)
(Condensed)**

	2016	2015	Change
<u>Operating Revenues</u>			
Rental Revenue	\$ 11.6	\$ 11.3	\$ 0.3
Governmental Revenues	113.3	100.8	12.5
Other Revenue	1.7	1.8	(0.1)
Total Operating Revenues	126.6	113.9	12.7
<u>Operating Expenses</u>			
Administrative	16.9	15.0	1.9
Tenant Services	0.4	0.2	0.2
Utilities	9.1	8.7	0.4
Ordinary Maintenance and Operations	15.1	11.8	3.3
Protective Services	0.9	0.9	0.0
General Expenses	4.5	5.7	(1.2)
Housing Assistance Payments	70.0	65.6	4.4
Depreciation Expense	7.2	7.3	(0.1)
Total Operating Expenses	124.1	115.2	8.9
Net Operating Income	2.5	(1.3)	3.8
Total Non-Operating Revenues/Expenses	2.2	1.4	0.8
Change in Net Position	4.7	0.1	4.6
Net Position, Beginning of Year	280.8	294.0	(13.2)
Prior Period Adjustment	0.0	(13.3)	13.3
Net Position, Beginning of Year, Restated	280.8	280.7	0.1
Net Position, End of Year	\$ 285.5	\$ 280.8	\$ 4.7

Capital Assets and Debt Administration

As of June 30, 2016, CMHA's capital assets balance for its Proprietary Fund was \$249.7 million (net of accumulated depreciation and related debt). This represents an increase of \$4.1 million over fiscal year 2015.

Major capital assets increased \$2.3 million during the fiscal year. The increase pertained to new construction and construction-in-progress as it relates to CMHA's Capital Fund and Replacement Housing Factor funds. See Note 7 for more information regarding capital assets.

CMHA's long-term portion of debt as of June 30, 2016, was \$42.0 million. The long-term debt decreased by \$3.5 million over fiscal year 2015. This decrease was due to payments made on existing debt.

See Note 12 for more information regarding outstanding debt.

Authority Budget Information

Annual budgets for individual programs, including grants, are prepared by CMHA management and approved by the Board of Commissioners. The budgets are primarily used as a management tool and have no legal stature. The budgets are prepared in accordance with the fiscal and programmatic goals established by CMHA.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Budgetary Considerations for Fiscal Year 2017

The greatest budgetary challenges faced by CMHA involve the ongoing reduction of operating funds due to the pro-ratio factors used in the funding calculations by HUD. The following economic factors were considered in preparing CMHA's budget for fiscal year 2017:

- Maintaining occupancy and utilization in the Housing Choice Voucher Program, after the forced reduction of utilized vouchers due to sequestration, many housing authorities are struggling to maintain 98 percent utilization.
- Change in funding methods, levels, and pro-ratio factors for Housing Choice Voucher, Low Income Public Housing, Capital Fund, and Replacement Housing Factor programs.
- Rental Assistance Demonstration – CMHA was awarded eight Commitments to Enter into a Housing Assistance Payments Contract (CHAPS) and will undergo the conversions in fiscal years 2017 through 2019.
- Aging properties.
- Reduction of future Operating Subsidy due to HUD over-subsidizing in prior years.

Contacting CMHA

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Gregory Johnson, Chief Executive Officer, Cincinnati Metropolitan Housing Authority, 1627 Western Avenue, Cincinnati, Ohio 45214.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government	Discretely Presented Component Units
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents - Unrestricted	\$ 15,026,473	\$ 2,248,088
Cash and Cash Equivalents - Restricted	4,897,412	1,100,715
Investments at Fair Value - Unrestricted	1,027,073	0
Accounts Receivable, Net of Allowance for Doubtful Accounts	1,913,024	23,216
Due from Other Governments	1,482,992	0
Inventory, Net of Allowance of Obsolescence	139,181	0
Prepaid Expenses	629,151	12,448
Total Current Assets	25,115,306	3,384,467
<u>Capital Assets</u>		
Non-Depreciable Capital Assets	40,468,441	6,392,501
Depreciable Capital Assets, Net	209,189,505	16,019,298
Total Capital Assets	249,657,946	22,411,799
<u>Other Assets</u>		
Notes and Mortgages Receivable	72,480,129	0
Other Assets	265,542	396,345
Total Other Assets	72,745,671	396,345
<u>Deferred Outflows of Resources</u>		
OPERS Pension - Traditional Plan	4,472,492	0
OPERS Pension - Combined Plan	59,045	0
Total Deferred Outflows of Resources	4,531,537	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 352,050,460	\$ 26,192,611

See accompanying notes to the financial statements.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2016
(CONTINUED)

	Primary Government	Discretely Presented Component Units
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 534,861	\$ 527,356
Accrued Wages and Taxes Payable	754,084	0
Accrued Compensated Absences	170,148	0
Other Accrued Liabilities	3,781,101	2,351,688
Due to Other Governments	424,106	0
Notes - Current Portion	3,686,159	0
Prepaid Rents	59,032	4,093
Payable from Restricted Assets:		
Resident Security Deposits	1,137,609	57,706
Total Current Liabilities	10,547,100	2,940,843
<u>Noncurrent Liabilities</u>		
Notes Payable, Net of Current Portion	40,233,697	19,670,848
Accrued Compensated Absences	680,691	0
Payable from Restricted Assets:		
Noncurrent Liabilities - Other	1,068,380	648,027
Net Pension Liability	13,248,512	0
Total Noncurrent Liabilities	55,231,280	20,318,875
Total Liabilities	65,778,380	23,259,718
<u>Deferred Inflow of Resources</u>		
OPERS Pension - Traditional Plan	763,134	0
OPERS Pension - Combined Plan	28,099	0
Total Deferred Inflows of Resources	791,233	0
<u>Net Position</u>		
Net Investment in Capital Assets	228,023,804	2,740,951
Restricted Net Position	1,696,423	750,721
Unrestricted Net Position	55,760,620	(558,779)
Total Net Position	285,480,847	2,932,893
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 352,050,460	\$ 26,192,611

See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Primary Government	Discretely Presented Component Units
<u>Operating Revenues</u>		
Rental Revenue	\$ 11,628,344	\$ 617,421
Governmental Revenue	102,586,158	311,031
Other Revenue	1,716,597	8,668
Total Operating Revenues	115,931,099	937,120
<u>Operating Expenses</u>		
Administrative	16,868,714	298,712
Tenant Services	407,032	20,308
Utilities	9,110,667	115,792
Ordinary Maintenance and Operations	15,083,885	209,161
Protective Services	912,450	0
General Expenses	4,488,260	88,027
Housing Assistance Payments	70,019,602	0
Depreciation	7,241,750	784,122
Total Operating Expenses	124,132,360	1,516,122
Operating Loss	(8,201,261)	(579,002)
<u>Nonoperating Revenues (Expenses)</u>		
Gain on Disposal of Capital Assets	10,881	0
Interest Revenue - Unrestricted	2,846,580	1,557
Interest Revenue - Restricted	251	0
Interest Expense	(668,820)	(349,955)
Total Nonoperating Revenues	2,188,892	(348,398)
Change in Net Position Before Capital Grants Revenue	(6,012,369)	(927,400)
Capital Grants Revenue	10,753,088	0
Net Change in Net Position	4,740,719	(927,400)
Net Position - Beginning of Year	280,724,200	0
Prior Period Adjustment	15,928	3,860,293
Net Position - End of Year	\$ 285,480,847	2,932,893

See accompanying notes to the financial statements.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Primary Government	Discretely Presented Component Units
<u>Cash Flows from Operating Activities</u>		
Receipts from Residents and Other Deposits	\$ 11,551,990	\$ 328,413
Governmental Operating Revenues	103,451,199	311,031
Other Receipts	2,068,627	8,668
Operating Expenses	(46,030,468)	(275,426)
Housing Assistance Payments	(70,019,602)	0
Net Cash Provided by Operating Activities	1,021,746	372,686
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchase of Capital Assets	(8,482,332)	(2,724,438)
Principal Paid on Capital Debt	(3,616,573)	(259,361)
Cash from Disposal of Assets	302,097	0
Interest Paid	(668,820)	(349,955)
Capital Grants	10,753,088	0
Net Cash Used by Capital and Related Financing Activities	(1,712,540)	(3,333,754)
<u>Cash Flows from Investing Activities</u>		
Investment Proceeds	(1,204)	0
Deposits to Cash Reserve	0	(152,879)
Investment Income	5,116	1,557
Proceeds from Notes Receivable	0	5,186,924
Increase in Notes Receivable	(2,712,308)	0
Net Cash Provided (Used) in Investing Activities	(2,708,396)	5,035,602
Net Increase (Decrease) in Cash and Cash Equivalents	(3,399,190)	2,074,534
Cash and Cash Equivalents - Beginning of Year, as Restated	23,323,075	1,274,269
Cash and Cash Equivalents - End of Year	\$ 19,923,885	\$ 3,348,803
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>		
Operating Loss	\$ (8,201,261)	\$ (579,002)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	7,241,750	784,122
(Increase) Decrease in:		
Tenant Receivables	50,717	(4,855)
Due To/From Other Governments	865,041	0
Other Assets/Receivables	379,630	(273,565)
Inventory	(12,956)	0
Prepaid Expenses	(181,384)	1,138
Deferred Outflows of Resources	(3,442,242)	0
Increase (Decrease) in:		
Intergovernmental Payable	(254,499)	0
Security Deposits	(86,403)	(572)
Accounts Payable	(840,174)	448,164
Compensated Absences	33,726	0
Accrued/Other Liabilities	1,464,036	0
Prepaid Revenue	1,197	864
Net Pension Liability	3,254,671	0
Other Liabilities	151,129	(3,608)
Deferred Inflows of Resources	598,768	0
Net Cash Provided by Operating Activities	\$ 1,021,746	\$ 372,686

See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

A. **Organization**

The Cincinnati Metropolitan Housing Authority (CMHA) is a public body corporate and politic created under the laws of the State of Ohio and was organized for the purposes of acquiring, developing, leasing, operating, and administering low-rent housing programs for qualified individuals.

