

# **CUYAHOGA METROPOLITAN HOUSING AUTHORITY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Metropolitan Housing Authority, Cuyahoga County, prepared by CliftonLarsonAllen LLP, for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 22, 2019

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**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

Members of the Board  
Cuyahoga Metropolitan Housing Authority  
Cleveland, Ohio

### 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 Cuyahoga Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2018, 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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Western Reserve Revitalization and Management Company, Inc., a blended component unit. The blended component unit represents 20 percent of assets, 22 percent of net position and 6 percent of revenues of the business-type activities of the Authority. We also did not audit the financial statements of Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly Limited Partnership, Fairfax Intergenerational Housing, L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P. and Carver Park Phase II, L.P., which represent 100% of the assets, partner's capital and revenues of the discretely presented component units. Those statements listed above, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. 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 audits of the blended component unit and the aggregate discretely presented component units were not performed in accordance with *Government Auditing Standards*.



Members of the Board  
Cuyahoga Metropolitan Housing Authority

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

During the fiscal year ended December 31, 2018, the Authority adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the Authority reported a restatement for the change in accounting principle (See Note 2). Our auditors' opinion was not modified with respect to the restatement.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of the Authority's proportionate share of the net pension liability, the schedule of the Authority's pension contributions, the schedule of the Authority's proportionate share of the net OPEB liability and the schedule of the Authority's OPEB contributions on pages 66-69 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.



Members of the Board  
Cuyahoga Metropolitan Housing Authority

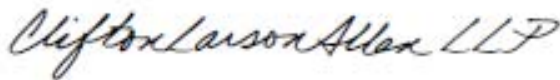
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules listed as supplementary information in the table of contents 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is 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 information is 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 June 28, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Toledo, Ohio  
June 28, 2019

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

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

The following discussion and analysis provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2018, and should be read in conjunction with the Authority's financial statements, which begin on page 11. If you have any questions, please contact Tami Marinella, Chief Financial Officer, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2757.

### **Overview of the Financial Statements**

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

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

The financial statements are prepared on the accrual basis of accounting and present all assets and deferred outflows plus liabilities and deferred inflows of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority's financial condition as of December 31, 2018, and the results of its operations and cash flows for the year then ended.

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**2018 Financial Highlights**

For the year ended 2018, the audited financial statements are presented with Primary Government and Discretely Presented Component units on separate pages. The financial highlights and related analysis presented in the Management's Discussion and Analysis represents the Primary Government only.

- The Authority's net position decreased by \$5.4 million (3.3%) during 2018. Net position was \$159.8 million and \$165.2 million at December 31, 2018 and 2017, respectively.
- Total operating and non-operating revenues increased by \$0.4 million (0.2%) during 2018, and were \$216.4 million and \$215.8 million for 2018 and 2017, respectively.
- Total operating and non-operating expenses of all Authority programs decreased by \$17.6 million (8.0%). Total expenses were \$203.1 million and \$220.7 million for 2018 and 2017, respectively.
- The Authority's unrestricted net position increased by \$2.5 million (9.7%) during 2018, and was \$28.3 million and \$25.8 million for 2018 and 2017, respectively.

**The Authority's Programs**

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

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

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

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

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

Market Rate Property-Woody Woods: Properties that are rented by people who pay the market rent to lease the property. The Woody Woods property currently serves residents of Cuyahoga County.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

Rental Assistance Demonstration Program: This initiative allows the Authority to convert public housing properties to project based rental assistance in order to attract debt and equity to make capital improvements.

Jobs Plus Pilot Program: Addresses poverty among public housing residents of Outhwaite Homes and Carver Park by incentivizing and enabling employment through earned income credits for working families, and a set of services designed to support work including employer linkages, job placement and counseling, educational advancement, and financial counseling.

**AUTHORITY-WIDE FINANCIAL STATEMENT**

**Statement of Net Position**

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

**Table 1 - Condensed Statements of Net Position**

(in millions)

	December 31	
	2018	2017 *
<b><u>Assets</u></b>		
Current and Other Assets	\$ 157.3	\$ 144.7
Net Capital Assets	157.1	168.1
<b>Total Assets</b>	314.4	312.8
<b>Deferred Outflows of Resources</b>	24.3	27.5
<b><u>Liabilities</u></b>		
Accounts Payable and Other Current Liabilities	34.0	38.3
Long-term Liabilities:		
Net Pension and OPEB Liability	75.0	72.0
Other Long-Term Liabilities	57.5	64.2
<b>Total Liabilities</b>	166.5	174.5
<b>Deferred Inflows of Resources</b>	12.4	0.6
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	122.5	128.9
Restricted	9.0	10.5
Unrestricted	28.3	25.8
<b>Total Net Position</b>	\$ 159.8	\$ 165.2

\* The 2017 information has not been restated for the implementation of GASB 75

For more detailed information, see the Statement of Net Position.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

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

Current Assets and Other Assets increased by \$12.6 million and current liabilities decreased by \$4.3 million. The Authority's current ratio increased to 1.02 in 2018, compared to 0.82 in 2017. There are sufficient current assets (primarily cash, investments, and receivables from HUD) to extinguish current liabilities. Net Capital assets decreased to \$157.1 million in 2018 from \$168.1 million in 2017. The \$11.0 million decrease is attributed to net capital asset additions of \$3.0 million offset by depreciation expense of \$14.0 million. For additional detail see "Capital Assets."

Long-term liabilities decreased \$3.7 million, to \$132.5 million in 2018, from \$136.2 million in 2017.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net position is as follows for the years ended December 31, 2018 and 2017:



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**Table 2 - Condensed Statements of Revenues, Expenses, and Changes in Net Position**  
(in millions)

	December 31	
	2018	2017 *
<u>Operating Revenues</u>		
Dwelling Rent from Tenants	\$ 16.2	\$ 16.0
HUD Operating Subsidies and Grants	182.4	174.9
Grants - Other	1.4	0.9
Other Revenues	10.4	9.1
Total Operating Revenues	<u>210.4</u>	<u>200.9</u>
<u>Operating Expenses</u>		
Housing Assistance Payments	93.5	93.3
Depreciation and Amortization	14.6	15.7
Administrative	29.1	44.0
Building Maintenance	21.0	23.2
Utilities	20.5	18.7
Tenant Services	3.0	4.4
General	10.3	9.8
Protective Services	7.5	7.8
Other	0.5	0.3
Total Operating Expenses	<u>200.0</u>	<u>217.2</u>
Operating Loss	<u>10.4</u>	<u>(16.3)</u>
<u>Non-Operating Revenues (Expenses)</u>		
Capital Grants from HUD	5.3	14.4
Interest Income	0.5	0.5
Interest Expense	(3.1)	(3.5)
Special Items - Gain/(Loss)	0.2	-
Total Non-Operating Revenues—Net	<u>2.9</u>	<u>11.4</u>
Change in Net Position	13.3	(4.9)
Net Position - Beginning of Year, as Restated	146.5	170.1
Net Position—End of Year	<u>\$ 159.8</u>	<u>\$ 165.2</u>

\* The 2017 information has not been restated for the implementation of GASB 75

For more detailed information, see the Statement of Net Position.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

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

**December 31, 2018 compared to December 31, 2017**

Operating revenues increased \$9.5 million or 4.7% in 2018. Dwelling Rent increased by \$0.2 million, HUD Operating Subsidies and Grants increased \$7.5 million, and Other Revenues increased by \$1.8 million.

Operating expenses decreased \$17.2 million or 7.9% with decreases in Administrative Expenses (\$14.9 million), Building Maintenance (\$2.2 million), Tenant Services (\$1.4 million), Depreciation (\$1.1 million) and Protective Services (\$0.3 million). These decreases were offset by increased Utilities (\$1.8 million), General Expenses (\$0.5 million), Housing Assistance Payments (\$0.2 million), and Other (\$0.2 million).

Capital Grants from HUD decreased \$9.1 million or 63.3%. Interest income did not change while Interest expense decreased \$0.4 million.

**Capital Assets**

At December 31, 2018, the Authority had \$157.1 million invested in a variety of net capital assets (as reflected in the following schedule), which represents a net decrease of \$11.1 million from December 31, 2017.

	December 31	
	2018	2017
Land	\$ 30.6	\$ 30.6
Buildings	692.6	699.5
Equipment-Administrative	19.0	20.0
Equipment-Dwelling	8.8	9.1
Leasehold Improvements	0.4	0.4
Construction in Progress	4.1	1.9
<b>Total</b>	755.5	761.5
Accumulated Depreciation	(598.4)	(593.3)
<b>Capital Assets-Net</b>	\$ 157.1	\$ 168.2

Capital additions in 2018 were primarily for housing stock improvements.

Some of the major projects were:

- Continuation of roof replacement at Oakwood Gardens, Bellaire Townhomes, Lakeview Terrace and Outhwaite Homes
- Outhwaite Homes Electrical upgrades
- Outhwaite Homes Masonry restoration

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**Debt Outstanding**

As of December 31, 2018, the Authority had \$62.0 million in long-term debt and capital lease obligations compared to \$68.5 million at December 31, 2017, for a \$6.5 million decrease. The following summarizes these obligations:

**Table 4 - Outstanding Debt at Year-End**  
(in millions)

	December 31	
	2018	2017
Ambleside - Mortgage Note	6.1	6.2
Severance - Mortgage Note	5.4	5.5
Quarrytown - Mortgage Note	3.7	3.7
WRRMC Promissory Note	0.5	0.5
General Revenue Bonds	0.6	1.1
Refunding Revenue Bond Series 2016	5.6	5.7
Build America Bonds	12.9	12.9
Ohio Bond Financing 2007	-	9.4
Ohio Bond Financing 2017	8.2	-
Unamortized Bond Premium Ohio Bond	-	0.2
Modernization Express Loan A	9.2	9.7
Modernization Express Loan B	5.4	5.8
Energy Program - Capital Lease	4.4	7.8
<b>Total</b>	<b>\$ 62.0</b>	<b>\$ 68.5</b>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of HUD.
- Operating subsidy for the Conventional Low Income Housing Program was funded at 94.7%. Future years' funding levels are expected to be approximately 88.7%. The Administrative fee funding for the Housing Choice Voucher Program was funded at 80.6% and levels are expected to decline to 79.0% in 2019.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance costs continue to rise.

**Contacting the Authority**

Questions concerning this report or requests for additional information should be directed to Tami Marinella, Chief Financial Officer, 8120 Kinsman Road, Cleveland, Ohio 44104.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 17,662,394
Cash - Restricted	9,644,355
Cash - Restricted for resident security deposits	1,508,550
Accounts Receivable Tenants - Net of Allowance for doubtful accounts of \$316,243	60,698
Accounts Receivable - HUD	1,935,134
Accounts Receivable - Other Governments	110,636
Accounts Receivable - Other - Net of Allowance for doubtful accounts of \$125,958	1,200,446
Inventories	180,247
Prepaid Expenses and Other Current Assets	2,333,964
<b>Total Current Assets</b>	<b><u>34,636,424</u></b>

**Non-Current Assets:**

<b><u>Capital Assets</u></b>	
Land	30,630,453
Buildings and improvements	692,623,104
Furniture, equipment and machinery - Dwellings	18,939,889
Furniture, equipment and machinery - Administration	8,785,018
Leasehold Improvements	392,296
Construction in Progress	4,079,451
Total Capital Assets	755,450,211
Less: Accumulated depreciation	(598,372,988)
Total Capital Assets, net of accumulated depreciation	<u>157,077,223</u>

Notes and Mortgages Receivable - Non-Current	90,245,011
Investment in Real Estate Partnerships	12,040,113
Other Assets	20,407,739
<b>Total Non-Current Assets</b>	<b><u>279,770,086</u></b>

<b>TOTAL ASSETS</b>	<b><u>314,406,510</u></b>
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**Deferred Outflow of Resources**

Pension	11,905,496
Post Employment Benefits	12,382,236
<b>Total Deferred Outflows of Resources</b>	<b><u>24,287,732</u></b>

<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b><u>\$ 338,694,242</u></b>
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*See accompanying Notes to Financial Statements*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

**LIABILITIES**

**Current Liabilities**

Accounts Payable - Vendors	\$ 5,235,690
Accounts Payable - HUD	223,957
Accrued wages/taxes payable	7,123,802
Accrued Interest Payable	861,178
Unearned Revenues	2,632,403
Accrued Expenses	9,828,001
Security and Other Deposits	1,388,314
Current Portion of Long-Term Debt	6,716,770
<b>Total Current Liabilities</b>	<b><u>34,010,115</u></b>

**Non-Current Liabilities**

Long-Term Debt - net of current portion	55,277,220
Accrued Compensated Absences	323,488
Workers' Compensation Liability	918,895
Accrued Pension Liability	44,422,787
Accrued Post Employment Benefit Liability	30,560,105
Other Non-Current Liabilities	982,958
<b>Total Non-Current Liabilities</b>	<b><u>132,485,453</u></b>

<b>TOTAL LIABILITIES</b>	<b><u>166,495,568</u></b>
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**Deferred Inflow of Resources**

Pension	10,106,243
Post Employment Benefit	2,276,527
<b>Total Deferred Inflows of Resources</b>	<b><u>12,382,770</u></b>

**NET POSITION**

Net Investment in Capital Assets	122,538,276
Restricted	8,973,643
Unrestricted	28,303,985
<b>TOTAL NET POSITION</b>	<b><u>159,815,904</u></b>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<b><u>\$ 338,694,242</u></b>
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*See accompanying Notes to Financial Statements*



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 2018**

**Assets**

Cash and Cash Equivalents	\$	5,820,171
Cash - Restricted		24,352,118
Accounts Receivable - HUD		608,062
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts		36,960
Accounts Receivable - Other		826,440
Prepaid Expense		408,805
Prepaid Ground Lease		29,603,814
Rental Property, Net of Accumulated Depreciation		162,553,403
Deferred Charges, Net of Accumulated Depreciation		1,271,602
<b>Total Assets</b>	<b>\$</b>	<b>225,481,375</b>

**Liabilities and Partners' Capital**

Accounts Payable - Vendors	\$	7,072,762
Accounts Payable - Related Party		1,172,863
Current Portion of Long-Term Debt		3,879,661
Accrued Interest Payable		8,213
Accrued Expenses		428,407
Tenant Security Deposits		217,430
Long-Term Debt, Net of Current Portion		143,044,047
Deferred Interest- Mortgages Payable		1,979,733
Developer Fee Payable		15,957,711
Other Noncurrent Liabilities		20,918
<b>Total Liabilities</b>		<b>173,781,745</b>

**Partners' Capital**

		51,699,630
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<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>225,481,375</b>
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*See accompanying Notes to Financial Statements*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2018**

**OPERATING REVENUES**

Dwelling Rent	\$ 16,250,485
HUD Operating Subsidies and Grants	182,388,331
Other Operating Grants	1,366,682
Other Revenues	10,425,019
<b>TOTAL OPERATING REVENUES</b>	<b><u>210,430,517</u></b>

**OPERATING EXPENSES**

Housing Assistance Payments	93,466,535
Depreciation	14,550,450
Administrative	29,081,427
Building Maintenance	21,044,620
Utilities	20,503,095
Tenant Services	3,018,814
General	10,305,679
Protective Services	7,450,133
Other	526,628
<b>TOTAL OPERATING EXPENSES</b>	<b><u>199,947,381</u></b>
Operating Income	<u>10,483,136</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	527,398
Interest Expense	(3,130,601)
Special Items Net Gain/(Loss)	152,273
Capital Grants	5,291,442
Total Nonoperating Revenues	<u>2,840,512</u>

**CHANGE IN NET POSITION**

	13,323,648
Net Position - Beginning of Year, as Restated	<u>146,492,256</u>

**TOTAL NET POSITION - END OF YEAR**

**\$ 159,815,904**

*See accompanying Notes to Financial Statements*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF OPERATIONS AND CHANGES IN PARTNERS' CAPITAL –  
DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 2018**