B. **Reporting Entity**

A reporting entity is comprised of the primary government and component units that are included to ensure that the financial statements are not misleading.

The governing body of CMHA is a Board of Commissioners, which is comprised of seven members. The members are appointed as follows: Two (2) by the City Manager of Cincinnati, one (1) by the Hamilton County Commissioners, one (1) by the Court of Common Pleas, one (1) by the Probate Court, one (1) by the Township Association of Hamilton County, and one (1) by the Municipal League of Hamilton County. The Board appoints a Chief Executive Officer to administer the business of CMHA. CMHA is not considered a component unit of the City of Cincinnati, as the Board independently oversees CMHA's operations.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that financial statements include all organizations, activities, and functions for which CMHA is financially accountable.

The financial statements of CMHA include Low-Rent Public Housing under Annual Contributions Contract C-984, Section 8 Housing Assistance Program under Annual Contributions Contract C-5034, Local Initiatives Programs, and the Hamilton County Affordable Housing Program.

Component Units

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

B. Reporting Entity (Continued)

Component Units (Continued)

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

The Authority has established four component unit entities as of June 30, 2016. One is wholly-owned by the Authority and is considered a non-profit blended component unit. Three other component units are mixed-finance, two as limited partnerships and one as a limited liability company. The Authority has 0.1 percent or less ownership interest in these three organizations. These organizations are considered discretely presented component units of CMHA.

Blended Component Unit

- Touchstone Property Services, Inc., an Ohio corporation for non-profit, was established by the Authority as a wholly-owned subsidiary. Touchstone Property Services, Inc. was established for public, charitable, and educational purposes to revitalize neighborhoods in Hamilton County, and, in particular, the City of Cincinnati, through planning and rebuilding, to assist the Authority in the planning, undertaking, developing, construction, and operation of housing for families who are low income; to develop, construct, renovate, acquire, own, lease, manage, and sell interest in real and personal property; and to promote and participate in other housing related or educational activities that assist residents of the Authority.

Discretely Presented Component Units

- Springdale Senior, LP (the "Partnership"), an Ohio Limited Partnership, was formed under the laws of the State of Ohio to construct, own, and operate Baldwin Grove, (the "Property"), a 100 unit apartment community located in Springdale, Ohio. The Property is intended to serve seniors with low and moderate income located in Hamilton County, Ohio. The Property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.
- Reserve on South Martin, LP (the "Partnership"), an Ohio Limited partnership, was formed under the laws of the state of Ohio, to acquire, rehabilitate, and manage the Reserve on South Martin property, (the "Property"), which consists of 60 rental units in Mt. Healthy, Ohio. The Property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

B. Reporting Entity (Continued)

Component Units (Continued)

Discretely Presented Component Units (Continued)

- Cary Crossing, LLC (the "LLC"), a Domestic Limited Liability Company, was formed under the laws of the state of Ohio, to construct, own and operate Cary Crossing, (the "Property"), which consists of 36 rental units in Mt. Healthy, Ohio. The Property is intended to serve the disabled with low and moderate income located in Hamilton County, Ohio. The Property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

C. Summary of HUD Programs

The accompanying financial statements include the activities of the housing programs subsidized by HUD. A summary of the most significant of these programs and the related contracts with HUD is provided below.

1. **Annual Contributions Contract – Low Rent Public Housing**

a. **Low Rent Public Housing**

This type of housing consists of apartments and single-family dwellings owned and operated by CMHA. Funding is provided by tenant rent payments and subsidies provided by HUD.

b. **Modernization and Development**

Substantially all additions to land, buildings, and equipment of the Public Housing programs are accomplished through the Replacement Housing Factor Program and Capital Fund Program. These programs add to, replace, or materially upgrade deteriorated portions of CMHA's housing units. Funding is provided through programs established by HUD.

2. **Annual Contributions Contract – Housing Assistance Payments Program**

Housing Choice Vouchers and Moderate Rehabilitation

These are housing programs wherein low-income tenants lease housing units directly from private landlords rather than through CMHA. HUD contracts with private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by low-income tenants.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

D. Basis of Presentation of Accounting

In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

CMHA uses the proprietary fund type to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities reported in other funds. Funds are classified into three categories: governmental, proprietary, and fiduciary. CMHA uses the proprietary category for its programs.

CMHA reports under the proprietary fund type (enterprise fund), which uses the accrual basis of accounting. Proprietary funds are used to account for CMHA's ongoing activities, which are similar to those found in the private sector. The proprietary fund type used by CMHA is the Enterprise Fund.

The Enterprise 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.

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

E. Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The modernization and development budgets are adopted on a "project length" basis. Budgets are approved by the Board of Commissioners and submitted to HUD for approval, when applicable. Budgets are not, however, legally adopted nor required for financial statement presentation.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

F. Revenue Recognition

Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which CMHA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to CMHA on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred. Expenses are recognized as incurred.

G. Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

H. Restricted Cash and Cash Equivalents

Cash and cash equivalents have been classified as restricted on the Statement of Net Position for Family Self-Sufficiency escrows, unused HAP income, residents' security deposits, funds escrowed within the Capital Fund Financing Program, and other HUD restricted funds that are to be used for HUD projects and development.

I. Receivables /Bad Debts

Bad debts are provided on the allowance method and are based on management's evaluation of the collectability of outstanding tenant receivable balances at year end.

J. Interprogram Receivables and Payables

During the course of normal operations, CMHA has numerous transactions between programs. Interprogram receivables/payables are all current and are the result of the use of the Central Office Cost Center bank account as the common paymaster for shared costs of CMHA. Cash settlements are made periodically and all interprogram balances net zero. Interprogram balances are eliminated for financial statement presentation.

K. Investments

Investments are recorded at fair value. Fair value generally represents quoted market prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as non-operating revenue in the operating statements. Investment income is recognized and recorded when earned and is allocated to programs based on monthly investment balances. Investment instruments pertaining to HUD programs consist only of items specifically approved by both HUD requirements and the requirements of the State of Ohio.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

L. **Inventories**

Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. CMHA establishes an allowance for obsolete inventory, to account for adjustments to cost due to damage, deterioration, or obsolescence. CMHA relies upon its periodic (annual) inventory for financial reporting purposes. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

M. **Prepaid Items**

Payments made to vendors for goods or services that will benefit future periods are recorded as prepaid items.

N. **Restricted Assets**

Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments.

O. **Use of Estimates**

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

P. **Fair Value of Financial Instrument**

CMHA's financial instruments at June 30, 2016, including cash, investments, accounts receivable, and accounts payable, closely approximate fair value.

Q. **Capital Assets**

Book Value

All purchased capital assets are valued at cost when historical records are available. When no historical records are available, capital assets are valued at estimated historical cost.

Land values were derived from development closeout documents.

Donated capital assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

Q. **Capital Assets** (Continued)

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

Depreciation

Pursuant to the enterprise GAAP method, cost of the buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	40 years
Building Modernization	40 years
Infrastructure	50 years
Site Improvements	20 years
Office and Other Equipment	5 years

Maintenance and Repairs Expenditures

Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.

R. **Compensated Absences**

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and sick leave are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because the employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of year end. This is computed based on various percentages of sick time accumulated, as defined by their respective bargaining unit contracts, for employees who have completed ample service time with CMHA. These employees are expected to become eligible in the future to receive such payments.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

S. Equity Transfers

Transfers presented (when applicable) on the Financial Data Schedules represent the transfer of equity between programs for approved uses, such as the transfer of unrestricted funds, or the transfer of equity for closed programs/grants to their respective program, as required by HUD reporting guidelines.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For CMHA, deferred outflows or resources are reported for pension. The deferred outflows of resources related to pension are further explained in Note 15.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For CMHA, deferred inflows are reported for pension. Deferred inflows of resources related to pension are further explained in Note 15.

U. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

V. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

It is CMHA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS – PRIMARY GOVERNMENT

The provisions of the Ohio Revised Code, CMHA’s written investment policy, and HUD regulations govern the investment and deposit of CMHA monies. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. HUD requires authorities to invest excess HUD program funds in obligations of the United States or certificates of deposit of any other federally insured instruments. CMHA is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer’s investment pool (STAROhio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within three years of their purchase. CMHA may also enter into repurchase agreements with any eligible depository of any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The State of Ohio requires that any public depository in which CMHA places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other authority. Obligations furnished as security must be held by CMHA or with an unaffiliated bank or trust company for the account of CMHA.

Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in CMHA’s name.

A. Deposits

At year end, the carrying amount of CMHA’s deposits was \$19,923,885 (including \$4,897,412 of restricted funds and \$4,600 of petty cash) and the bank balance was \$21,420,305. Of the bank balance, \$1,705,274 was covered by Federal Depository Insurance and \$20,115,031 was covered by collateral held by Fifth Third Bank and US Bank party trustees, pursuant to Section 135.181 of the Ohio Revised Code, in collateral pools serving all public funds on deposit with specific depository institutions.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the bank failure, CMHA’s deposits may not be returned to it. CMHA does not have a custodial credit risk policy that extends beyond what HUD regulations require. HUD regulations require that all deposits exceeding FDIC be fully and continuously collateralized by the financial institution.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS – PRIMARY GOVERNMENT
(Continued)

B. Investments

CMHA’s investments at June 30, 2016 are summarized below:

Investment	Maturity Year	Amount	Credit Rating Moody's/S&P
Fifth Third Inst. Gov't MMkt.	various	\$ 1,027,073	AAA
Total		\$ 1,027,073	

Custodial Credit Risk

Custodial credit risk of investments is the risk that, in the event of a failure of a counterparty, CMHA will not be able to recover the value of its investments or collateral securities in the possession of an outside party. CMHA employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

Interest Rate Risk

Interest rate risk is defined as the risk that CMHA will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy which limits investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of three years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The three credit risk categories for investments are defined as follows:

1. Insured or registered, or securities held by the government or its agent in the government’s name.
2. Uninsured and unregistered, with securities held by the counter-party’s trust department or agent in the government’s name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government’s name.

C. Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents - Section 8 and FFS Programs	\$ 1,111,166
Security Deposit Cash Held in Escrow	1,137,609
Cash Held for Modernization and Development	995,000
Cash of the CFFP Program	1,653,637
Total Restricted Cash and Cash Equivalents at June 30, 2016	\$ 4,897,412

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 3: ACCOUNTS RECEIVABLE – PRIMARY GOVERNMENT

Tenants Accounts Receivable, Net	\$ 635,495
Fraud Recovery Receivable, net	122,917
Other Receivables, Net	1,154,612
Total Accounts Receivable, Net	\$ 1,913,024

NOTE 4: INTERPROGRAM TRANSFERS

CMHA will make cash transfers between its various programs as outlined in the federal regulations and authorized and approved by CMHA’s Board of Commissioners. Interprogram balances are eliminated for financial statement presentation.

NOTE 5: DUE FROM OTHER GOVERNMENTS – PRIMARY GOVERNMENT

U.S. Department of Housing and Urban Development	<u>\$1,482,992</u>
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NOTE 6: NOTES AND MORTGAGES RECEIVABLE – PRIMARY GOVERNMENT

At June 30, 2016, notes and mortgages receivable consist of the following:

Amount	Issuer	Phase	Date of Note	Interest	Maturity Date
\$ 10,380,218	Lincoln Court Partnerships	LCI	3/20/2001	AFR	40 Years
		LCII	3/20/2001		
		LCIII	2/28/2002		
		LCIV	8/26/2003		
13,927,849	Laurel Home Partnerships	LHI	10/24/2002	AFR	40 Years
		LHII	12/15/2003		
		LHIV	1/22/2002		
		LHIV	11/1/2004		
		LHV	9/30/2006		
10,308,550	Reserve on South Martin, LP		10/1/2011	3.50%	45 Years
3,026,218	Springdale Senior LP RHF/Capital Funds		3/27/2007	AFR	50 Years
2,078,989	Springdale Senior, LP Project Based				
	Section 8 Reserve		3/27/2007	AFR	50 Years
885,000	Springdale Senior, LP		3/27/2007	0.00%	50 Years
580,000	Springdale Senior, LP Developer Fee		3/27/2007	0.00%	50 Years
1,256,467	Touchstone Properties Services, Inc.		2014	LIBOR	2 Years
144,628	Reserve on South Martin, LP		10/27/2011	3.00%	45 Years
510,000	Springdale Senior LP Ground Lease		5/10/2006	4.79%	75 Years
1,187,605	Cary Crossing, LLC		6/30/2016	0.25%	35 Years
1,359,031	Central YMCA		6/30/2016	0.00%	23 Years
137,704	Reserve on South Martin, LP		6/30/2016	0.00%	
\$ 45,782,259					
478,692	Other Receivables				
13,697,931	Accrued Interest - Lincoln Court Partnerships				
11,999,823	Accrued Interest - Laurel Home Partnership				
1,777,891	Accrued Interest - Other				
(1,256,467)	Intercompany Note				
\$ 72,480,129	Total Notes and Mortgages Receivable				

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6: NOTES AND MORTGAGES RECEIVABLE – PRIMARY GOVERNMENT
(Continued)

The financing of the revitalization projects under the Hope VI Lincoln and Laurel Partnerships encompass 69 percent of the notes receivable. These represent soft HOPE VI notes with a balloon payment due in 40 years from note date. The construction of the Mt. Healthy senior housing development under the NSP2 Program is financed through a soft note with the Reserve on South Martin Limited Partnership with a balloon payment due 45 years from note date. The notes with the Springdale Senior, LP are associated with the construction of Baldwin Grove. No portion of the notes receivable are to be paid within the next year. The note with Touchstone Property Services, Inc. is associated with the acquisition of land for a mixed finance development. Notes receivable includes \$27,475,645 of accumulated interest receivable.

The Springdale Senior, LP entered into a 75-year ground lease in the total amount of \$510,000.

There is \$478,692 in other receivables that are associated with business activities and the construction of Lincoln Court and Laurel Homes.

NOTE 7: CAPITAL ASSETS – PRIMARY GOVERNMENT

	Balance June 30, 2015, as Restated	Additions	Reclass	Deletions	Balance June 30, 2016
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 30,765,699	\$ 0	\$ 1,330,832	\$ 0	\$ 32,096,531
Construction in Progress	24,164,482	7,520,351	(23,021,707)	(291,216)	8,371,910
<i>Total Capital Assets Not Being Depreciated</i>	<u>54,930,181</u>	<u>7,520,351</u>	<u>(21,690,875)</u>	<u>(291,216)</u>	<u>40,468,441</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	375,572,468	38,130	21,690,875	0	397,301,473
Furniture, Equipment, and Machinery	6,533,639	415,762	0	(124,688)	6,824,713
Leasehold Improvements	142,492	508,089	0	0	650,581
Infrastructure	30,519,094	0	0	0	30,519,094
<i>Subtotal Capital Assets Being Depreciated</i>	<u>412,767,693</u>	<u>961,981</u>	<u>21,690,875</u>	<u>(124,688)</u>	<u>435,295,861</u>
Accumulated Depreciation -					
Buildings and Improvements	(211,888,027)	(5,838,948)	0	0	(217,726,975)
Furniture and Equipment	(4,575,478)	(778,089)	0	124,688	(5,228,879)
Leasehold Improvements	(84,262)	(14,331)	0	0	(98,593)
Infrastructure	(2,441,527)	(610,382)	0	0	(3,051,909)
<i>Subtotal Accumulated Depreciation</i>	<u>(218,989,294)</u>	<u>(7,241,750)</u>	<u>0</u>	<u>124,688</u>	<u>(226,106,356)</u>
Depreciable Assets, Net	193,778,399	(6,279,769)	21,690,875	0	209,189,505
Total Capital Assets, Net	<u>\$ 248,708,580</u>	<u>\$ 1,240,582</u>	<u>\$ 0</u>	<u>\$ (291,216)</u>	<u>\$ 249,657,946</u>

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 8: CAPITAL ASSETS – DISCRETELY PRESENTED COMPONENT UNITS

Presented below are summaries of CMHA’s discretely presented component units’ capital asset balances, and a summary of changes in their respective capital asset balances for the year ended December 31, 2015:

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total Discretely Presented Component Units
Land	\$ 888,411	\$ 2,784,413	\$ 0	\$ 3,672,824
Construction-in-Progress	0	0	2,719,677	2,719,677
Buildings and Improvements	11,761,590	8,399,488	0	20,161,078
Furniture and Equipment	1,121,564	404,232	0	1,525,796
Less Accumulated Depreciation	(4,693,213)	(974,363)	0	(5,667,576)
Total Capital Assets Net of Accumulated Depreciation	\$ 9,078,352	\$ 10,613,770	\$ 2,719,677	\$ 22,411,799
	Balance 01/01/2015	Additions	Transfers/ Deletions	Balance 12/31/2015
Land	\$ 3,672,824	\$ 0	\$ 0	\$ 3,672,824
Construction-in-Progress	0	2,719,677	0	2,719,677
Buildings and Improvements	20,157,578	3,500	0	20,161,078
Furniture and Equipment	1,524,535	1,261	0	1,525,796
Total Property and Equipment	25,354,937	2,724,438	0	28,079,375
Less Accumulated Depreciation	(4,883,454)	(784,122)	0	(5,667,576)
Total Capital Assets Net of Accumulated Depreciation	\$ 20,471,483	\$ 1,940,316	\$ 0	\$ 22,411,799

NOTE 9: ACCRUED COMPENSATED ABSENCES – PRIMARY GOVERNMENT

CMHA follows GASB Statement No.16, *Accounting for Compensated Absences* to account for compensated absences. Accrued vacation is paid to all employees upon termination.