**OPERATING REVENUE**

Net Tenant Rental Revenue	\$ 2,055,968
Other Tenant Revenue	13,149
Other Government Grants	7,389,420
Other Revenue	50,650
<b>TOTAL OPERATING REVENUE</b>	<b><u>9,509,187</u></b>

**OPERATING EXPENSES**

General and Administrative	178,718
Payroll	1,276,151
Utilities	1,408,224
Insurance	463,711
Management Fees	625,901
Maintenance	1,357,117
Protective Services	459,212
Professional Fees	175,851
Miscellaneous Expense	71,075
<b>TOTAL OPERATING EXPENSES</b>	<b><u>6,015,960</u></b>

Operating Income	3,493,227
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**NONOPERATING INCOME (EXPENSES)**

Interest Income - unrestricted	19,148
Other Income	13,148
Ground Lease	(12,576)
Interest Expense-debt issuance costs	(296,184)
Interest Expense	(1,195,948)
Asset Management Fees	(24,650)
Depreciation and Amortization	(5,529,863)
Other Expenses	(129,709)
<b>TOTAL NONOPERATING EXPENSES</b>	<b><u>(7,156,634)</u></b>

<b>NET LOSS</b>	<b>(3,663,407)</b>
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Partners' Capital - Beginning Equity	44,793,938
Capital Contributions	10,589,099
Syndication Costs - Non-Controlling interest	(20,000)

<b>PARTNERS' CAPITAL - ENDING EQUITY</b>	<b><u>\$ 51,699,630</u></b>
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*See accompanying Notes to Financial Statements*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

HUD Operating Subsidies and Grants	\$ 186,881,253
Other Revenues	10,815,048
Cash Received from Tenant Rents	16,535,802
Cash Payments for Administrative and General	(26,409,385)
Cash Payments for Housing Operations and Tenant Services	(59,742,676)
Housing Assistance Payments	(93,466,535)
Net Cash Provided by Operating Activities	<u>34,613,507</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from Debt Issuance	9,073,527
HUD Capital Grants	5,291,442
Capital Asset Additions	(3,806,853)
Repayment of Debt and Capital Lease Obligations	(15,593,015)
Special Item	152,273
Interest on Debt and Capital Lease Obligations	(3,130,601)
Net Cash Used by Capital and Related Financing Activities	<u>(8,013,227)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Issuance of Notes Receivables	(23,264,151)
Interest Income	527,398
Net Cash Used by Investing Activities	<u>(22,736,753)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

3,863,527

Cash - Beginning of Year

24,951,772

**CASH - END OF YEAR**

\$ 28,815,299

**RECONCILIATION OF CASH, END OF YEAR  
TO AMOUNTS IN THE STATEMENT OF NET POSITION**

Cash and Cash Equivalents	\$ 17,662,394
Cash - Restricted	9,644,355
Cash - Restricted for Resident Security Deposits	1,508,550
Total Cash	<u><u>\$ 28,815,299</u></u>

*See accompanying Notes to Financial Statements*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 10,483,136
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	14,550,450
Provision for Bad Debts	507,681
Gain of disposal of assets	319,072
Effects of Changes in Operating Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Accounts Receivable - Tenants	(222,364)
Accounts receivable - HUD	820,356
Accounts Receivable - Other	70,957
Inventory	(23,069)
Prepaid Expenses	(7,702,945)
Deferred Outflows	12,981,949
Accounts Payable	(8,900,931)
Accounts Payable - HUD	29,357
Accrued Expenses	3,315,068
Security Deposit	(572)
Deferred Inflows	11,733,617
Workman's Compensation	(230,405)
Net Pension Liability	(27,599,537)
OPEB Liability	2,135,729
Other Liabilities	22,345,958
	<b>\$ 34,613,507</b>

*See accompanying Notes to Financial Statements*



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**COMBINING BALANCE SHEET-**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 2018**

	Riverside Park Homes, LP	Garden Valley Housing Partnership I, LP	Garden Valley Housing Partnership II, LP	Garden Valley Housing Partnership III, LP	Garden Valley Housing Partnership IV, LP	Euclid-Lee Senior, LP	Miles Pointe Elderly LP	Fairfax Inter- generational Housing LP	Bohn Tower Redevelopment LP	Carver Park Phase I, LP	Carver Park Phase II	TOTAL
<b>Assets</b>												
Cash and cash equivalents	\$ 87,533	\$ 150	\$ 199,620	\$ 103,083	\$ 256,683	\$ 313,521	\$ 74,133	\$ 104,330	\$ 496,898	\$ 3,987,891	\$ 196,329	\$ 5,820,171
Restricted Cash	863,899	1,280,383	722,088	682,974	625,332	130,549	76,563	333,628	747,617	1,244,589	17,644,496	24,352,118
Accounts Receivable - HUD	-	-	-	-	-	-	-	-	-	608,062	-	608,062
Accounts Receivable- Tenants, net	-	11,103	5,027	5,627	2,565	2,986	-	488	4,786	-	4,378	36,960
Accounts Receivable - Other	600,000	7,906	-	-	-	-	41	4	-	218,489	-	826,440
Prepaid Expense	34,129	39,896	10,446	3,542	6,935	71,943	50,573	63,270	54,359	72,956	756	408,805
Prepaid Ground lease	-	423,364	272,773	388,927	167,400	-	-	151,350	1,800,000	21,010,000	5,390,000	29,603,814
Rental Property, Net of Accumulated Depreciation	11,851,706	15,367,926	9,549,724	16,495,120	11,371,862	15,774,307	8,272,336	10,452,853	21,826,340	34,150,555	7,440,674	162,553,403
Deferred Charges, Net of Accumulated Amortization	29,448	84,248	81,871	57,972	226,374	64,541	55,849	47,668	253,416	370,215	-	1,271,602
<b>Total Assets</b>	<b>\$ 13,466,715</b>	<b>\$ 17,214,976</b>	<b>\$ 10,841,549</b>	<b>\$ 17,737,245</b>	<b>\$ 12,657,151</b>	<b>\$ 16,357,847</b>	<b>\$ 8,529,495</b>	<b>\$ 11,153,591</b>	<b>\$ 25,183,416</b>	<b>\$ 61,662,757</b>	<b>\$ 30,676,633</b>	<b>\$ 225,481,375</b>
<b>Liabilities and Partners' Capital</b>												
Accounts Payable - Vendors	\$ 209,713	\$ 75,939	\$ 104,864	\$ 23,881	\$ 64,542	\$ 139,148	\$ 399,358	\$ 19,106	\$ 334,623	\$ 1,787,204	\$ 3,914,384	\$ 7,072,762
Accounts Payable - Related Party	496,235	161,994	-	20,984	-	198,046	-	295,604	-	-	-	1,172,863
Current Portion of Long - Term Debt	-	-	-	-	402,741	-	-	27,508	112,897	2,112,515	1,224,000	3,879,661
Accrued Interest Payable	-	-	-	-	8,213	-	-	-	-	-	-	8,213
Accrued Expenses	41,709	47,818	-	36,760	28,863	39,135	15,674	19,326	62,199	90,153	46,770	428,407
Tenant Security Deposits	25,411	19,118	9,081	16,970	11,196	20,673	11,606	2,935	46,343	46,495	7,602	217,430
Long-Term Debt, Net of Current Portion	-	15,627,695	10,139,559	15,387,613	8,493,849	12,300,978	2,984,333	6,445,281	14,685,069	33,869,216	23,110,454	143,044,047
Deferred Interest - Mortgages Payable	-	259,223	-	525,042	351,026	81,025	37,126	78,688	647,603	-	-	1,979,733
Developer Fee Payable	-	854,340	-	708,077	275,818	984,989	80,100	884,858	2,578,419	8,782,212	808,898	15,957,711
Other Noncurrent Liabilities	-	-	-	-	-	-	-	-	20,918	-	-	20,918
<b>Total Liabilities</b>	<b>\$ 773,068</b>	<b>\$ 17,046,127</b>	<b>\$ 10,253,504</b>	<b>\$ 16,719,327</b>	<b>\$ 9,636,248</b>	<b>\$ 13,763,994</b>	<b>\$ 3,528,197</b>	<b>\$ 7,773,306</b>	<b>\$ 18,488,071</b>	<b>\$ 46,687,795</b>	<b>\$ 29,112,108</b>	<b>\$ 173,781,745</b>
<b>Partners' Capital</b>	<b>\$ 12,693,647</b>	<b>\$ 168,849</b>	<b>\$ 588,045</b>	<b>\$ 1,017,918</b>	<b>\$ 3,020,903</b>	<b>\$ 2,593,853</b>	<b>\$ 5,001,298</b>	<b>\$ 3,380,285</b>	<b>\$ 6,695,345</b>	<b>\$ 14,974,962</b>	<b>\$ 1,564,525</b>	<b>\$ 51,699,630</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,466,715</b>	<b>\$ 17,214,976</b>	<b>\$ 10,841,549</b>	<b>\$ 17,737,245</b>	<b>\$ 12,657,151</b>	<b>\$ 16,357,847</b>	<b>\$ 8,529,495</b>	<b>\$ 11,153,591</b>	<b>\$ 25,183,416</b>	<b>\$ 61,662,757</b>	<b>\$ 30,676,633</b>	<b>\$ 225,481,375</b>

See accompanying Notes to Financial Statements

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION-**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED DECEMBER 31, 2018**

	Riverside Park Homes, LP	Garden Valley Housing Partnership I, LP	Garden Valley Housing Partnership II, LP	Garden Valley Housing Partnership III, LP	Garden Valley Housing Partnership IV, LP	Euclid-Lee Senior, LP	Miles Pointe Elderly LP	Fairfax Inter- generational Housing LP	Bohn Tower Redevelopment LP	Carver Park Phase I, LP	Carver Park Phase II, LP	TOTAL
<b>Operating Revenue</b>												
Net Tenant Rental Revenue	\$ 193,693	\$ 86,013	\$ 100,670	\$ 93,593	\$ 48,379	\$ 174,709	\$ 87,471	\$ 445,493	\$ 708,273	\$ 91,129	\$ 26,545	\$ 2,055,968
Other Tenant Revenue	-	10,999	-	1,429	-	-	-	721	-	-	-	13,149
Other Government Grants	436,561	540,835	296,610	452,191	507,085	334,490	182,903	-	1,872,735	2,629,121	136,889	7,389,420
Other Revenue	586	-	1,885	-	-	1,774	701	-	30,707	13,306	1,691	50,650
<b>Total Operating Revenue</b>	<b>630,840</b>	<b>637,847</b>	<b>399,165</b>	<b>547,213</b>	<b>555,464</b>	<b>510,973</b>	<b>271,075</b>	<b>446,214</b>	<b>2,611,715</b>	<b>2,733,556</b>	<b>165,125</b>	<b>9,509,187</b>
<b>Operating Expenses</b>												
General and Administrative	12,246	14,694	13,500	11,483	1,873	12,410	5,263	5,216	49,035	43,266	9,732	178,718
Payroll	117,673	134,496	97,609	127,252	38,723	121,261	64,040	64,402	278,927	220,399	11,369	1,276,151
Utilities	86,135	141,112	70,414	88,057	23,754	93,583	56,305	50,729	572,354	225,781	-	1,408,224
Insurance	36,156	41,782	34,044	34,804	76,459	17,951	20,652	24,191	107,083	70,441	148	463,711
Management Fees	38,641	39,784	24,583	34,491	36,027	30,665	21,797	33,496	155,422	178,249	32,746	625,901
Maintenance	150,316	232,728	133,862	156,397	117,927	137,690	41,900	49,406	269,532	29,791	37,568	1,357,117
Protective Services	38,219	34,617	21,847	30,561	-	49,416	15,784	14,209	119,117	121,876	13,566	459,212
Professional Fees	14,267	15,073	16,413	12,776	27,601	15,024	13,655	13,362	27,376	16,833	3,471	175,851
Miscellaneous Expense	1,506	6,894	2,213	2,788	8,249	18,415	717	20,043	-	10,250	-	71,075
<b>Total Operating Expenses</b>	<b>495,159</b>	<b>661,180</b>	<b>414,485</b>	<b>498,609</b>	<b>330,613</b>	<b>496,415</b>	<b>240,113</b>	<b>275,054</b>	<b>1,578,846</b>	<b>916,886</b>	<b>108,600</b>	<b>6,015,960</b>
Operating Income (Loss)	135,681	(23,333)	(15,320)	48,604	224,851	14,558	30,962	171,160	1,032,869	1,816,670	56,525	3,493,227
<b>Other Income (Expenses)</b>												
Interest Income - Unrestricted	167	2,131	1,170	1,183	888	956	297	3,577	887	7,892	-	19,148
Other Income	-	-	-	-	13,099	-	-	49	-	-	-	13,148
Ground Lease	-	(4,930)	(3,161)	(4,485)	-	-	-	-	-	-	-	(12,576)
Interest Expense - Debt Issuance Costs	-	(3,012)	(1,648)	(3,866)	(4,325)	-	(1,500)	(4,397)	(9,012)	(134,212)	(134,212)	(296,184)
Depreciation and Amortization	(1,793)	(32,526)	-	(74,766)	(172,172)	(12,301)	(7,500)	(51,132)	(682,885)	(295,085)	134,212	(1,195,948)
Asset Management Fees	(4,333)	(4,333)	-	-	(5,328)	(5,328)	(5,328)	(5,328)	-	-	-	(24,650)
Depreciation and Amortization	(496,363)	(638,809)	(576,020)	(714,781)	(349,830)	(543,403)	(284,491)	(394,395)	(624,969)	(906,802)	-	(5,529,863)
Other Expenses	(17,853)	(13,354)	(11,200)	(7,405)	(26,989)	(7,171)	(5,648)	(6,453)	(25,222)	(8,414)	-	(129,709)
<b>Total Nonoperating Expenses</b>	<b>(520,175)</b>	<b>(694,833)</b>	<b>(590,859)</b>	<b>(804,120)</b>	<b>(539,329)</b>	<b>(567,247)</b>	<b>(304,170)</b>	<b>(458,079)</b>	<b>(1,341,201)</b>	<b>(1,336,621)</b>	<b>-</b>	<b>(7,156,634)</b>
<b>Net Income (Loss)</b>	<b>(384,494)</b>	<b>(718,166)</b>	<b>(606,179)</b>	<b>(755,516)</b>	<b>(314,478)</b>	<b>(552,689)</b>	<b>(273,208)</b>	<b>(286,919)</b>	<b>(308,332)</b>	<b>480,049</b>	<b>56,525</b>	<b>(3,663,407)</b>
Partners' Capital - Beginning Equity	13,078,141	887,015	1,194,224	1,773,434	2,876,230	3,146,542	5,274,506	3,224,775	6,778,134	6,560,937	-	44,793,938
Capital Contributions	-	-	-	-	459,151	-	-	442,429	225,543	7,953,976	1,508,000	10,589,099
Syndication Costs - Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Partners' Capital - Ending Equity	<b>\$ 12,693,647</b>	<b>\$ 168,849</b>	<b>\$ 588,045</b>	<b>\$ 1,017,918</b>	<b>\$ 3,020,903</b>	<b>\$ 2,593,853</b>	<b>\$ 5,001,298</b>	<b>\$ 3,380,285</b>	<b>\$ 6,695,345</b>	<b>\$ 14,974,962</b>	<b>\$ 1,564,525</b>	<b>\$ 51,699,630</b>

See accompanying Notes to Financial Statements

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF THE ENTITY**

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

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

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

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

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

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

Market Rate Property-Woody Woods: Properties that are rented by people who pay the market rent to lease the property. The Woody Woods property currently serves residents of Cuyahoga County.

Rental Assistance Demonstration Program: This initiative allows the Authority to convert public housing properties to project based rental assistance in order to attract debt and equity to make capital improvements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)**

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

Jobs Plus Pilot Program: Addresses poverty among public housing residents of Outhwaite Homes and Carver Park by incentivizing and enabling employment through earned income credits for working families, and a set of services designed to support work including employer linkages, job placement and counseling, educational advancement, and financial counseling.