Exempt employees shall receive, at resignation from employment for any reason except for termination, 5 percent of their accumulated sick leave balance per full completed year of service, up to a maximum of 50 percent.

For members of the AFSCME union, unused sick leave shall be forfeited upon the employee’s separation for any reason except retirement, in which case the payout will be 50 percent of a maximum base of 1,600 hours with a maximum of 800 hours paid.

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NOTE 9: ACCRUED COMPENSATED ABSENCES – PRIMARY GOVERNMENT
(Continued)

For members of the IUOE union hired before July 1, 2003, sick leave shall be paid upon the employee's separation for any reason except termination, in which case the level of payout will be a maximum of 50 percent of the first 1,600 hours with 30 or more years of continuous service, with a maximum of 800 hours paid. Members with over 1,600 hours of accrued sick leave will receive 5 percent per year of service of those additional hours, with a maximum of 40 percent. Those members hired after July 1, 2003 and with a minimum of 5 years of service will receive a payout of 5 percent of their sick leave per 5 year increments of service, with a maximum of 40 percent.

For members of the Building Trades union, sick leave shall be paid upon the employee's separation for any reason except for termination, in which case the level of payout will be a percentage of unused leave based on years of service with a maximum of 40 percent with 30 or more years of continuous service. Members must be employed for a minimum of 5 years to receive any payout.

At June 30, 2016, total compensated absences liability is \$850,839, of which \$170,148 is current and \$680,691 is long-term.

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 817,113	\$ 837,222	\$ (803,496)	\$ 850,839	\$ 170,148

NOTE 10: OTHER ACCRUED LIABILITIES – PRIMARY GOVERNMENT

Contract Retainage	\$ 976,773
Accrued Workers' Compensation	110,490
Accrued Utilities	655,470
Accrued Interest Payable	5,449
Other	2,032,919
Total Other Accrued Liabilities	\$ 3,781,101

NOTE 11: DUE TO OTHER GOVERNMENTS – PRIMARY GOVERNMENT

U.S. Department of Housing and Urban Development	\$ 3,795
City of Cincinnati - Payment in Lieu of Taxes (PILOT)	420,311
Total Due to Other Governments	\$ 424,106

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(CONTINUED)**

NOTE 12: NOTES PAYABLE – PRIMARY GOVERNMENT

Authority Program	Principal Balance	Current Portion	Long-Term Portion	Payee	Interest Rate	Note Date
Hamilton County	\$ 500,000	\$ 100,000	\$ 400,000	HOME	2.00%	01/1996
Hamilton County	713,072	101,868	611,204	CDBG	2.00%	03/1998
Hamilton County	960,000	120,000	840,000	HOME	2.00%	11/1998
Hamilton County	810,000	90,000	720,000	HOME	2.00%	10/1999
Hamilton County	1,150,000	0	1,150,000	HOME	2.00%	06/2002
Hamilton County	995,000	35,000	960,000	US Bank	5.10%	05/2014
Hamilton County	286,631	83,629	203,002	US Bank	5.25%	12/1998
				Deutsche Bank		
Capital Fund Financing	12,569,675	985,155	11,584,520	National Trust Co.	4.55%	11/2006
HUD EPC Repayment	22,285,714	1,714,286	20,571,428	HUD	0.00%	08/2014
HOPE VI Repayment	3,649,764	456,221	3,193,543	HUD	0.00%	07/2015
Touchstone Property Svcs., Inc.	1,256,467	0	1,256,467	CMHA	0.00%	04/2014
Total All Programs	45,176,323	3,686,159	41,490,164			
Intercompany Balance	(1,256,467)	0	(1,256,467)			
Total	\$ 43,919,856	\$ 3,686,159	\$ 40,233,697			

Hamilton County (HOME & CDBG) Loans (Items 1-5)

Hamilton County provided HOME and CDBG funds for the development of low-rent housing units in Hamilton County. These loans (and interest of 2 percent per annum) will be forgiven at the rate of 10 percent annually commencing in the sixteenth year, provided the units are preserved as low-income housing and there are no plans to convert the units to market rate.

Bank Loans (Items 6-7)

These loans were acquired to expand the affordable housing program using locally available funds. There is no capitalized interest.

Capital Fund Financing (Item 8)

This loan was acquired as part of a Capital Fund Financing Program to be used to fund capital improvements to existing public housing. This loan is repaid through the use of Capital Fund grants.

HUD EPC Repayment (Item 9)

This repayment agreement was entered into as a result of overpayment of operating subsidy through an energy performance contract with the Low Income Public Housing Program. Repayment began in fiscal year 2015.

HOPE VI Repayment (Item 10)

This repayment agreement was entered into as a result of an overpayment of the operating subsidy through an energy performance contract with the Low Income Public Housing Program. Repayment began in fiscal year 2016.

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NOTE 12: **NOTES PAYABLE – PRIMARY GOVERNMENT** (Continued)

Touchstone Property Services, Inc. (Item 11)

CMHA provided unrestricted funds to Touchstone for purchase of parcels of properties in Colerain Township for development of West Union Square. This agreement will be repaid beginning in fiscal year 2017.

The following is a summary of CMHA’s future annual debt service requirements for the notes payable listed above:

Maturity Date	Principal Amount	Interest Amount	Total
2017	\$ 3,686,159	\$ 617,875	\$ 4,304,034
2018	5,112,982	565,832	5,678,814
2019	3,930,987	511,344	4,442,331
2020	3,866,322	455,152	4,321,474
2021	3,918,774	400,900	4,319,674
2022-2026	18,461,964	1,097,265	19,559,229
2027-2031	5,959,135	124,219	6,083,354
2032-2034	240,000	24,869	264,869
Total	\$ 45,176,323	\$ 3,797,456	\$ 48,973,779

NOTE 13: **NOTES PAYABLE – DISCRETELY PRESENTED COMPONENT UNITS**

Summaries of the discretely presented component units’ long-term debt balances as of December 31, 2015 and the year ended are as follows:

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total Discretely Presented Component Units
Long-Term Debt	\$ 8,576,645	\$ 10,870,943	\$ 390,247	\$ 19,837,835
Unamortized Debt Issuance Costs	(166,987)	0	0	(166,987)
Total Capital Assets Net of Accumulated Depreciation	\$ 8,409,658	\$ 10,870,943	\$ 390,247	\$ 19,670,848

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(CONTINUED)**

NOTE 13: **NOTES PAYABLE – DISCRETELY PRESENTED COMPONENT UNITS** (Continued)

Springdale Senior, LP

Notes payable consist of the following at December 31:

	2015
Mortgage notes payable to Fifth Third Bank totaling \$7,500,000, of which \$6,927,792 has been drawn to date. Monthly interest accrues and is added to the principal balance. Interest for Note A (\$1,557,000) is adjustable at LIBOR (.17% at December 31, 2014, plus 2.15%) through 2024. Interest for Note B (\$5,943,000) is the same as Note A, but was paid in full in April 2009. The loan is secured by the rental property. Accrued interest was \$6,895 at December 31, 2015.	\$ 1,232,956
Mortgage note payable to CMHA, the first, (\$3,035,000) bearing interest at 3.5%, the second (\$1,260,987) bearing interest at the AFR (3.32% at December 31, 2013), the third (\$885,000) bearing 0% interest, the fourth (\$358,481) bearing interest at 3.5%, and the fifth (\$445,805) bearing interest at the AFR, secured by the rental property. The loans are due 2057 and are payable as income and cash flow permit (as defined in the Partnership Agreement). Interest shall be compounded annually. Accrued but unpaid interest amounted to \$1,354,104 at December 31, 2015.	5,985,273
Ground lease payable to CMHA, bearing interest at 4.79%, payable at final closing of permanent financing. The ground lease is for a period of 75 years. Accrued interest totaled \$295,092 at December 31, 2015.	510,000
Bridge loan payable to OHFA. This loan bears interest at 2%, payable annually. Accrued interest amounted to \$11,348 at December 31, 2015.	848,416
Total Notes Payable - Springdale Senior, LP	<u><u>\$ 8,576,645</u></u>

The minimum principal payments of the notes payable at December 31, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 267,090	\$ 93,645	\$ 360,735
2017	275,140	85,247	360,387
2018	283,533	76,802	360,335
2019	292,273	68,000	360,273
2020	78,580	58,985	137,565
Thereafter	7,380,029	22,735,139	30,115,168
	\$ 8,576,645	\$ 23,117,818	\$ 31,694,463

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(CONTINUED)**

NOTE 13: **NOTES PAYABLE – DISCRETELY PRESENTED COMPONENT UNITS** (Continued)

Reserve on South Martin, LP

	2015
The Partnership has a commitment to enter into a mortgage payable with CMHA totaling \$10,308,550 and bearing interest at .10% per annum. The entire unpaid principal balance and all accrued interest are due and payable 45 years after the commencement of the permanent loan. The mortgage is colateralized by the real estate and assignment of rents and security. As of December 31, 2015, accrued interest for the mortgage payable amounted to \$30,957.	\$ 10,308,550

The Partnership entered into a note payable with CMHA totaling \$797,524 bearing interest at 0.0% per annum. As of December 31, 2015, the outstanding balance was \$562,393. The entire unpaid principal balance and all accrued interest are due and payable in October 2056.	562,393
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Total Notes Payable - Reserve on South Martin, LP	\$ 10,870,943
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The minimum principal payments of the notes payable at December 31, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 0	\$ 0	\$ 0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
Thereafter	10,870,943	474,238	11,345,181
	\$ 10,870,943	\$ 474,238	\$ 11,345,181

The entire balance and accrued interest are due 45 years after the commencement of the permanent loan. Interest rate is .1 percent per annum.

Cary Crossing, LLC

	2015
The Corporation has been provided a bridge loan from CMHA. This amount is due at the completion of construction of the project. The bridge loan will convert a CMHA loan with an interest rate of .25%, per annum compounding, which will be due on July 9, 2050.	\$ 390,247

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
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NOTE 14: CHANGES IN LONG-TERM LIABILITIES – PRIMARY GOVERNMENT

	June 30, 2015	Payments	Additions	June 30, 2016	Due Within One Year
Notes Payable	\$ 47,553,010	\$ (3,633,154)	\$ 0	\$ 43,919,856	\$ 3,686,159
Compensated Absences	817,113	(803,496)	837,222	850,839	170,148
Family Self-Sufficiency Funds	917,251	(358,455)	509,584	1,068,380	0
Net Pension Liability	9,993,841	0	3,254,671	13,248,512	0
Total	\$ 59,281,215	\$ (4,795,105)	\$ 4,601,477	\$ 59,087,587	\$ 3,856,307

NOTE 15: DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT

Net Pension Liability

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
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NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

Net Pension Liability (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

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

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

The Authority’s contractually required contribution to the Traditional and Combined Plans was \$1,163,118 and \$54,355, respectively, for fiscal year ended June 30, 2016.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. CMHA's proportion of the net pension liability was based on CMHA’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	Total
Proportionate Share of the Net Pension Liability / (Asset) - June 30, 2016	\$ 13,248,512	\$ (61,578)	\$ 13,186,934
Proportionate Share of the Net Pension Liability / (Asset) - June 30, 2015	9,993,841	(55,362)	9,938,479
Change in Proportionate Share	\$ 3,254,671	\$ (6,216)	\$ 3,248,455
Proportion of the Net Pension Liability/(Asset)	0.076487%	0.126540%	
Pension Expense	\$1,861,533	\$32,468	\$1,894,001

At June 30, 2016, CMHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

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

	Traditional Plan	Combined Plan	Total
<u>Deferred Outflows of Resources</u>			
Net difference between projected and actual earnings on pension plan investments	\$ 3,894,235	\$ 26,587	\$ 3,920,822
Changes in proportion and differences between CMHA contributions and proportionate share of contributions	0	4,486	4,486
CMHA contributions subsequent to the measurement date	578,257	27,972	606,229
Total Deferred Outflows of Resources	\$ 4,472,492	\$ 59,045	\$ 4,531,537
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 255,987	\$ 28,099	\$ 284,086
Changes in proportion and differences between CMHA contributions and proportionate share of contributions	507,147	0	507,147
Total Deferred Inflows of Resources	\$ 763,134	\$ 28,099	\$ 791,233

\$606,229 reported as deferred outflows of resources related to pension resulting from CMHA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30:

2017	\$ 621,521
2018	683,790
2019	955,967
2020	884,337
2021	(3,018)
Thereafter	(8,522)
Total	\$ 3,134,075

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NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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(CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolios and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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(CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN – PRIMARY GOVERNMENT** (Continued)

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

Authority's proportionate share of the net pension liability	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Plan	\$21,108,117	\$13,248,512	\$6,619,185
Combined Plan	(\$1,265)	(\$61,578)	(\$110,090)

NOTE 16: **POST-EMPLOYMENT BENEFITS – PRIMARY GOVERNMENT**

A. **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 two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans, including medical coverage, prescription drug program, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements 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 health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 16: **POST-EMPLOYMENT BENEFITS – PRIMARY GOVERNMENT** (Continued)

A. **Plan Description** (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

B. **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 to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016 and 2015, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent. The portion of actual Authority contributions for the years ended June 30, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were \$202,192, \$215,524, and \$167,309, respectively.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 17: RISK MANAGEMENT – PRIMARY GOVERNMENT

CMHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. CMHA maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. CMHA also maintains employee major medical, vision, and dental coverage with private carriers.

CMHA is covered for property damage, general liability, automobile liability, public official’s liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk sharing and purchasing pool comprised of three Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is a member).

OHAPCI is a corporation governed by a Board of Trustees, consisting of a representative appointed by each of the member housing authorities. The Board of Trustees elects the officers of the corporation, with each trustee having a single vote. The Board is responsible for its own financial matters and the corporation maintains its own book of account. Budgeting and financing of OHAPCI is subject to the approval of the Board. Currently, participating housing authorities are Cincinnati, Dayton, and Youngstown. The following is a summary of insurance coverage at year-end:

Primary Property	\$250 million/ occurrence
Automobile Liability	\$2 million
Earthquake	\$5 million
Flood	\$5 million
Casualty/General Liability	\$2 million/occurrence
Crime	\$500,000/occurrence
Excess Crime	\$500,000/occurrence
Excess Liability	\$6 million
Boiler/Machinery	\$100 million
Pollution	\$1 million/\$2 million (aggregate)

During the fiscal year, settled claims for CMHA did not exceed the coverage provided by OHAPCI.

NOTE 18: COMMITMENTS – PRIMARY GOVERNMENT

CMHA is engaged in modernization programs funded by HUD. CMHA has entered into construction-type contracts with approximately \$8,206,946 remaining until completion.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 19: CONTINGENCIES – PRIMARY GOVERNMENT

CMHA is a defendant in several lawsuits arising from its normal course of business. Where possible, estimates have been made and reflected in the financial statements for the effect, if any, of such contingencies. Although the outcome of these lawsuits is not presently determinable, it is the opinion of CMHA’s attorney that resolution of these matters will not have a materially adverse effect on the financial condition of CMHA.

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although CMHA expects such amounts, if any, to be immaterial.

NOTE 20: RESTRICTED NET POSITION – PRIMARY GOVERNMENT

Section 8 Housing Programs HAP Equity	\$ 42,786
CFFP Equity	1,653,637
Total Restricted Net Position	\$ 1,696,423

NOTE 21: LEASING ACTIVITIES (AS LESSOR) – PRIMARY GOVERNMENT

CMHA is the lessor of dwelling units mainly to low-income residents. The rents under the resident’s income are adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. CMHA may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as “rental revenue.” Rental revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, which impact personal income and local job availability.

NOTE 22: NET INVESTMENT IN CAPITAL ASSETS – PRIMARY GOVERNMENT

Below is a summary of Investment in Capital Assets, net of related debt at June 30, 2016.

Capital Assets	\$ 249,657,946
Less Related Debt	(21,634,142)
Total Investment in Capital Assets, Net of Related Debt	\$ 228,023,804

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 23: CHANGE IN ACCOUNTING PRINCIPLE AND REPORTING ENTITY

For the first time, in fiscal 2016, component units are being included on the accompanying financial statements. Springdale Senior, LP, Reserve on South Martin, LP, and Cary Crossing, LLC, are presented as discretely presented component units. Touchstone Property Services, Inc. is presented as a blended component unit. The result of these presentation changes is an adjustment to beginning equity of \$3,876,221.

NOTE 24: CONDENSED FINANCIAL STATEMENT INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS

CMHA includes three discretely presented component units in its reporting entity. Condensed component unit financial statements as of and for the fiscal year end December 31, 2015, for the three discretely presented component units is as follows:

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total Discretely Presented Component Units
<u>Balance Sheet</u>				
Current Assets	\$ 800,643	\$ 790,854	\$ 1,792,970	\$ 3,384,467
Capital Assets and Other Assets	9,101,297	10,712,170	2,994,677	22,808,144
Current Liabilities	(1,868,876)	(362,168)	(709,799)	(2,940,843)
Non-Current Liabilities	(9,057,685)	(10,870,943)	(390,247)	(20,318,875)
Net Position	<u>\$ (1,024,621)</u>	<u>\$ 269,913</u>	<u>\$ 3,687,601</u>	<u>\$ 2,932,893</u>
<u>Revenues, Expenses, and Changes in Equity</u>				
Total Revenue	\$ 593,026	\$ 345,651	\$ 0	\$ 938,677
Total Expenses	1,243,526	622,551	0	1,866,077
Excess of Revenue Over Expenses	(650,500)	(276,900)	0	(927,400)
Beginning Net Position	(374,121)	546,813	3,687,601	3,860,293
Ending Net Position	<u>\$ (1,024,621)</u>	<u>\$ 269,913</u>	<u>\$ 3,687,601</u>	<u>\$ 2,932,893</u>