Other Grants

The Authority received state and local funding under the 21<sup>st</sup> Century Grant, the Neighborhood System of Care, and private donations. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

Component Units

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure and determining whether the Authority itself is a component unit, the Authority applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39, 61 and 80. Through the application of these GASB criteria, management of the Authority determined that the following entities should be blended or discretely presented.

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

Blended Component Units

The Authority has one blended component unit consisting of Western Reserve Revitalization and Management Company, Inc. (WRRMC). The statements of WRRMC include the financial activity of Ambleside Redevelopment, LLC, Severance Redevelopment, LLC, and Quarrytown Redevelopment, LLC, which are all wholly owned subsidiaries of WRRMC.

Western Reserve Revitalization and Management Company, Inc. (WRRMC) - The Authority established Western Reserve Revitalization and Management Company, Inc., a 501(c)(3) corporation, as a wholly owned subsidiary. Accordingly, WRRMC is reported as a blended component unit of the Authority. WRRMC was established for public, charitable, and educational purposes to revitalize neighborhoods in Cuyahoga County; 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.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)**

**Component Units (Continued)**

WRRMC has separate audited financial statements, which may be obtained from the Chief Financial Officer, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2757.

**Discretely Presented Component Units**

The Authority has 11 discretely presented component units consisting of: Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly, L.P., Fairfax Intergenerational Housing L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P., and Carver Park Phase II, L.P.

The Authority has a controlling minority interest in these real estate limited partnerships as of December 31, 2018. The majority interests are held by third parties unrelated to the Authority. CMHA, or a CMHA affiliate, operates as either General Partner, Special General Partner, Class B Limited Partner or Limited Partner in the limited partnerships. As such, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. The subsidiary of the Authority, Western Reserve Revitalization and Management Company, Inc. (WRRMC) is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Additionally, in some cases, WRRMC is legally obligated to fund operating deficits. The Authority also has outstanding loans and net advances to the limited partnerships at December 31, 2018. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and therefore, are shown as discretely presented component units.

**Riverside Park Homes, L.P.** – The Partnership controls a property consisting of 90 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”). The Partnership is 99.9% owned by the investor-limited partners, and 0.10% owned by Riverside Park Homes, Inc., the General Partner. Riverside Park Homes, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Garden Valley Housing Partnership I, L.P.** - The Partnership controls a property consisting of 81 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”). The Partnership is 99.9% owned by investor limited partners, 0.037% owned by the Administrative General Partner, 0.038% owned by the Managing General Partner and 0.025% owned by Garden Valley Redevelopment LLC, the Special General Partner. Garden Valley Redevelopment LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Garden Valley Housing Partnership II, L.P.** - The Partnership controls a property consisting of 57 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”).

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)**

**Component Units (Continued)**

The Partnership is 0.0095% owned by the Managing General Partner, 0.0095% owned by the Administrative General Partner, 99.98% owned by the Limited Partner and 0.001% by Garden Valley Redevelopment, LLC, the Class B Limited Partner. Garden Valley Redevelopment LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Garden Valley Housing Partnership III, L.P.** - The Partnership controls a property consisting of 69 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners, 0.04845% by the Managing General Partner, 0.04655% by the Administrative General Partner and 0.005% owned by Garden Valley Redevelopment LLC, the Special Limited Partner. Garden Valley Redevelopment LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Garden Valley Housing Partnership IV, L.P.** - The Partnership controls a property consisting of 60 units of affordable housing financed with an FHA insured loan and operated with the assistance of a Section 8 project-based HAP Contract under the Rental Assistance Demonstration Program. The units will be operated as qualified Low Income Housing Tax Credit units under Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 0.003825% owned by the Managing General Partner, 0.003675% owned by the Co-General Partner, 99.99% owned by the Limited Partner and 0.0025% by Garden Valley Redevelopment, LLC, the Special Limited Partner. Garden Valley Redevelopment LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Euclid-Lee Senior, L.P.** - The Partnership controls a property consisting of 79 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor limited partners and 0.10% owned by Cleveland East LLC, the General Partner. Cleveland East LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Miles Pointe Elderly, L.P.** - The Partnership controls a property consisting of 43 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the investor-limited partners and 0.10% owned by Miles Pointe GP, LLC, the General Partner. Miles Pointe GP, LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Fairfax Intergenerational Housing, L.P.** - The Partnership controls a property consisting of 40 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.9% owned by the limited partner and 0.1% owned by WRRMC Intergenerational Housing, Inc., the General Partner. WRRMC Intergenerational Housing, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)**

**Component Units (Continued)**

**Bohn Tower Redevelopment, L.P.** - The Partnership controls a property consisting of 267 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42").

The Partnership is 99.99% owned by the limited partners and 0.01% owned by Bohn Tower GP, Inc., the General Partner. Bohn Tower GP, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Carver Park Phase I, L.P.** – The Partnership controls a property consisting of 279 units. The Partnership became a RAD property on October 1, 2017 that received 4% Low-Income Housing Tax Credits (LIHTC) and received 221(d)4 FHA financing. The Partnership is 99.90% owned by the limited partners and 0.10% owned by Carver Park Phase I GP, the General Partner. Carver Park Phase I GP, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**Carver Park Phase II, L.P.** – The Partnership controls a property consisting of 74 units. The Partnership became a RAD property on October 1, 2017 that received 4% Low-Income Housing Tax Credits (LIHTC) and is projected to receive 221(d)4 FHA financing. The Partnership is 99.99% owned by the limited partners and 0.01% owned by Carver Park Phase II GP, the General Partner. Carver Park Phase II GP, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

**West Side Riverview, L.P.** – The Partnership controls a project of renovations, demolition and new construction of townhomes and apartments consisting of 70 units. The West Side Riverview, L.P. project received 4% Low-Income Housing Tax Credits (LIHTC) and is projected to receive 221(d)4 FHA financing and has been approved as a Rental Assistance Demonstration (RAD) project. The Partnership is 99.99% owned by WRRMC and 0.01% owned by Mid-West Cluster GP, the General Partner. Mid-West Cluster GP, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements. This project was withdrawn from RAD in April 2018 and the LP was terminated.

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

*Joint Venture* — The Authority is a member of the Housing Authority Risk Retention Group ("HARRG") and the Housing Authority Property Insurance, a Mutual Company ("HAPI"). HARRG and HAPI are nonprofit, tax-exempt mutual insurance companies that are wholly owned by their public housing authority members. HARRG operates under the Federal Liability Risk Retention Act. It provides liability insurance coverage solely to public housing authorities and public housing and redevelopment agencies throughout the United States. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. HARRG's approximately 839 members elect the Board of Directors. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10% of the total votes available.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)**

**Component Units (Continued)**

Due to the lack of significant oversight responsibility and accountability of the Authority's Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority's reporting entity. HARRG and HAPI issue stand-alone financial reports that include financial statements and required supplementary information.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America, as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's component units report under Financial Accounting Standards Board (FASB) guidance. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. Other than the reclassification of certain items, no modifications have been made to the component units' financial information in the Authority's financial reporting entity for these differences.

The Authority maintains its accounts substantially in accordance with the chart of accounts prescribed by HUD and is organized utilizing the fund accounting model. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Each of the Authority's programs is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. All of the Authority's programs are accounted for as a single enterprise fund. An enterprise fund accounts for those operations financed and operated in a manner similar to a private business or where the Authority has decided that determination of revenue earned, costs incurred and net revenue over expense is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Proprietary funds are accounted for using the "economic resources measurement focus" and the accrual basis of accounting. Accordingly, all assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenue) and decreases (expense) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grants and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements. The unexpended portions of grants held by HUD for the Authority remain available for the Authority's use, subject to the terms of the grant agreements and other agreements with HUD. The unexpended portions of the grants held by HUD are not reflected in the Authority's financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. Cash and cash equivalents are stated at fair value.

**Restricted Cash**

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, insurance escrows, and repairs or improvements to the building, which extend their useful lives.

**Investments**

Investments of the Authority consist of those permitted by the investment policy and include certificates of deposit, money market funds, and U.S. Treasury Bonds. Investments are reported at fair value. Fair value is based upon quoted market prices.

**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.

**Inter-Program Receivables and Payables**

Inter-program receivables and payables are current and are the result of the use of a central fund as the common paymaster for centralized costs of the Authority. Cash settlements are made periodically. All inter-program balances net to zero and, therefore, are eliminated for financial statement presentation purposes.

**Capital Assets**

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

Property	15-40 years
Equipment	3-7 years

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets**

The Authority accounts for impairments in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No impairment losses were recorded during the year ended December 31, 2018.

**Accounts Receivable**

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

**Mortgage Notes Receivable**

The Authority has advanced loans to third-party developers in conjunction with various mixed finance projects. All principal and interest are due at maturity or based upon cash flow, and due to the uncertainty created by the extended period of time to repayment, interest income is recognized when cash payments are received. The Authority reviews Mortgage Notes Receivable for collectability whenever events or circumstances indicate that the carrying value of the receivable may not be recoverable. See Note 6 for further information on Mortgage Notes Receivable.

**Developer Fees Receivable**

Developer fees receivable are stated at the amount management expects to collect on balances outstanding at year end. Developer fees are due based upon terms of the related agreements. Management evaluates collectability based upon several factors, including historical collection experience and review and assessment of the financial condition of the debtor. At December 31, 2018, all amounts were deemed 100% collectible.

**Inventory**

Inventory is valued using a weighted average costing method.

**Debt Obligations**

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

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

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

**Debt Amortization Funds**

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

**Revenue Recognition**

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

**Indirect Costs**

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

**Use of Estimates**

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

**Pensions**

For purposes of measuring 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 plan and additions to/deductions from its 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.

**Other Post-Employment Benefits (OPEB)**

In addition to providing pension benefits and as more fully described in Note 15, the Authority provides health insurance coverage for current and future retirees and their spouses.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Accounting and Control**

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

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

**Deferred Outflows and Inflows 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) until then. For the Authority, deferred outflows of resources are reported for pensions and post employment benefits.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow until that time. For the Authority, deferred inflows of resources are reported for pensions and post employment benefits.

**Net Position**

Net position is the residual of assets and deferred outflows less liabilities and deferred inflows and is displayed in three components as follows:

Net investment in capital assets – this component of net position consists of all capital assets, reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – this component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, laws, regulations, etc.

Unrestricted net position – this component of net position consists of resources that do not meet the definition of net investment in capital assets or restricted net position.

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements**

For the year ending December 31, 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*. GASB 75 established standards for measuring and recognizing OPEB liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The cumulative effect of the accounting change in connection with the implementation of GASB 75 was a decrease in net position of \$18,684,770 as of January 1, 2018.

Net Position, As Previously Reported	\$ 165,177,026
Adjustments:	
Net OPEB Liability	(28,424,375)
Deferred Outflow - Payments to Measurement Date	9,739,605
	\$ 146,492,256

**NOTE 3 DEPOSITS AND INVESTMENTS - PRIMARY GOVERNMENT**

**Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority has a deposit policy that addresses custodial credit risk. At December 31, 2018, the carrying amount of the Authority’s deposits was \$28,815,299 and the total balance of bank accounts held by the Authority was \$31,157,827. Of the bank balances held in various financial institutions, certain amounts were covered by federal depository insurance and the remainder was covered under the Ohio pooled collateral system. As of December 31, 2018, \$1,584,981 was not collateralized for various financial institutions and was related to bank accounts for the blended component units.

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

**Investments**

The investment policy of the Authority’s monies is governed by the provisions of the Ohio Revised Code and regulations established by the U.S. Department of Housing and Urban Development. The Authority is permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, state and local government investment pools, direct obligations of the federal government, obligations of federal government agencies, and securities of federal government agencies.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DEPOSITS AND INVESTMENTS – PRIMARY GOVERNMENT (CONTINUED)**

These investments must mature within three years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding 30 days.

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

Investments held by the Authority at December 31, 2018 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investments’ credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature within one year.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority staggers maturity dates of investments to avoid losses from rising interest rates and the investment policy generally limits the maturities of investments to not more than three years to reduce the risk of impact on the fair value of investments.

As of December 31, 2018, the value and maturities for these assets were as follows:

Assets	Value	Maturities (in Years) Less Than 1
<b>Cash and Cash Equivalents</b>		
Cash and Cash Equivalents	\$ 18,956,979	\$ 18,956,979
CD's	2,166,477	2,166,477
<b>Investment type:</b>		
Money Market Funds	6,808,053	6,808,053
U.S. Govt and Agency Obligations	883,790	883,790
Total	<u>\$ 28,815,299</u>	<u>\$ 28,815,299</u>

**Credit Risk**

The Authority’s investment policy limits investments to those backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government, a Government agency or issued by a Government-sponsored agency, coupled with an appropriate maturity date.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 DEPOSITS AND INVESTMENTS – PRIMARY GOVERNMENT (CONTINUED)**

**Concentration of Credit Risk**

The Authority does not allow more than 50% of its investment portfolio to be invested in a single security type or with a single financial institution or broker/dealer.

<b>Description</b>	<b>Total Fair Value/ Carrying Value</b>	<b>Credit Quality Rating</b>
FDIC Certificates of Deposit	\$ 2,166,477	FDIC
Money Market Funds	6,808,053	AAA
U.S. Treasury Bonds	883,790	AAA
<b>Total Primary Government Investments</b>	<b>\$ 9,858,320</b>	

- Rating offered by Standard & Poor's

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2018 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	\$ 17,662,394
Cash - Restricted	11,152,905
<b>Total</b>	<b>\$ 28,815,299</b>
Carrying Amount of Deposits	\$ 18,956,979
Carrying Amount of Investments	9,858,320
<b>Total</b>	<b>\$ 28,815,299</b>

**Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2018, The Authority had investments in certificates of deposit, money market funds and U.S. Treasury Bonds. Certificates of deposit and money market funds are recorded at amortized cost and are therefore not included within the fair value hierarchy established by generally accepted accounting principles. The U.S. Treasury Bonds were \$883,790 and are valued using quoted market prices (Level 1).