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)**

Traditional Plan	2016	2015	2014
Authority's Proportion of the Net Pension Liability - Traditional Plan	0.015430%	0.082860%	0.082860%
Authority's Proportionate Share of the Net Pension Liability	\$13,248,512	\$9,993,841	\$9,768,114
Authority's Covered-Employee Payroll	\$9,692,650	\$9,798,875	\$10,109,375
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	136.69%	101.99%	96.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional Plan	81.08%	86.45%	86.36%
Combined Plan	2016	2015	2014
Authority's Proportion of the Net Pension (Asset)	0.025380%	0.143788%	0.143788%
Authority's Proportionate Share of the Net Pension (Asset)	(\$61,578)	(\$55,362)	(\$15,088)
Authority's Covered-Employee Payroll	\$452,958	\$506,125	\$451,883
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	-13.59%	-10.94%	-3.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Combined Plan	116.90%	114.83%	104.33%

(1) - Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.
The plan measurement date is the prior calendar year end.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS (1)**

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions								
Traditional Plan	\$ 1,163,118	\$ 1,175,865	\$ 1,213,125	\$ 1,545,691	\$ 1,284,681	\$ 1,232,382	\$ 1,092,244	\$ 1,067,717
Combined Plan	54,355	60,735	54,226	77,582	42,761	38,140	43,349	40,802
Total Required Contributions	\$ 1,217,473	\$ 1,236,600	\$ 1,267,351	\$ 1,623,273	\$ 1,327,442	\$ 1,270,522	\$ 1,135,593	\$ 1,108,519
Contribution In Relation to the Contractually Required Contributions	(1,217,473)	(1,236,600)	(1,267,351)	(1,623,273)	(1,327,442)	(1,270,522)	(1,135,593)	(1,108,519)
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered-Employee Payroll								
Traditional Plan	\$ 9,692,650	\$ 9,978,875	\$ 10,109,375	\$ 11,889,931	\$ 12,846,810	\$ 12,323,820	\$ 12,136,044	\$ 12,561,376
Combined Plan	\$ 452,958	\$ 506,125	\$ 451,883	\$ 596,785	\$ 537,874	\$ 479,748	\$ 443,695	\$ 440,151
Contributions as a Percentage of Covered-Employee - Payroll								
Traditional Plan	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%
Combined Plan	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%	9.77%	9.27%

(1) - Information prior to 2009 is not available.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2016**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant
111 Cash - Unrestricted	9,811,093			960,106	189,268	1,932	290,030	
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	1,653,637			1,068,380				42,786
114 Cash - Tenant Security Deposits	915,202						55,259	
100 Total Cash	12,379,932	-	-	2,028,486	189,268	1,932	345,289	42,786
122 Accounts Receivable - HUD Other Projects	1,318,348	28,268		105,236	12,043	4,224		
125 Accounts Receivable - Miscellaneous	113,244			30,468		148,958	194,357	
126 Accounts Receivable - Tenants	327,738							
126.1 Allowance for Doubtful Accounts - Tenants								
126.2 Allowance for Doubtful Accounts - Other							-7,513	
128 Fraud Recovery	122,917			714,916				
128.1 Allowance for Doubtful Accounts - Fraud				-714,916				
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,882,247	28,268	-	135,704	12,043	153,182	186,844	-
131 Investments - Unrestricted	1,027,073							
142 Prepaid Expenses and Other Assets	313,412			14,088	24		6,237	
143 Inventories								
144 Inter Program Due From	-				-	-		
150 Total Current Assets	15,602,664	28,268	-	2,178,278	201,335	155,114	538,370	42,786
161 Land	28,427,733		559,524				1,578,043	
162 Buildings	355,087,510			360,668			6,359,231	
163 Furniture, Equipment & Machinery - Dwellings							1,775	
164 Furniture, Equipment & Machinery - Administration	3,916,478			474,734				
165 Leasehold Improvements								
166 Accumulated Depreciation	-190,738,004			-543,965		-3,051,910	-2,475,760	
167 Construction in Progress	8,079,489							
168 Infrastructure						30,519,094		
160 Total Capital Assets, Net of Accumulated Depreciation	204,773,206	-	559,524	291,437	-	27,467,184	5,463,289	-
171 Notes, Loans and Mortgages Receivable - Non-Current	6,535,766		10,344,675	885,000		49,996,412		
174 Other Assets	31,670			14,829			28,740	
180 Total Non-Current Assets	211,340,642	-	10,904,199	1,191,266	-	77,463,596	5,492,029	-
200 Deferred Outflow of Resources	2,330,505			1,091,268				
290 Total Assets and Deferred Outflow of Resources	229,273,811	28,268	10,904,199	4,460,812	201,335	77,618,710	6,030,399	42,786

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2016**

	Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	3,130,632	2,248,088	31,425	233,754	378,233	17,274,561		17,274,561
112 Cash - Restricted - Modernization and Development					995,000	995,000		995,000
113 Cash - Other Restricted		1,100,715				3,865,518		3,865,518
114 Cash - Tenant Security Deposits	40,277		126,871			1,137,609		1,137,609
100 Total Cash	3,170,909	3,348,803	158,296	233,754	1,373,233	23,272,688	-	23,272,688
122 Accounts Receivable - HUD Other Projects				14,873		1,482,992		1,482,992
125 Accounts Receivable - Miscellaneous	19,612	16,541	6,646		648,840	1,178,666		1,178,666
126 Accounts Receivable - Tenants	60,978	8,010	139,262		110,249	646,237		646,237
126.1 Allowance for Doubtful Accounts - Tenants		-1,335	-2,732			-4,067		-4,067
126.2 Allowance for Doubtful Accounts - Other						-7,513		-7,513
128 Fraud Recovery						837,833		837,833
128.1 Allowance for Doubtful Accounts - Fraud						-714,916		-714,916
120 Total Receivables, Net of Allowances for Doubtful Accounts	80,590	23,216	143,176	14,873	759,089	3,419,232	-	3,419,232
131 Investments - Unrestricted						1,027,073		1,027,073
142 Prepaid Expenses and Other Assets	17,622	12,448		30	277,738	641,599		641,599
143 Inventories					139,181	139,181		139,181
144 Inter Program Due From	-			-		-	-	-
150 Total Current Assets	3,269,121	3,384,467	301,472	248,657	2,549,241	28,499,773	-	28,499,773
161 Land	177,960	3,672,824	1,266,996		86,275	35,769,355		35,769,355
162 Buildings	207,778	20,161,078			35,286,286	417,462,551		417,462,551
163 Furniture, Equipment & Machinery - Dwellings		1,525,796	16,748			1,544,319		1,544,319
164 Furniture, Equipment & Machinery - Administration	36,425				2,378,553	6,806,190		6,806,190
165 Leasehold Improvements					650,581	650,581		650,581
166 Accumulated Depreciation	-50,291	-5,667,576	-4,682		-29,241,744	-231,773,932		-231,773,932
167 Construction in Progress	271,048	2,719,677			21,373	11,091,587		11,091,587
168 Infrastructure						30,519,094		30,519,094
160 Total Capital Assets, Net of Accumulated Depreciation	642,920	22,411,799	1,279,062	-	9,181,324	272,069,745	-	272,069,745
171 Notes, Loans and Mortgages Receivable - Non-Current	3,116,659				3,179,452	74,057,964	-1,577,835	72,480,129
174 Other Assets		396,345			190,303	661,887		661,887
180 Total Non-Current Assets	3,759,579	22,808,144	1,279,062	-	12,551,079	346,789,596	-1,577,835	345,211,761
200 Deferred Outflow of Resources					1,109,764	4,531,537		4,531,537
290 Total Assets and Deferred Outflow of Resources	7,028,700	26,192,611	1,580,534	248,657	16,210,084	379,820,906	-1,577,835	378,243,071

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2016**

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant
312 Accounts Payable <= 90 Days	369,592			19,754			62,407	
313 Accounts Payable >90 Days Past Due	18,334							
321 Accrued Wage/Payroll Taxes Payable	358,417			136,420	564			
322 Accrued Compensated Absences - Current Portion	52,652			26,709	132			
325 Accrued Interest Payable							5,449	
331 Accounts Payable - HUD PHA Programs					1,697			
333 Accounts Payable - Other Government	318,971							
341 Tenant Security Deposits	915,202						55,259	
342 Unearned Revenue		28,268					7,786	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	985,155						530,497	
344 Current Portion of Long-term Debt - Operating Borrowings	1,714,286							
345 Other Current Liabilities	977,667						377,187	
346 Accrued Liabilities - Other	1,189,673			42,867	49	5,119		
347 Inter Program - Due To	-			-				
310 Total Current Liabilities	6,899,949	28,268	-	225,750	2,442	5,119	1,038,585	-
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	11,584,520						4,884,206	
352 Long-term Debt, Net of Current - Operating Borrowings	20,571,428							
353 Non-current Liabilities - Other				1,068,380			321,368	
354 Accrued Compensated Absences - Non Current	237,791			106,836	571			
355 Loan Liability - Non Current								
357 Accrued Pension and OPEB Liabilities	6,813,520			3,190,458				
350 Total Non-Current Liabilities	39,207,259	-	-	4,365,674	571	-	5,205,574	-
300 Total Liabilities	46,107,208	28,268	-	4,591,424	3,013	5,119	6,244,159	-
400 Deferred Inflow of Resources	406,921			190,541				
508.4 Net Investment in Capital Assets	192,203,531		559,524	291,437		27,467,184	48,586	
511.4 Restricted Net Position	1,653,637							42,786
512.4 Unrestricted Net Position	-11,097,486		10,344,675	-612,590	198,322	50,146,407	-262,346	
513 Total Equity - Net Assets / Position	182,759,682	-	10,904,199	-321,153	198,322	77,613,591	-213,760	42,786
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	229,273,811	28,268	10,904,199	4,460,812	201,335	77,618,710	6,030,399	42,786