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 RESTRICTED CASH AND INVESTMENTS - PRIMARY GOVERNMENT**

At December 31, 2018, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

<u>Conventional Program:</u>	
Tenant Security Deposits	\$ 1,377,565
Industrial Commission of Ohio Escrow Fund	1,948,771
FSS Escrow Deposits	83,290
<u>Housing Choice Voucher Restricted HAP:</u>	
Restricted HAP	129,695
FSS Escrow Deposits	450,037
<u>Ohio Bond Financing:</u>	
Debt Service Reserve	624,902
<u>Capital Fund Revenue Loan A:</u>	
Net Proceeds	10,807
Debt Service Reserve	1,182,190
<u>Capital Fund Revenue Loan B:</u>	
Debt Service Reserve	704,456
<u>Business Activity:</u>	
Local Advisory Council	300,202
<u>State and Local:</u>	
Police Grant Fund	8,563
<u>Western Reserve Revitalization and Management Company, Inc.:</u>	
Pledge Reserve	504,038
Pledge ACC Reserve	180,330
Pledge Operating Reserve	400,505
Euclid-Lee Pledged Lease-Up Reserve	79,221
Riverside Homes Operating Reserve	389,727
Carver Park I Pledged Reserve	336,067
<u>Ambleside Redevelopment, LLC:</u>	
Tenant Security Deposits	39,381
Replacement Escrow	866,279
Insurance Escrow	46,860
MIP Escrow	15,002
<u>Severance Redevelopment, LLC:</u>	
Tenant Security Deposits	41,688
Replacement Escrow	629,297
Insurance Escrow	6,163
MIP Escrow	9,085
<u>Quarrytown Redevelopment, LLC:</u>	
Tenant Security Deposits	42,710
Replacement Escrow	727,382
Insurance Escrow	5,297
MIP Escrow	6,189
<u>Woody Woods:</u>	
Tenant Security Deposits	7,206
<b>Total</b>	<b>\$ 11,152,905</b>



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 5 CAPITAL ASSETS**

PRIMARY GOVERNMENT	January 1, 2018	Additions	Reclass	Deletions	December 31, 2018
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 30,630,452	\$ 1	\$ -	\$ -	\$ 30,630,453
Construction in Progress	1,893,871	2,440,607	(4,527)	(250,500)	4,079,451
<b>Total Capital Assets Not Being Depreciated</b>	<u>32,524,323</u>	<u>2,440,608</u>	<u>(4,527)</u>	<u>(250,500)</u>	<u>34,709,904</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	699,455,615	821,892	(335,873)	(7,318,530)	692,623,104
Equipment-Dwelling	20,029,255	519,026	393,410	(2,001,802)	18,939,889
Equipment-Administration	9,058,480	25,327	(53,319)	(245,470)	8,785,018
Leasehold Improvements	392,296	-	-	-	392,296
<b>Total Capital Assets Being Depreciated</b>	<u>728,935,646</u>	<u>1,366,245</u>	<u>4,218</u>	<u>(9,565,802)</u>	<u>720,740,307</u>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(562,203,553)	(14,056,458)	-	7,247,031	(569,012,980)
Equipment-Dwelling	(30,908,794)	(451,169)	-	2,001,802	(29,358,161)
Equipment-Administration	(207,730)	(42,823)	-	248,707	(1,846)
<b>Total Accumulated Depreciation</b>	<u>(593,320,077)</u>	<u>(14,550,450)</u>	<u>-</u>	<u>9,497,540</u>	<u>(598,372,988)</u>
Depreciable Assets, Net	135,615,569	(13,184,205)	4,218	(68,262)	122,367,319
<b>Total Capital Assets—Net</b>	<u>168,139,892</u>	<u>(10,743,597)</u>	<u>(309)</u>	<u>(318,762)</u>	<u>157,077,223</u>
<b>DISCRETE COMPONENTS</b>	<b>January 1, 2018</b>	<b>Additions</b>	<b>Reclass</b>	<b>Deletions</b>	<b>December 31, 2018</b>
<b>Capital Assets Not Being Depreciated:</b>					
Construction in Progress	\$ 13,708,313	\$ 7,939,959	\$ (13,939,969)	\$ (147,726)	\$ 7,560,577
<b>Total Capital Assets Not Being Depreciated</b>	<u>13,708,313</u>	<u>7,939,959</u>	<u>(13,939,969)</u>	<u>(147,726)</u>	<u>7,560,577</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	142,076,889	10,877,264	13,939,969	-	166,894,122
Equipment-Dwelling	2,308,397	153,476	309	(17,915)	2,444,268
Leasehold Improvements	16,133,450	241,015	-	-	16,374,465
<b>Total Capital Assets Being Depreciated</b>	<u>160,518,736</u>	<u>11,271,755</u>	<u>13,940,278</u>	<u>(17,915)</u>	<u>185,712,855</u>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(23,751,384)	(5,404,918)	-	-	(29,156,302)
Equipment-Dwelling	(1,463,472)	(118,170)	-	17,915	(1,563,727)
<b>Total Accumulated Depreciation</b>	<u>(25,214,856)</u>	<u>(5,523,088)</u>	<u>-</u>	<u>17,915</u>	<u>(30,720,029)</u>
Depreciable Assets, Net	135,303,880	5,748,667	13,940,278	-	154,992,826
<b>Total Capital Assets—Net</b>	<u>\$ 149,012,193</u>	<u>\$ 13,688,626</u>	<u>\$ 309</u>	<u>\$ (147,726)</u>	<u>\$ 162,553,403</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 6 NOTES AND MORTGAGES RECEIVABLE - PRIMARY GOVERNMENT**

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

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

*Allowances* - At December 31, 2018, Notes and Mortgages Receivable total \$100.8 million (before eliminations) and related accrued interest totals \$3.1 million. The balance includes amounts for construction loans. An allowance for uncollectible amounts of \$27.2 million has been credited against these receivables at December 31, 2018. All notes and mortgages are collateralized by the respective properties. These loans are due at maturity ranging from 40 to 50 years. Allowances have been established for funds loaned from WRRMC to Cleveland Housing Network, Inc. and for some funds loaned from the Authority to other Partnerships, as these loans may be satisfied by transfer of property to the Authority.

*Interest Income* - Interest is due at the maturity date of these loans. Due to the length of time preceding the required payment of interest, interest earned on the notes and mortgage receivables has been deferred and not recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

Notes and mortgages receivable at December 31, 2018 consisted of the following:

Loaned To	Loaned From	Origination Date	Maturity Date	Original Balance	Interest Rate	12/31/18 Balance
Building Lease between Western Reserve and COCC	COCC	9/18/09	8/31/39	\$ 14,368,802	0.000%	\$ 10,511,690
Miscellaneous Receivable	COCC	various	various	various	various	5,785
Bohn Tower Redevelopment, LP	Business Activity	2/1/15	2/1/57	2,543,000	7.000%	2,543,000
Cedar I (RAD)	Various	11/24/15	11/24/65	8,512,041	1.000%	7,494,877
Cedar II (RAD)	Various	2/4/16	2/4/56	4,633,943	2.250%	4,633,943
Cedar II (RAD) - Infrastructure	Business Activity	1/29/16	1/29/56	1,481,855	0.000%	1,481,855
Cedar I (RAD)	Public Housing	11/24/15	11/24/65	8,512,041	1.000%	478,885
Cedar I (RAD)	Public Housing	11/24/15	11/24/65	8,512,041	1.000%	538,279
Carver Park II (RAD)	Public Housing	5/1/18	5/1/63	1,157,551	1.000%	1,157,551
Garden Valley Housing Partnership IV, LP	Business Activity	12/21/15	12/21/55	3,870,234	2.750%	3,870,234
Repayment Agreements	Public Housing	various	various	various	various	102,950
Valleyview I (Tremont Point)	Public Housing	12/22/06	12/31/52	7,273,213	0.250%	7,273,213
Valleyview I (Tremont Point)	Public Housing	12/22/06	12/21/46	500,000	4.900%	500,000
Valleyview II (Tremont Point II)	Public Housing	9/17/08	12/31/60	3,350,273	1.750%	3,350,276
Valleyview II (Tremont Point II)	Public Housing	9/7/08	12/31/16	1,500,000	1.750%	1,500,000
Garden Valley Housing Partnership I, LP	Public Housing	11/18/09	4/1/62	11,700,000	0.200%	11,700,000
Garden Valley Housing Partnership I, LP	Public Housing	11/18/09	4/1/62	1,750,593	0.200%	1,750,592
Garden Valley Housing Partnership II, LP	Public Housing	3/17/10	12/31/60	10,209,408	0.000%	10,209,408
Garden Valley Housing Partnership III, LP	Public Housing	9/16/10	1/16/62	14,953,185	0.500%	14,953,185
Euclid Lee Senior, LP	Public Housing	11/4/11	11/5/56	6,059,163	0.100%	5,962,955
Euclid Lee Senior, LP	Public Housing	11/4/11	11/5/56	6,338,023	0.100%	6,338,023
Miles Pointe Elderly, LP	Public Housing	8/16/12	8/16/57	300,000	0.250%	3,000,000
Fairfax International Housing, LP	Multifamily Property Disposition	10/22/12	10/22/62	1,400,000	0.250%	1,400,000
Total Notes Receivables						100,756,701
Elimination of Building Lease						(10,511,690)
Net Loans Receivable - Non current						<u>\$ 90,245,011</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 6 NOTES AND MORTGAGES RECEIVABLE - PRIMARY GOVERNMENT (CONTINUED)**

WRRMC loaned funds to various Partnerships. As of December 31, 2018, the notes receivable terms are summarized as follows:

Partnership Name	Original Date of Loan	*Maturity Date	Original Balance of Loan	**Balance at 12/31/2018	Interest Rate
Cleveland New Construction, LP III	12/31/2003	12/31/2019	\$ 1,343,000	\$ 1,529,405	0.25%
Cleveland New Construction, LP IV	9/4/2007	12/31/2038	1,400,000	1,840,542	2.50%
East Cleveland Homes, LP	3/11/2004	3/11/2024	1,480,000	2,774,028	4.68%
Hough Homes, LP	12/1/2005	12/31/2037	2,327,273	4,140,127	5.25%
Hough Homes II, LP	12/9/2004	12/31/2036	1,492,475	2,611,819	4.68%
Stockyard Homes, LP	12/20/2006	12/31/2038	1,497,636	<u>1,679,220</u>	1.00%

Total notes receivable, including deferred interest	14,575,141
Allowance for notes receivable, including deferred interest	<u>(14,575,141)</u>
Notes receivable, net	<u>\$ -</u>

No principal and interest payments are received on the notes receivable until each note's maturity date. The notes are secured by a mortgage on each respective Partnership. During 2016, the notes receivable were placed on nonaccrual status. For the years ended December 31, 2018 and 2017, interest income of \$0 for both years, was earned.

CMHA loaned funds to various partnerships. As of December 31, 2018, the notes receivable terms are summarized as follows:

Partnership Name	Original Date of Loan	*Maturity Date	Original Balance of Loan	**Balance at 12/31/2018	Interest Rate
East Side Neighborhood Homes LP	11/15/2004	11/15/2050	8,450,000	8,753,421	0.25%
OCDS LP	9/16/2004	9/16/2049	2,040,000	4,115,043	5.03%
OCDS LP	9/16/2004	9/16/2049	261,480	270,980	0.25%
Gordon Square LP	12/22/2005	3/31/2047	1,670,000	3,072,161	4.79%
Gordon Square LP	12/22/2005	3/31/2047	800,000	<u>826,450</u>	0.25%

Total notes receivable, including deferred interest	17,038,055
Allowance for notes receivable, including deferred interest	<u>(17,038,055)</u>
Notes receivable, net	<u>\$ -</u>

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

\*\* Balance includes accrued interest

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 7 DEVELOPER FEES RECEIVABLE - PRIMARY GOVERNMENT**

In connection with the development of various mixed finance projects, the Authority has development fees receivable from the discretely presented component units totaling \$14.5 million. These receivables are payable based upon the respective partnership agreements and are due to WRRMC.

**NOTE 8 INVESTMENT IN REAL ESTATE PARTNERSHIPS - PRIMARY GOVERNMENT**

The Authority's blended component unit, Western Reserve Revitalization and Management Company, Inc., includes investments in real estate partnerships as follows:

Riverside Park Homes, LP	\$	10,752,289
Fairfax Intergenerational, LP		658,237
Garden Valley Housing Partnership II, LP		404,044
Bohn Tower Redevelopment, L.P.		225,543
Total Investment in Real Estate Partnerships	<u>\$</u>	<u>12,040,113</u>

**NOTE 9 ACCRUED EXPENSES - PRIMARY GOVERNMENT**

Current accrued expenses at December 31, 2018 consist of the following items:

Payroll and Related Accruals	\$	3,885,448
Accrued Compensated Absences		3,238,354
Unearned Revenue		2,632,403
Worker's Compensation - Current Portion		500,000
Other Litigation Reserves		661,000
Interest Payable		861,178
Accrued Utilities		451,422
Contract Retentions		1,027,062
Insurance		299,762
Professional Service Fees		1,237,992
Construction Premiums		3,542,558
Other		2,108,205
Total	<u>\$</u>	<u>20,445,384</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS - PRIMARY GOVERNMENT**

**Debt Summary**

A summary of the Authority's long-term debt and capital lease in 2018 follows:

	Primary Government				
	January 1, 2018	Increase	Decrease	December 31, 2018	Due Within One Year
Ambleside - Mortgage Note	\$ 6,177,316	\$ 8,072	\$ (93,954)	\$ 6,091,434	\$ 98,270
Severance - Mortgage Note	5,517,120	7,411	(82,369)	5,442,162	86,195
Quarrytown - Mortgage Note	3,735,740	5,757	(56,109)	3,685,388	58,716
Western Reserve	510,000	-	-	510,000	510,000
General Revenue Bonds	1,120,000	-	(550,000)	570,000	570,000
Refunding Revenue Bond Series 2016	5,705,000	-	(130,000)	5,575,000	130,000
Unamortized Discount - Bond	(12,144)	7,287	-	(4,857)	-
Build America Bonds	12,855,000	-	-	12,855,000	-
Ohio Bond Financing	9,395,000	-	(9,395,000)	-	-
Unamortized Bond Premium Ohio Bond	193,871	-	(193,871)	-	-
Ohio Bond Financing 2017	-	9,045,000	(820,000)	8,225,000	790,000
Modernization Express Loan A	9,719,290	-	(559,390)	9,159,900	595,770
Modernization Express Loan B	5,791,600	-	(333,330)	5,458,270	355,010
Energy Program - Capital Lease	7,805,685	-	(3,378,992)	4,426,693	3,522,809
Total	<u>\$ 68,513,478</u>	<u>\$ 9,073,527</u>	<u>\$ (15,593,015)</u>	<u>\$ 61,993,990</u>	<u>\$ 6,716,770</u>

**First Mortgage Note – Ambleside**

On July 1, 2014, Ambleside Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$6,720,000, with an interest rate at 4.50%, maturing August 1, 2049. Principal and interest payments are made monthly. At December 31, 2018, \$6,091,434 in debt remained outstanding.

Obligations under the agreement are as follows:

	Principal	Interest	Balance
2019	\$ 98,270	\$ 283,365	\$ 381,635
2020	102,784	278,850	381,634
2021	107,506	274,128	381,634
2022	112,445	269,189	381,634
2023	117,610	264,024	381,634
2024-2028	674,235	1,233,937	1,908,172
2029-2033	844,005	1,064,167	1,908,172
2034-2038	1,056,522	851,649	1,908,171
2039-2043	1,322,549	585,622	1,908,171
2044-2048	1,405,327	252,609	1,657,936
2049	250,181	4,240	254,421
Total	<u>\$ 6,091,434</u>	<u>\$ 5,361,780</u>	<u>\$ 11,453,214</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS – PRIMARY GOVERNMENT (CONTINUED)**

**First Mortgage Note – Severance**

On October 1, 2014, Severance Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$5,989,900 with an interest rate of 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2018, \$5,442,162 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 86,195	\$ 256,205	\$ 342,400
2020	90,200	252,200	342,400
2021	94,391	248,009	342,400
2022	98,776	243,624	342,400
2023	103,366	239,035	342,401
2024-2028	593,487	1,118,515	1,712,002
2029-2033	744,777	967,226	1,712,003
2034-2038	934,634	777,369	1,712,003
2039-2043	1,172,888	539,114	1,712,002
2044-2048	1,471,878	240,124	1,712,002
2049	51,570	5,861	57,431
Total	<u>\$ 5,442,162</u>	<u>\$ 4,887,282</u>	<u>\$ 10,329,444</u>

**First Mortgage Note – Quarrytown**

On September 1, 2014, Quarrytown Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$4,080,300 with an interest rate at 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2018, \$3,685,388 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 58,716	\$ 174,526	\$ 233,242
2020	61,444	171,798	233,242
2021	64,299	168,943	233,242
2022	67,286	165,956	233,242
2023	70,412	162,830	233,242
2024-2028	404,281	761,929	1,166,210
2029-2033	507,339	658,871	1,166,210
2034-2038	636,668	529,542	1,166,210
2039-2043	798,966	367,243	1,166,209
2044-2048	1,002,636	163,573	1,166,209
2049	13,341	3,993	17,334
Total	<u>\$ 3,685,388</u>	<u>\$ 3,329,204</u>	<u>\$ 7,014,592</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS - PRIMARY GOVERNMENT (CONTINUED)**

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

- September 1, 2019            \$570,000            at 4.00%

The Build America Bonds, Series 2009B, is a type of bond created under The American Recovery and Reinvestment Act of 2009. This type of bond is taxable and allows government entities to offer bonds in the market at competitive rates, thereby widening the pool of potential buyers. The Build America Bonds mature as follows: September 1, 2029 - \$4,835,000 at 7.88% and September 1, 2039 - \$8,020,000 at 8.13%. Under the Build America Program, the Authority will be reimbursed by the Internal Revenue Service 35% of the interest paid, thus lowering the actual interest rate the Authority will pay. At December 31, 2018, \$570,000 and \$12,855,000 in debt remained outstanding under the 2009A and 2009B bonds respectively.

Obligations under the agreement are as follows:

	Principal	Interest	Balance
2019	\$ 570,000	\$ 1,050,124	\$ 1,620,124
2020	390,000	1,025,341	1,415,341
2021	400,000	994,412	1,394,412
2022	420,000	962,498	1,382,498
2023	445,000	928,910	1,373,910
2024-2028	2,580,000	4,076,104	6,656,104
2029-2033	3,325,000	2,921,914	6,246,914
2034-2038	4,295,000	1,402,120	5,697,120
2039	1,000,000	60,975	1,060,975
Total Payments	13,425,000	13,422,398	26,847,398
Less Unamortized Bond Discount	(4,857)	-	(4,857)
Total	<u>\$ 13,420,143</u>	<u>\$ 13,422,398</u>	<u>\$ 26,842,541</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS - PRIMARY GOVERNMENT (CONTINUED)**

**General Revenue Refunding Bonds, Series 2016**

On March 1, 2016, the Authority issued General Revenue Refunding Bonds, Series 2016 in the amount of \$5,900,000. The bonds will bear interest from March 1, 2016, payable on March 1 and September 1 of each year, beginning September 1, 2016. The interest rate is 1.75%, with a maturity at March 1, 2020. At December 31, 2018, \$5,575,000 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 130,000	\$ 96,994	\$ 226,994
2020	5,445,000	47,643	5,492,643
Total	<u>\$ 5,575,000</u>	<u>\$ 144,637</u>	<u>\$ 5,719,637</u>

**Ohio Bond Financing – CFFP**

On July 17, 2007, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is \$15,315,000 and after providing for a debt service reserve and upfront costs, the Authority will have \$14,003,165 to spend on improvements to facilities. The bonds have a 20-year term with interest rates from 3.90% to 4.67%. A bond premium was also received and will be amortized over the life of the bonds on a straight line basis. Payments will be made in April and October starting in October of 2007 and will be made directly from HUD. On March 13, 2018, the debt was re-financed as described below.

On March 13, 2018, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is \$9,045,000. The bond has a 10-year term with interest rates from 3.00% to 4.00%. Payments will be made in April and October starting in April 2018 and will be made directly from HUD. At December 31, 2018, \$8,225,000 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 790,000	\$ 263,150	\$ 1,053,150
2020	820,000	239,000	1,059,000
2021	845,000	214,025	1,059,025
2022	870,000	188,300	1,058,300
2023	905,000	157,150	1,062,150
2024-2027	3,995,000	264,875	4,259,875
Total	<u>\$ 8,225,000</u>	<u>\$ 1,326,500</u>	<u>\$ 9,551,500</u>



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS - PRIMARY GOVERNMENT (CONTINUED)**

**Capital Fund Financing – CFFP 2009**

On November 18, 2009, the Authority issued Capital Fund backed debt in the form of two loans (Loans A and B). The Authority's debt for both loans is \$20,878,960.

Loan A in the amount of \$13,082,970 provided \$11,700,426 net proceeds after debt service reserves and up-front costs. These proceeds were used for Phase III of the Garden Valley Mixed Finance redevelopment after being loaned to the Garden Valley Housing Partnership I, LP. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.40%.

Loan B in the amount of \$7,795,990 provided \$7,000,256 net proceeds after debt service reserves and up-front costs. These proceeds were used at various Authority properties to fund the implementation of Uniform Federal Accessibility Standards (UFAS) improvements. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.40%.

Payments are made in April and October each year and began in April 2010. The payments are made directly from HUD. At December 31, 2018, \$14,618,170 in debt remained outstanding for these two loans.

Combined obligations for both loans under the agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 950,780	\$ 920,351	\$ 1,871,131
2020	1,012,620	858,511	1,871,131
2021	1,078,490	792,650	1,871,140
2022	1,148,640	722,503	1,871,143
2023	1,223,340	647,796	1,871,136
2024-2028	7,418,870	1,936,796	9,355,666
2029	1,785,430	85,701	1,871,131
Total	<u>\$ 14,618,170</u>	<u>\$ 5,964,308</u>	<u>\$ 20,582,478</u>

**Capital Lease**

On October 10, 2006, the Authority entered into an equipment lease-purchase agreement with PNC Bank to acquire equipment under an energy performance contract to upgrade the heating and energy efficiency of several properties. As of December 31, 2018, the gross amount of related capital assets is \$32,721,182 and the accumulated depreciation is \$25,441,795. The total amount of the contract is \$33,610,000, which was all committed at December 31, 2008. Principal payments commenced April 10, 2008. Interest from inception to April 10, 2007 in the amount of \$707,818 was added to principal. At December 31, 2018, \$4,426,693 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2019	\$ 3,522,809	\$ 130,607	\$ 3,653,416
2020	903,884	9,468	913,352
Total	<u>\$ 4,426,693</u>	<u>\$ 140,075</u>	<u>\$ 4,566,768</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 10 DEBT AND LEASE OBLIGATIONS - PRIMARY GOVERNMENT (CONTINUED)**

**Western Reserve Revitalization and Management Corporation**

On April 10, 2017, Western Reserve Revitalization and Management Corporation signed a promissory note with Ohio Capital Finance Corporation in the amount of \$510,000 for predevelopment costs for the development and rehabilitation of properties located in Cuyahoga County. The maturity date is April 10, 2019. Interest on the unpaid balance will accrue at the greater rate of (a) Prime Rate minus 0.50% and (b) 4.00% per annum. At December 31, 2018, \$510,000 in debt remained outstanding and is due within one year.

**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS**

**Debt Summary**

A summary of the discrete component unit long-term debt in 2018 follows:

	Discretely Presented Component Units				
	January 1, 2018	Increase	Decrease	December 31, 2018	Due Within One Year
Bohn Tower Mortgage/Bonds	\$ 14,897,000	\$ 9,012	\$ (108,046)	\$ 14,797,966	\$ 112,897
Carver Park I Mortgage/Bonds	60,103,133	6,378,598	(30,500,000)	35,981,731	2,112,515
Carver Park II Mortgage/Bonds	-	24,334,454	-	24,334,454	1,224,000
Euclid-Lee Mortgages	12,300,978	-	-	12,300,978	-
Fairfax Mortgage/Construction	6,424,909	74,310	(26,430)	6,472,789	27,508
Garden Valley I Mortgages	15,624,683	3,012	-	15,627,695	-
Garden Valley II Mortgages	10,137,911	1,648	-	10,139,559	-
Garden Valley III Mortgages	15,383,747	3,866	-	15,387,613	-
Garden Valley IV Mortgages	9,233,926	64,325	(401,661)	8,896,590	402,741
Miles Pointe Mortgage	2,982,833	1,500	-	2,984,333	-
Riverside Park Promissory	150,000	-	(150,000)	-	-
West Side Riverview Promissory	150,000	-	(150,000)	-	-
Total	<u>\$ 147,389,120</u>	<u>\$ 30,870,725</u>	<u>\$ (31,336,137)</u>	<u>\$ 146,923,708</u>	<u>\$ 3,879,661</u>

Obligations under the debt agreements are as follows:

	Principal
2019	\$ 3,879,661
2020	3,400,754
2021	11,854,376
2022	743,547
2023	383,292
Thereafter	<u>126,662,078</u>
	<u>\$ 146,923,708</u>

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Bohn Tower Redevelopment, L.P.**

On February 1, 2015, the Partnership entered into a mortgage loan agreement with Bellwether Enterprise Real Estate Capital, LLC in an amount not to exceed \$11,000,000. The maturity date is November 1, 2056. Principal and interest, at 4.40%, are to be paid monthly. At December 31, 2018, \$10,780,168 in debt remained outstanding and unamortized debt issuance costs totaled \$325,202.

On February 1, 2015, the Partnership entered into an Authority Funds Loan Agreement with the Authority in the amount of \$2,543,000. The maturity date shall be 42 years, or February 1, 2057. Interest accrues at 7.00%. At December 31, 2018, \$2,543,000 and \$647,603 in debt and deferred interest, respectively, remained outstanding.

On February 1, 2015, the Partnership signed a promissory note with the Authority in the amount of \$1,800,000 to lease the land and building. The maturity date is January 31, 2047. Interest on the unpaid balance will accrue at the rate of 3.00%. At December 31, 2018, \$1,800,000 in debt remained outstanding.

**Carver Park Phase I, L.P.**

On September 8, 2016, the Partnership signed a Leasehold Acquisition Note in the amount of \$14,010,000 with the Authority. The maturity date will be September 7, 2061. Interest will accrue and compound at 1.90% annually. At December 31, 2018, the principal amount of \$14,010,000 was outstanding.

On September 8, 2016, the Partnership signed an Authority Funds Note in the amount of \$7,000,000 with the Authority. The maturity date will be no later than September 7, 2061. Interest will accrue at 1.90% annually. Interest and principal will be due and payable on the maturity date. At December 31, 2018, the principal amount of \$7,000,000 was outstanding.

On September 1, 2016, the Partnership issued Multifamily Housing Revenue Bonds, Series 2016, in the amount of \$30,500,000. The maturity date is September 1, 2019. The initial interest rate is 1.0%, with interest payable on June 1 and December 1 of each year, beginning December 1, 2016. The bonds were paid in full on December 3, 2018.

On September 1, 2016, the Partnership entered into a Leasehold Multifamily Mortgage with Red Mortgage Capital, LLC, in the amount of \$13,700,000, interest will accrue at 3.56% annually. The maturity date for this debt is July 1, 2058. At December 31, 2018, the outstanding debt is \$13,624,889 and the unamortized debt issuance costs totaled \$606,158.

On May 22, 2018, the Partnership entered into a loan agreement with The Capital Magnet Fund in the Amount of \$1,953,000. The loan is secured by the Property, including improvement and tenant leases. The amount bears interest at 1.75% per annum. Principal and interest payments are subject to surplus cash, and are deferred until its maturity date, May 22, 2019. As of December 31, 2018, the outstanding debt was \$1,953,000 and the outstanding balance of the note was paid in full on its maturity date.

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Carver Park Phase II, L.P.**

On May 1, 2018, the Partnership signed an Authority Funds Note for \$1,157,551 with the Authority. The maturity date will be no later than April 30, 2063. Interest will accrue at 1.00% annually. Interest and principal will be due and payable on the maturity date. At December 31, 2018, the amount of \$1,157,551 was outstanding.

On May 1, 2018, the Partnership signed a Leasehold Acquisition Note for \$5,390,000 with the Authority. The maturity date will be no later than May 1, 2063. Interest will accrue at 3.04% annually. At December 31, 2018, the amount of \$5,390,000 was outstanding.

On May 1, 2018, the Partnership issued Multifamily Housing Revenue Bonds, Series 2018, for \$11,500,000. The maturity date is June 1, 2021. The initial interest rate is 2.2%, with interest payable on June 1 and December 1 of each year, commencing December 1, 2018. At December 31, 2018, \$11,500,000 was outstanding.

On May 1, 2018, the Partnership signed a Promissory Note for \$1,224,000 with OCFC PNC Affordable Housing Loan Fund LLC. The note is to be paid by the Limited Partner's Capital Contribution upon the later of October 1, 2019 or satisfaction of certain conditions. The loan bears interest at a rate equal to the greater of: (a) Prime Rate (5.50% as of December 31, 2018) minus 0.5%, or (b) 3%, per annum. At December 31, 2018, \$1,224,000 was outstanding.

On May 1, 2018, the Partnership signed a Promissory Note in the amount of \$3,060,000 with OCFC Capital Magnet Loan Pool LLC. The note is to be paid by the Limited Partner's Capital Contribution upon the later of April 25, 2020 or satisfaction of certain conditions. The loan bears interest at a rate of 1.75% per annum. At December 31, 2018, \$3,060,000 was outstanding.

On May 1, 2018, the Partnership signed a FHA Loan in the amount not to exceed \$5,483,000 from Red Mortgage Capital LLC. The maturity date is October 1, 2059. The loan bears interest at 3.85% per annum. At December 31, 2018, \$2,002,903 was outstanding.

**Euclid-Lee Senior, L.P.**

On November 4, 2011, the Partnership entered into a loan Agreement with the Authority in the amount not to exceed \$6,059,163. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2018, \$5,962,955 and \$40,345 in debt and accrued interest payable, respectively, remained outstanding.

On November 4, 2011, the Partnership entered into a promissory note with the Authority in the amount not to exceed \$6,338,348. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2018, \$6,338,023 and \$40,680 in debt and accrued interest payable, respectively, remained outstanding.

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Fairfax Intergenerational Housing, L.P.**

On October 22, 2012, the Partnership entered into a loan agreement with the Authority in the amount of \$1,400,000. The loan is secured by a mortgage on the rental property and is due fifty years after construction of the Project has been completed and a final occupancy certificate has been issued. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date on October 24, 2062. At December 31, 2018, \$1,400,000 and \$21,681 in debt and accrued interest payable, respectively, remained outstanding.

On October 12, 2012, the Partnership entered into a promissory note with Fairfax Renaissance Development Corporation (FRDC), an affiliate of the General Partner, in the amount of \$998,000. The loan is secured by the rental property and bears interest at the rate of 0.25% per annum. No principal or interest payments are required until its maturity date of June 30, 2059. At December 31, 2018, \$998,000 and \$15,407 in debt and accrued interest payable, respectively, remained outstanding.

On October 12, 2012, the Partnership entered into a loan agreement with FRDC in the amount of \$3,202,000. The loan is secured by the rental property and interest accrues at a rate of 0.25%. The term of the loan will be 45 years and the loan term will begin on the date when all construction work has been performed in compliance with the obligations of the Agreement. No principal or interest payments are required until its maturity date. At December 31, 2018, \$3,202,000 and \$41,600 in debt and accrued interest payable, respectively, remained outstanding.

On October 22, 2012, the Partnership entered into a Construction Loan Agreement with PNC Bank in an amount not to exceed \$1,000,000, with the option to convert the loan into a permanent loan not to exceed \$1,000,000. Commencing May 1, 2015 the loan bears interest at 3.95% per annum. At December 31, 2018, \$907,237 was outstanding. Interest incurred and expensed during 2018 was \$37,016. Debt issuance costs were \$34,448 at December 31, 2018.

**Garden Valley Housing Partnership I, L.P.**

On November 18, 2009, the Partnership entered into a loan agreement with the Authority in the amount of \$11,700,000. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2018, \$11,700,000 and \$187,200 in debt and accrued interest payable, respectively, remained outstanding. Unamortized debt issuance costs totaled \$72,898 at December 31, 2018.

On November 18, 2009, the Partnership entered into a promissory note with the Authority in the amount of \$1,750,593. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2018, \$1,750,593 and \$28,008 in debt and accrued interest payable, respectively, remained outstanding.

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Garden Valley Housing Partnership I, L.P. (Continued)**

On September 23, 2009, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$2,250,000. The loan is secured and interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date of December 31, 2060. At December 31, 2018, \$2,250,000 and \$44,015 in debt and accrued interest payable, respectively, remained outstanding.

**Garden Valley Housing Partnership II, L.P.**

On March 17, 2010, the Partnership entered into a loan agreement with the Authority in the amount of \$10,209,408. The loan is secured by a second mortgage on the rental property and is due on its maturity date of December 31, 2060. The loan is non-interest bearing and no principal payments are required until its maturity date. At November 30, 2018, \$10,209,408 in debt remained outstanding. Unamortized debt issuance costs totaled \$69,849 at November 30, 2018.

Garden Valley Housing Partnership II, L.P. has a fiscal year end of November 30. Management believes there are no material transactions that would affect the financial position of operations of the LIHTC Partnership.