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2016**

	Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days		527,356	40,344		24,430	1,043,883		1,043,883
313 Accounts Payable >90 Days Past Due						18,334		18,334
321 Accrued Wage/Payroll Taxes Payable				696	257,987	754,084		754,084
322 Accrued Compensated Absences - Current Portion				163	90,492	170,148		170,148
325 Accrued Interest Payable		1,697,287				1,702,736		1,702,736
331 Accounts Payable - HUD PHA Programs				2,098		3,795		3,795
333 Accounts Payable - Other Government					101,340	420,311		420,311
341 Tenant Security Deposits	40,277	57,706	126,871			1,195,315		1,195,315
342 Unearned Revenue		4,093			22,978	63,125		63,125
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					456,221	1,971,873		1,971,873
344 Current Portion of Long-term Debt - Operating Borrowings						1,714,286		1,714,286
345 Other Current Liabilities		362,113	147,433		994,458	2,858,858		2,858,858
346 Accrued Liabilities - Other		292,288		60	41,139	1,571,195		1,571,195
347 Inter Program - Due To	-				-	-	-	-
310 Total Current Liabilities	40,277	2,940,843	314,648	3,017	1,989,045	13,487,943	-	13,487,943
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		19,670,848	1,256,467		3,193,543	40,589,584	-1,256,467	39,333,117
352 Long-term Debt, Net of Current - Operating Borrowings			-			20,571,428	-	20,571,428
353 Non-current Liabilities - Other		515,000				1,904,748	-321,368	1,583,380
354 Accrued Compensated Absences - Non Current				705	334,788	680,691		680,691
355 Loan Liability - Non Current		133,027				133,027		133,027
357 Accrued Pension and OPEB Liabilities					3,244,534	13,248,512		13,248,512
350 Total Non-Current Liabilities	-	20,318,875	1,256,467	705	6,772,865	77,127,990	-1,577,835	75,550,155
300 Total Liabilities	40,277	23,259,718	1,571,115	3,722	8,761,910	90,615,933	-1,577,835	89,038,098
400 Deferred Inflow of Resources					193,771	791,233		791,233
508.4 Net Investment in Capital Assets	642,920	2,740,951	1,279,062		5,531,560	230,764,755		230,764,755
511.4 Restricted Net Position		750,721				2,447,144		2,447,144
512.4 Unrestricted Net Position	6,345,503	-558,779	-1,269,643	244,935	1,722,843	55,201,841		55,201,841
513 Total Equity - Net Assets / Position	6,988,423	2,932,893	9,419	244,935	7,254,403	288,413,740	-	288,413,740
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	7,028,700	26,192,611	1,580,534	248,657	16,210,084	379,820,906	-1,577,835	378,243,071

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant
70300 Net Tenant Rental Revenue	10,573,508						842,880	
70400 Tenant Revenue - Other	138,380						10,356	
70500 Total Tenant Revenue	10,711,888	-	-	-	-	-	853,236	-
70600 HUD PHA Operating Grants	25,410,529	272,981		76,663,150	107,156			
70610 Capital Grants	10,753,088							
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	1,534		10,337	251		2,633,877		
71200 Mortgage Interest Income								
71400 Fraud Recovery				108,392				
71500 Other Revenue	680,951			158,356		1,932	426,357	
71600 Gain or Loss on Sale of Capital Assets	3,375			7,506				
72000 Investment Income - Restricted				251				
70000 Total Revenue	47,561,365	272,981	10,337	76,937,906	107,156	2,635,809	1,279,593	-
91100 Administrative Salaries	1,007,570	146,408		1,950,629	12,034			
91200 Auditing Fees	48,356			14,219				
91300 Management Fee	3,871,986			1,256,821				
91310 Book-keeping Fee	439,549			1,002,039				
91400 Advertising and Marketing				28,738				
91500 Employee Benefit contributions - Administrative	2,231,650	35,009		973,475	4,211			
91600 Office Expenses	614,525			414,992	-37		26,196	
91700 Legal Expense	120,977			32,107			448	
91800 Travel	998			1,558			41	
91900 Other	2,391,269	80,523		468,798	71		160,357	
91000 Total Operating - Administrative	10,726,880	261,940	-	6,143,376	16,279	-	187,042	-

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business Activities	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	57,999	617,421				12,091,808		12,091,808
70400 Tenant Revenue - Other	96				5,125	153,957		153,957
70500 Total Tenant Revenue	58,095	617,421	-	-	5,125	12,245,765	-	12,245,765
70600 HUD PHA Operating Grants		311,031		132,342		102,897,189		102,897,189
70610 Capital Grants						10,753,088		10,753,088
70710 Management Fee					5,128,807	5,128,807	-5,128,807	-
70720 Asset Management Fee					277,141	277,141	-277,141	-
70730 Book Keeping Fee					1,441,588	1,441,588	-1,441,588	-
70740 Front Line Service Fee					709,649	709,649	-709,649	-
70700 Total Fee Revenue	-	-	-	-	7,557,185	7,557,185	-7,557,185	-
71100 Investment Income - Unrestricted	197,502				3,080	2,846,581		2,846,581
71200 Mortgage Interest Income		1,557				1,557		1,557
71400 Fraud Recovery						108,392		108,392
71500 Other Revenue	2,638	8,668	211,792	45	584,415	2,075,154	-458,281	1,616,873
71600 Gain or Loss on Sale of Capital Assets						10,881		10,881
72000 Investment Income - Restricted						251		251
70000 Total Revenue	258,235	938,677	211,792	132,387	8,149,805	138,496,043	-8,015,466	130,480,577
91100 Administrative Salaries		117,343		14,854	3,474,964	6,723,802		6,723,802
91200 Auditing Fees		15,293			9,456	87,324		87,324
91300 Management Fee		87,460				5,216,267	-5,128,807	87,460
91310 Book-keeping Fee						1,441,588	-1,441,588	-
91400 Advertising and Marketing		214			48,220	77,172		77,172
91500 Employee Benefit contributions - Administrative				5,202	1,573,521	4,823,068		4,823,068
91600 Office Expenses	645	49,538			587,593	1,693,452	-401,394	1,292,058
91700 Legal Expense					89,818	243,350		243,350
91800 Travel					20,686	23,283		23,283
91900 Other	794	28,864	184,792	88	954,817	4,270,373	-460,464	3,809,909
91000 Total Operating - Administrative	1,439	298,712	184,792	20,144	6,759,075	24,599,679	-7,432,253	17,167,426

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant
92000 Asset Management Fee	277,141							
92100 Tenant Services - Salaries								
92200 Relocation Costs	32,817							
92400 Tenant Services - Other	241,780						5,876	
92500 Total Tenant Services	274,597	-	-	-	-	-	5,876	-
93100 Water	1,254,994						76,513	
93200 Electricity	2,514,603						10,916	
93300 Gas	1,417,501						27,160	
93600 Sewer	3,602,538							
93000 Total Utilities	8,789,636	-	-	-	-	-	114,589	-
94100 Ordinary Maintenance and Operations - Labor	3,702,936						35,163	
94200 Ordinary Maintenance and Operations - Materials and Other	1,795,052			11,814			126,047	
94300 Ordinary Maintenance and Operations Contracts	8,832,205			229,486			266,332	
94000 Total Maintenance	14,330,193	-	-	241,300	-	-	427,542	-
95100 Protective Services - Labor	87,277							
95200 Protective Services - Other Contract Costs	817,807							
95000 Total Protective Services	905,084	-	-	-	-	-	-	-
96120 Liability Insurance	758,899			13,708			24,031	
96130 Workmen's Compensation				32,451				
96100 Total insurance Premiums	758,899	-	-	46,159	-	-	24,031	-
96200 Other General Expenses	1,686,398			84,555			4,421	
96210 Compensated Absences	422,472	11,041		168,028	401			
96300 Payments in Lieu of Taxes	435,097						469	
96400 Bad debt - Tenant Rents	365,665						32,642	
96500 Bad debt - Mortgages						19,214		
96800 Severance Expense	97,201							
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)	596,178						72,642	
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	596,178	-	-	-	-	-	72,642	-
96900 Total Operating Expenses	39,665,441	272,981	-	6,683,418	16,680	19,214	869,254	-
97000 Excess of Operating Revenue over Operating Expenses	7,895,924	-	10,337	70,254,488	90,476	2,616,595	410,339	-