**Garden Valley Housing Partnership III, L.P.**

On September 16, 2010, the Partnership entered into a Capital Competitive Recovery Act Fund Loan Agreement with the Authority in the amount of \$14,953,185. The loan is secured by a mortgage on the rental property and is due fifty years after the first day of the month following construction completion, or January 2062. Interest accrues at a rate of 0.50% per annum. No principal or interest payments are required until its maturity date. At December 31, 2018, \$14,953,185 and \$525,042 in debt and accrued interest payable, respectively, remained outstanding. Unamortized Debt issuance costs totaled \$165,572 at December 31, 2018.

On September 16, 2010, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$600,000. The loan is secured by the rental property and is non-interest bearing unless the Partnership fails to comply with the requirements set forth in the loan agreement, in which case the loan will bear interest at a rate of 10% per annum. No principal or interest payments are required until its maturity date of December 31, 2061. At December 31, 2018, \$600,000 in debt remained outstanding.

**Garden Valley Housing Partnership IV, L.P.**

On December 21, 2015, the Partnership entered into an Authority Funds Loan Agreement with the Authority, in the amount not to exceed \$3,870,234. The funds will be used for the development of Heritage View Homes IV, which includes 60 units of housing, all of which will be Rental Assistance Demonstration Project-Based units (RAD). Interest will accrue at 2.75% per annum. Principal and interest will be payable December 21, 2057, the maturity date. At December 31, 2018, \$3,870,234 and \$310,204 in debt and accrued interest, respectively, remained outstanding.

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Garden Valley Housing Partnership IV, L.P. (Continued)**

On December 21, 2015, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$600,000. The loan is secured by the rental property and is non-interest bearing unless the Partnership fails to comply with the requirements set forth in the loan agreement, in which case the loan will bear interest at a rate of 2% per annum. No principal or interest payments are required until its maturity date of May 1, 2057. The outstanding loan balance as of December 31, 2018 was \$600,000.

On December 21, 2015, the Partnership entered into a loan agreement with the Ohio Housing Finance Agency in the amount of \$1,500,000. The interest rate is 0.0% and payments of \$375,000 are due in four installments as outlined in the loan agreement. At December 31, 2018, \$1,125,000 in debt remained outstanding.

On December 21, 2015, the Partnership entered into a loan agreement with the Ohio Housing Finance Agency in the amount of \$1,000,000. This loan is secured by the Project. The loan bears interest at 2.0%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, December 21, 2055. As of December 31, 2018, the outstanding principal balance was \$1,000,000 and deferred interest as of December 31, 2018 was \$40,822.

On December 23, 2015, the Partnership entered into a loan agreement with Bellwether Enterprise Real Estate Capital, LLC in an amount not to exceed \$2,509,900. The maturity date is March 1, 2057. Principal and interest, at 4.0%, are to be paid monthly, however only interest is paid through March 1, 2017 with principal payments beginning April 1, 2017. At December 31, 2018, \$2,463,870 in debt remained outstanding and unamortized debt issuance costs totaled \$162,514.

**Miles Pointe Elderly, L.P.**

On August 16, 2012, the Partnership entered into an Authority Funds Loan Agreement with the Authority in the amount of \$3,000,000. The loan is secured by a mortgage on the rental property and is due in forty-five years. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date of August 16, 2057. At December 31, 2018, \$3,000,000 and \$37,126 in debt and accrued interest payable, respectively, remained outstanding. Unamortized debt issuance costs totaled \$15,667 at December 31, 2018.

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**NOTE 11 DEBT AND LEASE OBLIGATIONS – DISCRETE COMPONENT UNITS (CONTINUED)**

**Riverside Park Homes, L.P.**

On November 19, 2015, the Partnership entered into a promissory note with Ohio Capital Finance Corporation PNC Affordable Housing Loan Fund, LLC, in the amount of \$150,000. The loan proceeds will be used to pay for predevelopment costs related to a new phase of the Property. The loan is guaranteed by an affiliate of the General Partner. The loan bears interest at a rate equal to the greater of: (a) Prime Rate (5.50% as of December 31, 2018) minus 0.5%, or (b) 3%, per annum. The entire balance of principal and interest is due upon the earlier of: (a) the closing of the Property's financing for the construction or rehabilitation of any improvements on the land, or (b) receipt of proceeds of the first installment of capital contributions made to the Property upon closing of a new re-syndication phase, which is expected to occur during 2018. During 2018, the entire outstanding balance of \$162,059, including principal and interest, was paid in full.

**West Side Riverview, L.P.**

On February 10, 2016, the Partnership entered into a promissory note with Ohio Capital Finance Corporation PNC Affordable Housing Loan Fund, LLC, in the amount of \$150,000. The loan bears interest at a rate equal to the greater of: (a) Prime Rate (5.50% as of December 31, 2017) minus 0.5%, or (b) 3%, per annum. The entire balance of principal and interest is due upon the earlier of: (a) the closing of the Property's financing for the construction or rehabilitation of any improvements on the land, or (b) receipt of proceeds of the first installment of capital contributions made to the Property upon closing of the new phase. The note was paid in full on June 7, 2018.

**NOTE 12 LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations for the year ended December 31, 2018 was as follows:

	Primary Government				
	January 1, 2018	Increase	Decrease	December 31, 2018	Due Within One Year
Long-Term Debt Obligations	\$ 68,513,478	\$ -	\$ (6,519,488)	\$ 61,993,990	\$ 6,716,770
Net Pension Liability - OPERS	72,022,324	-	(27,599,537)	44,422,787	-
Net Pension Liability - OPEB	-	30,560,105	-	30,560,105	-
Workers' Compensation Liability	1,949,300	-	(530,405)	1,418,895	500,000
Compensated Absences	2,881,630	680,212	-	3,561,842	3,238,354
Other Non-Current Liabilities	476,301	555,592	-	1,031,893	48,935
Total	<u>\$ 145,843,033</u>	<u>\$ 31,795,909</u>	<u>\$ (34,649,430)</u>	<u>\$ 142,989,512</u>	<u>\$ 10,504,059</u>

	Discretely Presented Component Units				
	January 1, 2018	Increase	Decrease	December 31, 2018	Due Within One Year
Long-Term Debt Obligations	\$ 147,389,120	\$ 30,870,725	\$ (31,336,137)	\$ 146,923,708	\$ 3,879,661
Other Non-Current Liabilities	12,866,526	5,091,836	-	17,958,362	-
Total	<u>\$ 160,255,646</u>	<u>\$ 35,962,561</u>	<u>\$ (31,336,137)</u>	<u>\$ 164,882,070</u>	<u>\$ 3,879,661</u>



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**NOTE 13 CONDUIT DEBT OBLIGATION**

Conduit (no-commitment) debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued and is therefore not reported on the balance sheet.

On December 6, 2017, a resolution by the Board of Commissioners authorized the issuance and sale of CMHA's multifamily housing revenue bonds in an amount not to exceed \$11,500,000 for Carver Park Phase II, LP, to acquire, renovate and operate the second phase of the existing Carver Park Complex, consisting of 74 units of affordable housing.

Also authorized was the execution and delivery of a trust indenture, a bond purchase agreement, a loan agreement, a regulatory agreement and certain other documents in connection with the issuance of the bonds. At December 31, 2018, \$11,500,000 of the debt remained outstanding.

**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS**

**Plan Description**

The Authority contributes to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system, which administers three separate pension plans: the Traditional Pension Plan, the Combined Plan, and the Member-Directed Plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplemental information, and detailed information about OPERS' fiduciary net position. That report can 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.

**Benefits Provided**

*Traditional Pension Plan* - The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

*The Combined Plan* - The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a smaller factor than, the Traditional Pension Plan benefit. This plan is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions.

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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

*The Member-Directed Plan* - The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20 percent per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution or may elect to use his or her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The board of trustees, pursuant to Chapter 145, has elected to maintain funds to provide healthcare coverage to eligible Traditional Pension and Combined Plan retirees and survivors of members. Healthcare coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the board.

Senate Bill (SB) 343 enacted into law new legislation 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. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013 comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

*Age and Service Defined Benefits* - Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary, and service credit. 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:

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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

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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

The 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 an 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 benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan.

The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0 percent to the member's final average salary for the first 30 years of service. A factor of 1.25 percent is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0 percent to the member's final average salary for the first 35 years of service and a factor of 1.25 percent is applied to years in excess of 35.

Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

*Defined Contribution Benefits* - Defined contribution plan benefits are established in the plan documents, which may be amended by the board. The Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member's contributions, vested employer contributions, and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20 percent each year.

At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options. Additional information on other benefits available can be found in the OPERS CAFR.

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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

**Funding Policy**

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2018. Plan members were required to contribute 10 percent of covered payroll while the Authority's contribution rate was 14 percent of covered payroll.

The Authority's contractually required contributions to OPERS were \$5,229,361 for the year ended December 31, 2018.

**Net Pension Liability**

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Authority combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan.

The Authority reported a net pension liability of \$44,422,787 as its proportionate share of the Traditional Plan and a net pension asset of \$493,198 as its proportionate share for the Combined Plan. The Authority's proportion was 0.283163 percent for the Traditional Plan and 0.362293 percent for the Combined Plan.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2018, the Authority recognized pension expense of \$12,119,489. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (986,278)
Net difference between projected and actual earnings on pension plan investments	-	(9,078,348)
Change in assumptions	5,994,340	-
Contributions subsequent to measurements date	5,911,156	-
Change in proportionate share	-	(41,617)
	<u>\$ 11,905,496</u>	<u>\$ (10,106,243)</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

The \$5,911,156 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending December 31</u>	<u>Pension Expense</u>
2019	\$ 4,819,994
2020	(636,836)
2021	(4,280,752)
2022	(3,964,305)
2023	(18,092)
Thereafter	<u>(31,912)</u>
	<u>\$ (4,111,903)</u>

**Actuarial Assumptions**

Total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	December 31, 2017
Actuarial cost method:	Individual entry age
Cost-of-living adjustments:	3.00% through 2018, then 2.15%
Salary increases:	3.25%
Inflation:	2.50%
Investment rate of return:	7.50%
Experience study date:	Period of 5 years ended December 31, 2015
Mortality basis:	RP-2014 Healthy Annuitant Mortality Table

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Investment Rate of Return**

The allocation of investment assets within the defined benefit portfolio is approved by the board 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.

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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the table below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
<b>Total</b>	<b>100.00%</b>	<b>5.66%</b>

**Sensitivity of the Authority's Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate**

The following table represents the Authority's proportionate share of net pension liability at the 7.5 percent discount rate as well as the sensitivity to a 1 percent increase and a 1 percent decrease in the current discount rate:

		1% Increase (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Plan	Authority's proportionate Share of the net pension liability	\$78,883,549	\$44,422,787	\$15,692,893
Combined Plan	Authority's proportionate Share of the net pension asset	(68,097)	(493,198)	(648,504)

Source: OPERS 2017 CAFR multiplied by Authority's proportionate share

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

**Assumption Changes**

During the current measurement period, the OPERS board adopted certain assumption changes, which impacted its annual actuarial valuation prepared as of December 31, 2017. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent, which increased the Authority's respective net pension liability.

**NOTE 15 POST-EMPLOYMENT BENEFITS**

**Plan Description**

OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA). In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust), was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts (RMA) for participants of the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. The 115 Trust is now the funding vehicle for all health care plans.

The health care plans funded through the 115 Trust are reported as other postemployment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options has changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Upon termination or retirement, Member-Directed Plan participants can use vested RMA funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest over a five-year period at a rate of 20% per year. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Health care coverage is neither guaranteed nor statutorily required.

Participants in the Member-Directed Plan are not eligible for the health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a RMA, previously funded through the VEBA Trust established under IRC 501(c)(9). As previously noted, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Trust on July 1, 2016. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from their RMA funds, now funded through the 115 Trust.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

**Funding Policy**

With the assistance of the System’s actuary and Board approval, a portion of each employer’s contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0% for 2017. The employer contribution as a percent of covered payroll deposited for RMA participants in the Member-Directed Plan for 2017 was 4.0%.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of December 31, 2018, the Authority reported a liability of \$30,560,105 for its proportionate share of the net OPEB liability. The net OPEB was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The Authority’s proportion of the net OPEB liability was based on a projection of the Authority’s share of contributions to the retirement system relative to the contributions of all participating entities. At December 31, 2017, the Authority’s proportion was 0.28142% of the total net OPEB liability.

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>CMHA</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 23,806	\$ -
Changes of assumptions	2,225,084	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,276,527
District contributions subsequent to the measurement date	10,133,346	-
Total	\$ 12,382,236	\$ 2,276,527



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended December 31:**

2019	\$	(506,078)
2020		(506,078)
2021		470,642
2022		569,151
	<u>\$</u>	<u>27,637</u>

**Actuarial Assumptions – OPERS**

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
	5-Year Period Ended
Experience Study	December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions	
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Wage Inflation	3.25%
	3.25%-10.75%
Projected Salary Increases	(includes wage inflation at 3.25%)
Health Care Cost Trend Data	7.5% initial, 3.25% ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)**

The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The table below displays the approved asset allocation for 2017 and the long-term expected real rates of return:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	34.00%	1.88%
Domestic Equity	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	17.00%	5.39%
<b>Total</b>	<b>100.00%</b>	<b>4.98%</b>

**Discount Rate**

The single discount rate used to measure the total OPEB liability was 3.85 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
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**NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	<b>1% Decrease 2.85%</b>	<b>Discount Rate 3.85%</b>	<b>1% Increase 4.85%</b>
Net OPEB Liability	\$ 40,600,463	\$ 30,560,105	\$ 22,437,617

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation. The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease 6.50%</b>	<b>Healthcare Cost Trend Rates 7.50%</b>	<b>1% Increase 8.50%</b>
Net OPEB Liability	\$ 29,239,538	\$ 30,560,105	\$ 31,924,285

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS CAFR.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 16 INSURANCE COVERAGE AND RISK RETENTION**

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

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

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

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

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

Workers' Compensation Benefits—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than \$500,000 per individual occurrence with a \$10,000,000 limit in the aggregate. The Authority has recorded a \$1,418,895 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2018.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 16 INSURANCE COVERAGE AND RISK RETENTION (CONTINUED)**

The changes in the Authority's self-insured funds' unpaid claims liability in fiscal years 2018, 2017 and 2016 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payouts	End of Year	Expected Amount Due Within One Year
2018	\$ 1,949,300	(128,615)	(401,790)	\$ 1,418,895	\$ 500,000
2017	2,070,167	412,032	(532,899)	1,949,300	800,000
2016	2,463,458	147,143	(540,434)	2,070,167	800,000

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

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self-inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs, and the establishment of an accident and incident investigation program. During 2018, there were no significant reductions in the Authority's insurance coverage.

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

**NOTE 17 CONTINGENCIES**

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

**NOTE 18 COMMITMENTS - PRIMARY GOVERNMENT**

In 2018, the Authority entered into a three year agreement to purchase retail electric services in an amount not to exceed \$15,000,000.