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business Activities	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee		10,601				287,742	-277,141	10,601
92100 Tenant Services - Salaries					106,195	106,195		106,195
92200 Relocation Costs	2,617				29,483	64,917		64,917
92400 Tenant Services - Other		9,707				257,363	-11,736	245,627
92500 Total Tenant Services	2,617	9,707	-	-	135,678	428,475	-11,736	416,739
93100 Water	1,805	60,458			11,856	1,405,626		1,405,626
93200 Electricity	5,310	55,334	3,574		119,121	2,708,858		2,708,858
93300 Gas	3,355		461		20,024	1,468,501		1,468,501
93600 Sewer	4,229				36,707	3,643,474		3,643,474
93000 Total Utilities	14,699	115,792	4,035	-	187,708	9,226,459	-	9,226,459
94100 Ordinary Maintenance and Operations - Labor					20,565	3,758,664		3,758,664
94200 Ordinary Maintenance and Operations - Materials and Other	639	26,255	2,163		56,710	2,018,680		2,018,680
94300 Ordinary Maintenance and Operations Contracts	4,999	182,906	8,300		285,810	9,810,038	-294,336	9,515,702
94000 Total Maintenance	5,638	209,161	10,463	-	363,085	15,587,382	-294,336	15,293,046
95100 Protective Services - Labor						87,277		87,277
95200 Protective Services - Other Contract Costs					7,366	825,173		825,173
95000 Total Protective Services	-	-	-	-	7,366	912,450	-	912,450
96120 Liability Insurance	3,068	12,562				812,268		812,268
96130 Workmen's Compensation					54,007	86,458		86,458
96100 Total insurance Premiums	3,068	12,562	-	-	54,007	898,726	-	898,726
96200 Other General Expenses	6,468		14,329		6,237	1,802,408		1,802,408
96210 Compensated Absences				496	234,784	837,222		837,222
96300 Payments in Lieu of Taxes		73,034				508,600		508,600
96400 Bad debt - Tenant Rents		2,431				400,738		400,738
96500 Bad debt - Mortgages						19,214		19,214
96800 Severance Expense						97,201		97,201
96710 Interest of Mortgage (or Bonds) Payable		339,607				339,607		339,607
96720 Interest on Notes Payable (Short and Long Term)						668,820		668,820
96730 Amortization of Bond Issue Costs		10,348				10,348		10,348
96700 Total Interest Expense and Amortization Cost	-	349,955	-	-	-	1,018,775	-	1,018,775
96900 Total Operating Expenses	33,929	1,081,955	213,619	20,640	7,747,940	56,625,071	-8,015,466	48,609,605
97000 Excess of Operating Revenue over Operating Expenses	224,306	-143,278	-1,827	111,747	401,865	81,870,972	-	81,870,972

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant
97200 Casualty Losses - Non-capitalized	12,179							
97300 Housing Assistance Payments				69,817,773	90,301			
97400 Depreciation Expense	6,060,511			22,658		610,382	158,629	
90000 Total Expenses	45,738,131	272,981	-	76,523,849	106,981	629,596	1,027,883	-
10010 Operating Transfer In	1,216,145							
10020 Operating transfer Out	-1,216,145							
10091 Inter Project Excess Cash Transfer In	2,027,626							
10092 Inter Project Excess Cash Transfer Out	-2,027,626							
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,823,234	-	10,337	414,057	175	2,006,213	251,710	-
11020 Required Annual Debt Principal Payments	2,699,441							
11030 Beginning Equity	180,922,262		10,893,862	-735,210	202,478	75,607,378	-465,470	42,786
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	14,186				-4,331			
11170 Administrative Fee Equity				-269,095				
11180 Housing Assistance Payments Equity				-52,058				
11190 Unit Months Available	64,512			138,024	240		1,359	
11210 Number of Unit Months Leased	63,346			133,665	234		1,289	

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business Activities	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized						12,179		12,179
97300 Housing Assistance Payments				111,528		70,019,602		70,019,602
97400 Depreciation Expense	1,468	784,122	4,682		383,420	8,025,872		8,025,872
90000 Total Expenses	35,397	1,866,077	218,301	132,168	8,131,360	134,682,724	-8,015,466	126,667,258
10010 Operating Transfer In						1,216,145	-1,216,145	-
10020 Operating transfer Out						-1,216,145	1,216,145	-
10091 Inter Project Excess Cash Transfer In						2,027,626	-2,027,626	-
10092 Inter Project Excess Cash Transfer Out						-2,027,626	2,027,626	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	222,838	-927,400	-6,509	219	18,445	3,813,319	-	3,813,319
11020 Required Annual Debt Principal Payments						2,699,441		2,699,441
11030 Beginning Equity	6,779,771			240,385	7,235,958	280,724,200		280,724,200
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-14,186	3,860,293	15,928	4,331		3,876,221		3,876,221
11170 Administrative Fee Equity						-269,095		-269,095
11180 Housing Assistance Payments Equity						-52,058		-52,058
11190 Unit Months Available				336		204,471		204,471
11210 Number of Unit Months Leased				289		198,823		198,823

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Section 8 Project Based Cluster:		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	\$ 132,342
Section 8 Moderate Rehabilitation - Single Room Occupancy Program	14.249	107,156
Total Section 8 Project Based Cluster		<u>239,498</u>
 Public Housing Capital Fund	 14.872	 <u>14,185,141</u>
 Section 8 Housing Choice Vouchers	 14.871	 <u>76,663,150</u>
 Family Self Sufficiency Program	 14.896	 <u>272,981</u>
 Public and Indian Housing	 14.850	 <u>21,978,476</u>
<i>Total Direct Programs</i>		<u>113,339,246</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS		 <u>\$ 113,339,246</u>

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting.

The Authority did not use the de minimis rate of 10 percent for indirect costs charged to the federal grants.

JAMES G. ZUPKA, C.P.A., INC.

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

To the Members of the Board
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Cincinnati Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 21, 2017, wherein we noted the Authority restated its beginning net position due to the inclusion of a blended component unit and three discretely presented component units.

Our report includes a reference to other auditors who audited the financial statements of Reserve on South Martin Limited Partnership and Springdale Senior Limited Partnership, discretely presented component units, as described in our report on the Authority's financial statements. The financial statements of Reserve on South Martin Limited Partnership and Springdale Senior Limited Partnership were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2016-001**.

Compliance and Other Matters

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

Purpose of This Report

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



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

March 21, 2017

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of the Board
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Cincinnati Metropolitan Housing Authority's major federal program for the year ended June 30, 2016. The Cincinnati Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Cincinnati Metropolitan Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cincinnati Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Cincinnati Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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



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

March 21, 2017

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2016**

I. SUMMARY OF AUDITOR'S RESULTS

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list): Section 8 Housing Choice Voucher Program - CFDA #14.871	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: \$3,000,000 Type B: All Others
2016(ix)	Low Risk Auditee?	Yes

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2016
(CONTINUED)**

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

Finding No. 2016-001 – Significant Deficiency – Bank Reconciliations

Statement of Condition/Criteria

During our audit, we noted that the final reconciled balances of the bank reconciliations for fiscal year 2016 did not agree with the cash balances reported on the financial statements, with a total difference of \$515,474. We noted that for certain accounts, the general ledger balance per the bank reconciliation did not agree with the balances per the trial balance. We noted reconciliations included or excluded items that were incorrect, including deposits in transit. We also noted that reconciliations were not performed in a timely manner.

Cause/Effect

The reconciled balances on the bank reconciliations could not be agreed to the reported balances on the financial statements.

Recommendation

We recommend that there be additional review and oversight of the bank reconciliation process and financial statement preparation to verify that the reconciled cash is properly reported on the financial statements, and that reconciled items are properly supported, recorded, and removed from reconciliations as needed.

Client Response

A significant deficiency was issued by the auditors regarding a delay in the completion of the bank reconciliations during fiscal year 2016. Also noted by the audit team was that some bank reconciliations did not reconcile to the balance on the financial statements. These items were recognized as a shortcoming on the part of CMHA. Due to several personnel turnovers within the Finance Department and transition of staffing during the fourth quarter of 2016, there was a lag time in the completion of the bank reconciliations. CMHA recognized the importance of completing the reconciliations and started the process of catching up and completing all bank reconciliations prior to year-end and continued with the assistance of accounting consultants. The process of reconciling the bank statements began prior to the commencement of the audit. Appropriate personnel have been hired and bank reconciliations are being completed on a timely basis. This lack of personnel to complete bank reconciliations on a timely basis was recognized and addressed prior to the completion of the audit.

CMHA has put in place tools and procedures to provide timely oversight of the reconciliation process. This includes, but is not limited to, a shared spreadsheet listing all accounts, the responsible position to perform the reconciliations, with the required completion date noted. As the reconciliation is completed, the calculation and supporting documents are reviewed and signed off by an experienced Finance employee and the Director of Accounting. The date completed is then entered on the spreadsheet. The spreadsheet is reviewed by the Director of Accounting and the Finance staff on a weekly basis. It is the opinion of CMHA that the delay of completing the reconciliations was an immaterial issue, representing only .3 percent of total revenue, and does not deserve a finding.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2016**

The prior audit report, as of June 30, 2015, included no citations or instances of noncompliance. There were no management letter recommendations issued with the audit report as of June 30, 2015.



Dave Yost • Auditor of State

CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON 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
JUNE 6, 2017**