In 2019 the Authority entered into a five year put contract to purchase retail electric service from 2022 through 2026 in an amount not to exceed \$25,000,000.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 19 RESTRICTED NET POSITION - PRIMARY GOVERNMENT**

Below is a summary of restricted net position at December 31, 2018:

Nonroutine maintenance and debt service reserves	4,201,441
Restricted funds held by third party	2,511,548
Investments and Bond funds	1,948,771
Other	311,882
Total Restricted Net Position at December 31, 2018	<u>\$ 8,973,642</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 BLENDED COMBINING SCHEDULE**

**Supplemental Schedule**  
**Blended Component Units**  
**For Year Ended December 31, 2018**

	Western Reserve Revitalization and Management Company, Inc.						
	Western Reserve Revitalization and Management Company, Inc.	Severance Redevelopment LLC	Ambleside Redevelopment LLC	Quarrytown Redevelopment LLC	Eliminations	Primary Government	Total
<b>Balance Sheet</b>							
Current Assets	\$ 4,401,771	\$ 1,318,360	\$ 1,499,919	\$ 996,195	\$ (9,324,304)	\$ 35,744,483	\$ 34,636,424
Capital Assets	12,118,566	5,330,585	3,628,470	4,417,870	-	131,581,732	157,077,223
Other Assets	29,463,929	-	-	-	(10,003,060)	103,231,994	122,692,863
Deferred Outflow of Resources	-	-	-	-	-	24,287,732	24,287,732
<b>Total Assets and Deferred Outflows</b>	<b>\$ 45,984,266</b>	<b>\$ 6,648,945</b>	<b>\$ 5,128,389</b>	<b>\$ 5,414,065</b>	<b>\$ (19,327,364)</b>	<b>\$ 294,845,941</b>	<b>\$ 338,694,242</b>
Current Liabilities	\$ (2,017,038)	\$ (382,782)	\$ (452,569)	\$ (304,578)	\$ 9,324,304	\$ (40,177,452)	\$ (34,010,115)
Non-Current Liabilities	(10,003,060)	(5,355,967)	(5,993,165)	(3,626,672)	10,003,060	(117,509,649)	(132,485,453)
Deferred Inflows of Resources	-	-	-	-	-	(12,382,770)	(12,382,770)
Net Position	(33,964,168)	(910,196)	1,317,345	(1,482,815)	-	(124,776,070)	(159,815,904)
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<b>\$ (45,984,266)</b>	<b>\$ (6,648,945)</b>	<b>\$ (5,128,389)</b>	<b>\$ (5,414,065)</b>	<b>\$ 19,327,364</b>	<b>\$ (294,845,941)</b>	<b>\$ (338,694,242)</b>
<b>Revenue Expenses and Change in Equity</b>							
Total Revenue	\$ 6,772,765	\$ 2,130,971	\$ 2,297,173	\$ 1,516,960	\$ (12,603,633)	\$ 216,287,394	\$ 216,401,630
Total Expenses	1,067,520	1,715,491	1,915,547	1,537,793	(12,603,633)	209,445,264	203,077,982
Net Income (Loss)	5,705,245	415,480	381,626	(20,833)	-	6,842,130	13,323,648
Beginning Net Position	26,958,923	1,494,716	(1,398,971)	1,503,648	-	136,618,710	165,177,026
Capital Contributions (Distributions)	1,300,000	(1,000,000)	(300,000)	-	-	-	-
Prior Period Adjustment/Equity Transfer	-	-	-	-	-	(18,684,770)	(18,684,770)
<b>Ending Net Position</b>	<b>\$ 33,964,168</b>	<b>\$ 910,196</b>	<b>\$ (1,317,345)</b>	<b>\$ 1,482,815</b>	<b>\$ -</b>	<b>\$ 124,776,070</b>	<b>\$ 159,815,904</b>
<b>Cash Flows</b>							
Net Cash Provided (Used) By							
Operating Activities	\$ (941,930)	\$ 536,411	\$ 344,202	\$ 160,483	\$ -	\$ 34,514,341	\$ 34,613,507
Investing Activities	(218,515)	(109,696)	(132,483)	(105,845)	-	(22,170,214)	(22,736,753)
Financing Activities	1,525,543	(1,082,369)	(393,953)	(56,108)	-	(8,006,340)	(8,013,227)
<b>Net Increase (Decrease) in Cash</b>	<b>365,098</b>	<b>(655,654)</b>	<b>(182,234)</b>	<b>(1,470)</b>	<b>-</b>	<b>4,337,787</b>	<b>3,863,527</b>
Cash and Cash Equivalents - Beginning of Year	1,794,111	1,247,396	660,989	183,859	-	21,065,417	24,951,772
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 2,159,209</b>	<b>\$ 591,742</b>	<b>\$ 478,755</b>	<b>\$ 182,389</b>	<b>\$ -</b>	<b>\$ 25,403,204</b>	<b>\$ 28,815,299</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS (1), (2)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability					
Traditional Plan	0.283163%	0.317163%	0.308500%	0.312972%	0.312972%
Combined Plan	0.362293%	0.404353%	0.427760%	0.377704%	0.377704%
Authority's Proportionate Share of the Net Pension Liability (Asset), net	\$ 43,929,587	\$ 71,797,274	\$ 53,436,109	\$ 37,602,496	\$ 36,855,689
Authority's Covered Payroll (3)	\$ 40,722,840	\$ 44,241,700	\$ 40,192,267	\$ 39,751,167	\$ 40,473,923
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	107.87%	162.28%	132.95%	94.59%	91.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
Traditional Plan	77.25%	77.25%	81.08%	86.45%	86.36%
Combined Plan	116.55%	116.55%	116.90%	114.83%	104.56%

*Source: OPERS information with exception of covered payroll which was derived from the Authority's financial records.*

- (1) Information presented based on measurement periods ended December 31.
- (2) Information prior to 2013 is not available.
- (3) Covered payroll broken down by plan (Traditional vs. Combined) was not available.



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions (2)	\$ 5,229,361	\$ 5,580,777	\$ 5,309,004	\$ 4,823,072	\$ 4,770,140	\$ 5,261,610
Contributions in Relation to the Contractually Required Contributions	<u>(5,229,361)</u>	<u>(5,580,777)</u>	<u>(5,309,004)</u>	<u>(4,823,072)</u>	<u>(4,770,140)</u>	<u>(5,261,610)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Covered Payroll	\$ 43,578,011	\$ 46,506,475	\$ 44,241,700	\$ 40,192,267	\$ 39,751,167	\$ 40,473,923
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	12.00%	12.00%	13.00%

*Source: Authority's financial records.*

(1) Represents employer's calendar year. Information prior to 2013 was not practically available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

(2) Information broken down by plan type (Traditional vs. Combined) was not available.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 FOR THE FISCAL YEAR ENDED DECEMBER 31**

	<b>2018</b>
Authority's Proportion of the Net OPEB Liability	0.28142%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ 30,560,105
Authority's Covered-Employee Payroll	\$ 37,989,750
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	124%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%

*Source: OPERS information with exception of covered employee payroll which was derived from the Authority's financial records.*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS  
 DECEMBER 31, 2018**

		<u>2018</u>
Contractually Required Contributions	\$	10,133,346
Contributions in Relation to the Contractually Required Contributions	\$	<u>(10,133,346)</u>
Contribution Deficiency (Excess)	\$	<u><u>-</u></u>
Authority Covered-Employee Payroll	\$	37,989,750
Contributions as a Percentage of Covered-Employee Payroll		26.67%

*Source: Authority's financial records.*

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2018**

**NOTE 1 PRESENTATION**

**Ohio Public Employees Retirement System (OPERS) Net Pension Liability**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE BALANCE SHEET**  
**DECEMBER 31, 2018**

Line Item#	Accounts Description	Project Total	Jobs Plus Pilot Initiative	Multifamily Property Disposition	PSPC	ROSS	HCVP	Sect 8 Rehab SRO	Mainstream Vouchers	Blended Component Unit
<b>CURRENT ASSETS</b>										
Cash:										
111	Unrestricted	\$ 14,716,452	\$ -	\$ -	\$ 3,054	\$ 802	\$ 632,317	\$ -	\$ 125,671	\$ 1,522,207
112	Restricted - modernization and development	2,511,548	-	-	-	-	-	-	-	-
113	Other restricted	94,097	-	-	-	-	579,732	-	-	4,201,442
114	Tenant security deposits	1,377,565	-	7,206	-	-	-	-	-	123,779
100	Total cash	<u>18,699,662</u>	<u>-</u>	<u>7,206</u>	<u>3,054</u>	<u>802</u>	<u>1,212,049</u>	<u>-</u>	<u>125,671</u>	<u>5,847,428</u>
Accounts and notes receivable:										
122	HUD other projects	1,350,523	116,545	-	-	14,000	406,837	-	-	-
124	Other government	-	-	-	-	-	-	-	-	-
125	Miscellaneous	321,558	-	-	166,133	-	458,203	-	5,165	2,237,500
126	Tenants	370,961	-	-	-	-	-	-	-	5,980
126.1	Allowance for doubtful accounts - tenants	(316,243)	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	(118,441)	-	(5,165)	-
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	73,637	-	2,448	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	(73,637)	-	(2,448)	-
129	Accrued interest receivable	44,683	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>1,771,482</u>	<u>116,545</u>	<u>-</u>	<u>166,133</u>	<u>14,000</u>	<u>746,599</u>	<u>-</u>	<u>-</u>	<u>2,243,480</u>
142	Prepaid expenses and other assets	409,389	-	119	-	-	93,864	-	-	125,337
143	Inventories	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	2,768,455	-	-	-	-	-	-	-	-
150	Total current assets	<u>23,648,988</u>	<u>116,545</u>	<u>7,325</u>	<u>169,187</u>	<u>14,802</u>	<u>2,052,512</u>	<u>-</u>	<u>125,671</u>	<u>8,216,245</u>
<b>NONCURRENT ASSETS</b>										
Fixed assets:										
161	Land	22,808,803	-	-	-	-	-	-	-	-
162	Buildings	624,877,775	-	628,787	-	-	-	-	-	39,537,703
163	Furniture, equipment & mach - dwellings	17,503,259	-	23,118	-	-	-	-	-	1,413,512
164	Furniture, equipment & mach - admin.	15,291	-	-	-	-	1,259,495	-	-	-
165	Leasehold Improvements	392,296	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(570,461,780)	-	(594,653)	-	-	(1,248,588)	-	-	(15,455,724)
167	Construction in progress	4,070,295	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	<u>99,205,939</u>	<u>-</u>	<u>57,252</u>	<u>-</u>	<u>-</u>	<u>10,907</u>	<u>-</u>	<u>-</u>	<u>25,495,491</u>
171	Notes, loans and mortgages receivable -noncurrent	67,657,766	-	1,400,000	-	-	-	-	-	-
174	Other assets	240,030	-	385	-	-	195,293	-	-	17,423,816
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	12,040,113
180	Total noncurrent assets	<u>167,103,735</u>	<u>-</u>	<u>1,457,637</u>	<u>-</u>	<u>-</u>	<u>206,200</u>	<u>-</u>	<u>-</u>	<u>54,959,420</u>
200	Deferred Outflow of Resources	9,968,476	-	1,398	-	-	2,178,163	-	-	-
290	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 200,721,199</u>	<u>\$ 116,545</u>	<u>\$ 1,466,360</u>	<u>\$ 169,187</u>	<u>\$ 14,802</u>	<u>\$ 4,436,875</u>	<u>\$ -</u>	<u>\$ 125,671</u>	<u>\$ 63,175,665</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET  
DECEMBER 31, 2018**

Line Item#	Accounts Description	Sect 8 NC/SR			Business Activities	S8MR	COCC	Elimination	Total Entity	Discretely Presented Component Unit
		HOPE VI	Programs	2 State/Local						
<b>CURRENT ASSETS</b>										
Cash:										
111	Unrestricted	\$ 29,132	\$ -	\$ 91,971	\$ 1	\$ 448,797	\$ 91,990	\$ -	\$ 17,662,394	\$ 5,820,171
112	Restricted - modernization and development	-	-	-	-	-	-	-	2,511,548	-
113	Other restricted	-	-	8,563	300,202	-	1,948,771	-	7,132,807	24,133,250
114	Tenant security deposits	-	-	-	-	-	-	-	1,508,550	218,868
100	Total cash	<u>29,132</u>	<u>-</u>	<u>100,534</u>	<u>300,203</u>	<u>448,797</u>	<u>2,040,761</u>	<u>-</u>	<u>28,815,299</u>	<u>30,172,289</u>
Accounts and notes receivable:										
122	HUD other projects	38,311	-	-	-	1,868	7,050	-	1,935,134	608,062
124	Other government	-	-	110,636	-	-	-	-	110,636	-
125	Miscellaneous	-	-	-	583,900	3,043	322,569	(2,771,667)	1,326,404	826,440
126	Tenants	-	-	-	-	-	-	-	376,941	36,960
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	(316,243)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	(2,352)	-	-	(125,958)	-
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	508,630	(508,630)	-	-
128	Fraud recovery	-	-	-	-	-	-	-	76,085	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	(76,085)	-
129	Accrued interest receivable	-	-	-	1,371,260	-	1,582	-	1,417,525	-
120	Total receivables, net of allowances for uncollectibles	<u>38,311</u>	<u>-</u>	<u>110,636</u>	<u>1,955,160</u>	<u>2,559</u>	<u>839,831</u>	<u>(3,280,297)</u>	<u>4,724,439</u>	<u>1,471,462</u>
142	Prepaid expenses and other assets	-	-	-	-	-	287,730	-	916,439	408,805
143	Inventories	-	-	-	-	-	180,247	-	180,247	-
144	Inter-program - due from	-	-	-	2,953,760	-	321,792	(6,044,007)	-	-
150	Total current assets	<u>67,443</u>	<u>-</u>	<u>211,170</u>	<u>5,209,123</u>	<u>451,356</u>	<u>3,670,361</u>	<u>(9,324,304)</u>	<u>34,636,424</u>	<u>32,052,556</u>
<b>NONCURRENT ASSETS</b>										
Fixed assets:										
161	Land	-	620,597	-	2,291,000	-	4,910,053	-	30,630,453	-
162	Buildings	-	-	-	24,351,416	-	3,227,423	-	692,623,104	166,894,122
163	Furniture, equipment & mach - dwellings	-	-	-	-	-	-	-	18,939,889	2,444,268
164	Furniture, equipment & mach - admin.	-	-	-	298,649	-	7,211,583	-	8,785,018	-
165	Leasehold Improvement	-	-	-	-	-	-	-	392,296	16,374,465
166	Accumulated depreciation	-	-	-	(303,255)	-	(10,308,988)	-	(598,372,988)	(30,720,029)
167	Construction in progress	-	-	-	-	-	9,156	-	4,079,451	7,560,577
160	Total fixed assets, net of accumulated depreciation	<u>-</u>	<u>620,597</u>	<u>-</u>	<u>26,637,810</u>	<u>-</u>	<u>5,049,227</u>	<u>-</u>	<u>157,077,223</u>	<u>162,553,403</u>
171	Notes, loans and mortgages receivable - noncurrent	-	-	-	21,181,460	-	10,008,845	(10,003,060)	90,245,011	-
174	Other assets	-	-	-	103,124	-	2,445,091	-	20,407,739	30,875,416
176	Investments in Joint Ventures	-	-	-	-	-	-	-	12,040,113	-
180	Total noncurrent assets	<u>-</u>	<u>620,597</u>	<u>-</u>	<u>47,922,394</u>	<u>-</u>	<u>17,503,163</u>	<u>(10,003,060)</u>	<u>279,770,086</u>	<u>193,428,819</u>
200	Deferred Outflow of Resources	-	-	-	-	-	12,139,695	-	24,287,732	-
290	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 67,443</u>	<u>\$ 620,597</u>	<u>\$ 211,170</u>	<u>\$ 53,131,517</u>	<u>\$ 451,356</u>	<u>\$ 33,313,219</u>	<u>\$ (19,327,364)</u>	<u>\$ 338,694,242</u>	<u>\$ 225,481,375</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET  
DECEMBER 31, 2018**

Line Item#	Accounts Description	Project Total	Jobs Plus Pilot Initiative	Multifamily Property Disposition	PSPC	ROSS	HCVP	Sect 8 Rehab SRO	Mainstream Vouchers	Blended Component Unit
<b>CURRENT LIABILITIES</b>										
312	Accounts payable <= 90 days	\$ 2,241,250	\$ 22,012	\$ 36,980	\$ 228	\$ 982	\$ 415,920	\$ -	\$ -	\$ 1,511,163
321	Accrued wage/payroll taxes payable	1,189,704	9,225	2,139	7,538	13,445	190,092	-	-	127,427
322	Accrued compensated absences - current	1,789,887	-	4,811	-	-	266,447	-	-	-
325	Accrued interest payable	367,304	-	-	-	-	-	-	-	109,412
331	Accounts payable - HUD	-	-	-	-	-	9,892	-	-	-
341	Tenant security deposits	1,259,923	-	6,536	-	-	-	-	-	121,855
342	Unearned revenues	1,116,081	-	-	-	-	-	-	-	-
343	Current portion of LT debt - capital projects	4,667,820	-	-	-	-	-	-	-	753,180
344	Current portion of LT debt- Operating	595,770	-	-	-	-	-	-	-	508,630
345	Other current liabilities	15,051	-	1,671	-	-	-	-	-	-
346	Other liabilities	7,927,020	-	1,036	-	-	305,425	-	-	25,300
347	Interprogram - due to	2,532,070	85,308	431,303	161,421	375	-	-	-	-
310	Total current liabilities	<u>23,701,880</u>	<u>116,545</u>	<u>484,476</u>	<u>169,187</u>	<u>14,802</u>	<u>1,187,776</u>	-	-	<u>3,156,967</u>
<b>NONCURRENT LIABILITIES</b>										
351	Long-term debt, net of current - capital	13,442,143	-	-	-	-	-	-	-	14,975,804
352	Long-term debt, net of current - operating	8,564,130	-	-	-	-	-	-	-	10,003,060
353	Noncurrent liabilities - other	90,980	-	-	-	-	579,732	-	-	-
354	Accrued compensated absences - noncurrent	198,316	-	2,473	-	-	18,078	-	-	-
357	Accrued Pension and OPEB Liabilities	32,613,573	-	20,449	-	-	6,666,765	-	-	-
350	Total noncurrent liabilities	<u>54,909,142</u>	<u>-</u>	<u>22,922</u>	<u>-</u>	<u>-</u>	<u>7,264,575</u>	<u>-</u>	<u>-</u>	<u>24,978,864</u>
300	Total liabilities	<u>78,611,022</u>	<u>116,545</u>	<u>507,398</u>	<u>169,187</u>	<u>14,802</u>	<u>8,452,351</u>	<u>-</u>	<u>-</u>	<u>28,135,831</u>
400	Deferred Inflow of Resources	<u>6,643,027</u>	<u>-</u>	<u>15,299</u>	<u>-</u>	<u>-</u>	<u>1,092,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Liabilities & Deferred Inflow of Resources	<u>85,254,049</u>	<u>116,545</u>	<u>522,697</u>	<u>169,187</u>	<u>14,802</u>	<u>9,544,961</u>	<u>-</u>	<u>-</u>	<u>28,135,831</u>
<b>NET POSITION</b>										
508.4	Net investment in capital assets	81,095,976	-	57,252	-	-	10,907	-	-	9,766,507
511.4	Restricted net position	2,514,665	-	-	-	-	-	-	-	4,201,442
512.4	Unrestricted net position	31,856,509	-	886,411	-	-	(5,118,993)	-	125,671	21,071,885
513	Total net position	<u>115,467,150</u>	<u>-</u>	<u>943,663</u>	<u>-</u>	<u>-</u>	<u>(5,108,086)</u>	<u>-</u>	<u>125,671</u>	<u>35,039,834</u>
600	<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 200,721,199</u>	<u>\$ 116,545</u>	<u>\$ 1,466,360</u>	<u>\$ 169,187</u>	<u>\$ 14,802</u>	<u>\$ 4,436,875</u>	<u>\$ -</u>	<u>\$ 125,671</u>	<u>\$ 63,175,665</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE BALANCE SHEET**  
**DECEMBER 31, 2018**

Line Item#	Accounts Description	Sect 8 NC/SR			Business			Elimination	Total Entity	Discretely Presented Component Unit
		HOPE VI	Programs	2 State/Local	Activities	S8MR	COCC			
<b>CURRENT LIABILITIES</b>										
312	Accounts payable <= 90 days	\$ 67,443	\$ -	\$ 83,172	\$ 15,412	\$ 216	\$ 840,912	\$ -	\$ 5,235,690	\$ 8,245,625
321	Accrued wage/payroll taxes payable	-	-	8,171	-	-	2,337,707	-	3,885,448	-
322	Accrued compensated absences - current	-	-	1,748	-	-	1,175,461	-	3,238,354	-
325	Accrued interest payable	-	-	-	-	-	384,462	-	861,178	8,213
331	Accounts payable - HUD	-	-	-	-	214,065	-	-	223,957	-
341	Tenant security deposits	-	-	-	-	-	-	-	1,388,314	217,430
342	Unearned revenues	-	-	39,751	1,326,571	-	150,000	-	2,632,403	-
343	Current portion of LT debt - capital projects	-	-	-	-	-	700,000	-	6,121,000	3,879,661
344	Current portion of LT debt - operating	-	-	-	-	-	-	(508,630)	595,770	-
345	Other current liabilities	-	-	-	2,261,634	-	8,079	(2,237,500)	48,935	-
346	Other liabilities	-	-	364	25,843	-	2,028,245	(534,167)	9,779,066	428,407
347	Interprogram - due to	-	-	-	-	-	2,833,530	(6,044,007)	-	-
310	Total current liabilities	<u>67,443</u>	<u>-</u>	<u>133,206</u>	<u>3,629,460</u>	<u>214,281</u>	<u>10,458,396</u>	<u>(9,324,304)</u>	<u>34,010,115</u>	<u>12,779,336</u>
<b>NONCURRENT LIABILITIES</b>										
351	Long-term debt, net of current - capital	-	-	-	-	-	-	-	28,417,947	143,044,047
352	Long-term debt, net of current - operating	-	-	-	-	-	18,295,143	(10,003,060)	26,859,273	-
353	Noncurrent liabilities - other	-	-	-	-	-	1,231,141	-	1,901,853	17,958,362
354	Accrued compensated absences - noncurrent	-	-	-	-	-	104,621	-	323,488	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	35,682,105	-	74,982,892	-
350	Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,313,010</u>	<u>(10,003,060)</u>	<u>132,485,453</u>	<u>161,002,409</u>
300	Total liabilities	<u>67,443</u>	<u>-</u>	<u>133,206</u>	<u>3,629,460</u>	<u>214,281</u>	<u>65,771,406</u>	<u>(19,327,364)</u>	<u>166,495,568</u>	<u>173,781,745</u>
400	Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,631,834</u>	<u>-</u>	<u>12,382,770</u>	<u>-</u>
	Total Liabilities and Deferred Inflow of Resources	<u>67,443</u>	<u>-</u>	<u>133,206</u>	<u>3,629,460</u>	<u>214,281</u>	<u>70,403,240</u>	<u>(19,327,364)</u>	<u>178,878,338</u>	<u>173,781,745</u>
<b>NET POSITION</b>										
508.4	Net investment in capital assets	-	620,597	-	26,637,810	-	4,349,227	-	122,538,276	-
511.4	Restricted net position	-	-	8,563	300,202	-	1,948,771	-	8,973,643	-
512.4	Unrestricted net position	<u>-</u>	<u>-</u>	<u>69,401</u>	<u>22,564,045</u>	<u>237,075</u>	<u>(43,388,019)</u>	<u>-</u>	<u>28,303,985</u>	<u>51,699,630</u>
513	Total net position	<u>-</u>	<u>620,597</u>	<u>77,964</u>	<u>49,502,057</u>	<u>237,075</u>	<u>(37,090,021)</u>	<u>-</u>	<u>159,815,904</u>	<u>51,699,630</u>
600	<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 67,443</u>	<u>\$ 620,597</u>	<u>\$ 211,170</u>	<u>\$ 53,131,517</u>	<u>\$ 451,356</u>	<u>\$ 33,313,219</u>	<u>\$ (19,327,364)</u>	<u>\$ 338,694,242</u>	<u>\$ 225,481,375</u>



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

Line Item#	Accounts Description	Project Total	Jobs Plus Pilot Initiative	Multifamily Property Disposition	PSPC	ROSS	HCVP	Sect 8 Rehab SRO	Mainstream Vouchers	Blended Component Unit
<b>REVENUE</b>										
70300	Net tenant rental revenue	\$ 14,083,939	\$ -	\$ 112,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,699,978
70400	Tenant revenue - other	348,115	-	580	-	-	-	-	-	5,626
70500	Total tenant revenue	14,432,054	-	112,827	-	-	-	-	-	1,705,604
70600	HUD PHA operating grants	75,221,939	663,524	-	-	390,694	100,631,075	-	669,796	4,108,542
706.10	Capital grants	5,291,442	-	-	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-	-	-
70720	Asset Management fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-
70800	Other governmental grants	-	-	-	669,270	-	-	-	-	-
71100	Investment income - unrestricted	40	-	-	-	-	500	-	-	952
71400	Fraud recovery	-	-	-	-	-	114,067	-	-	-
71500	Other revenue	1,371,578	-	364	-	-	53,068	-	-	6,895,066
72000	Investment Income - Restricted	8,278	-	-	-	-	-	-	-	7,705
70000	Total revenue	96,325,331	663,524	113,191	669,270	390,694	100,798,710	-	669,796	12,717,869
<b>EXPENSES</b>										
Administrative:										
91100	Administrative salaries	5,025,796	-	24,538	-	219,829	2,887,415	-	-	514,319
91200	Auditing fees	91,197	-	403	-	-	74,000	-	-	27,300
91300	Management fee	5,480,881	-	-	-	-	2,037,132	-	-	348,672
913.10	Bookkeeping fee	720,653	-	-	-	-	499,921	-	-	36,000
91400	Advertising	-	-	-	-	-	-	-	-	628
91500	Employee benefit contributions - admin	2,568,711	-	19,555	-	-	1,088,694	-	-	385,904
91600	Office expense	2,024,527	58,395	2,529	-	33,516	684,056	(2,331)	-	282,489
91700	Legal expense	653,703	-	3,172	-	-	-	-	-	26,311
91800	Travel	40,318	1,526	95	-	195	8,052	-	-	-
91900	Other	171	-	1	-	-	1,093,897	-	-	65,199
	Total administrative	16,605,957	59,921	50,293	-	253,540	8,373,167	(2,331)	-	1,686,822
92000	Asset Management Fee	108,720	-	-	-	-	-	-	-	-
Tenant services:										
92100	Salaries	1,120,946	235,886	4,079	-	137,154	-	-	-	-
92200	Relocation costs	1,961	-	-	-	-	-	-	-	-
92300	Employee benefit contributions	355,477	-	-	-	-	-	-	-	-
92400	Other	647,230	367,717	636	-	-	-	-	-	-
	Total tenant services	2,125,614	603,603	4,715	-	137,154	-	-	-	-
Utilities:										
93100	Water	3,723,571	-	17,926	-	-	3,290	-	-	169,646
93200	Electricity	5,896,798	-	30,113	-	-	93,364	-	-	489,896
93300	Gas	2,464,991	-	11,861	-	-	1,039	-	-	67,675
93400	Fuel	-	-	-	-	-	-	-	-	-
93600	Sewer	6,922,462	-	34,686	-	-	7,703	-	-	315,556
93800	Other utilities expense	-	-	-	-	-	-	-	-	-
	Total utilities	19,007,822	-	94,586	-	-	105,396	-	-	1,042,773
Ordinary maintenance & operations:										
94100	Labor	7,840,508	-	10,381	-	-	46,686	-	-	376,850
94200	Materials and other	1,757,352	-	4,327	-	-	5,390	-	-	158,242
94300	Contracts	7,914,786	-	20,479	-	-	8,171	-	-	538,994
94500	Employee benefits contribution	2,510,685	-	-	-	-	18,935	-	-	-
	Total ordinary maintenance & operations	20,023,331	-	35,187	-	-	79,182	-	-	1,074,086

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

Line Item#	Accounts Description	Sect 8 NC/SR		Business			Elimination	Total Entity	Discretely Presented Component Unit
		HOPE VI	Programs	2 State/Local	Activities	S8MR			
<b>REVENUE</b>									
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,896,164	\$ 2,055,968
70400	Tenant revenue - other	-	-	-	-	-	-	354,321	13,149
70500	Total tenant revenue	-	-	-	-	-	-	16,250,485	2,069,117
70600	HUD PHA operating grants	141,437	-	-	-	561,324	-	182,388,331	-
706.10	Capital grants	-	-	-	-	-	-	5,291,442	-
70710	Management fee	-	-	-	-	-	7,866,685	(7,866,685)	-
70720	Asset Management fee	-	-	-	-	-	108,720	(108,720)	-
70730	Bookkeeping fee	-	-	-	-	-	1,256,574	(1,256,574)	-
70740	Front Line Service fee	-	-	-	-	-	2,523,609	(2,523,609)	-
70750	Other Service Fees	-	-	-	-	-	624,291	-	624,291
70800	Other governmental grants	118,659	-	917,429	739	-	-	(339,415)	1,366,682
71100	Investment income - unrestricted	-	-	-	479,675	-	6,900	-	488,067
71400	Fraud recovery	-	-	-	-	-	-	-	114,067
71500	Other revenue	-	-	-	1,181,256	-	693,959	(508,630)	9,686,661
72000	Investment Income - Restricted	-	-	-	176	-	23,172	-	39,331
70000	Total revenue	260,096	-	917,429	1,661,846	561,324	13,103,910	(12,603,633)	216,249,357
<b>EXPENSES</b>									
Administrative:									
91100	Administrative salaries	9,450	-	48,375	-	-	6,854,085	-	15,583,807
91200	Auditing fees	-	-	-	-	-	10,000	-	202,900
91300	Management fee	-	-	-	-	-	-	(7,866,685)	-
913.10	Bookkeeping fee	-	-	-	-	-	-	(1,256,574)	-
91400	Advertising	-	-	-	-	-	-	-	628
91500	Employee benefit contributions - admin	-	-	-	-	-	2,534,689	-	6,597,553
91600	Office expense	237,118	38	281,640	193,949	(62,754)	1,715,969	(508,630)	4,940,511
91700	Legal expense	-	-	-	-	-	208,117	(415,210)	476,093
91800	Travel	6,056	-	-	244	-	62,096	-	118,582
91900	Other	-	-	-	-	-	2,085	-	1,161,353
	Total administrative	252,624	38	330,015	194,193	(62,754)	11,387,041	(10,047,099)	29,081,427
92000	Asset Management Fee	-	-	-	-	-	-	(108,720)	-
Tenant services:									
92100	Salaries	-	-	147,728	-	-	-	-	1,645,793
92200	Relocation costs	-	-	-	-	-	-	-	1,961
92300	Employee benefit contributions	-	-	-	-	-	-	-	355,477
92400	Other	-	-	-	-	-	-	-	1,015,583
	Total tenant services	-	-	147,728	-	-	-	-	3,018,814
Utilities:									
93100	Water	-	-	-	-	-	13,662	-	3,928,095
93200	Electricity	-	-	-	-	-	202,443	-	6,712,614
93300	Gas	-	-	-	-	-	13,412	-	2,558,978
93400	Fuel	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	23,001	-	7,303,408
93800	Other utilities expense	-	-	-	-	-	-	-	1,408,224
	Total utilities	-	-	-	-	-	252,518	-	20,503,095
Ordinary maintenance & operations:									
94100	Labor	-	-	-	-	-	1,249,238	-	9,523,663
94200	Materials and other	-	-	11,430	-	-	24,143	-	1,960,884
94300	Contracts	-	-	-	15,982	-	295,994	(2,108,399)	6,686,007
94500	Employee benefits contribution	-	-	-	-	-	344,446	-	2,874,066
	Total ordinary maintenance & operations	-	-	11,430	15,982	-	1,913,821	(2,108,399)	21,044,620

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

Line Item#	Accounts Description	Project Total	Jobs Plus Pilot Initiative	Multifamily Property Disposition	PSPC	ROSS	HCVP	Sect 8 Rehab SRO	Mainstream Vouchers	Blended Component Unit
<b>EXPENSES (Continued)</b>										
Protective services:										
95100	Labor	\$ 4,404,968	\$ -	\$ 11,962	\$ 669,270	\$ -	\$ 135,829	\$ -	\$ -	\$ -
95200	Other contract costs	5,619	-	27	-	-	-	-	-	310,344
95300	Other	91,073	-	152	-	-	389	-	-	-
95500	Employee benefit contributions	1,404,784	-	-	-	-	55,088	-	-	-
95000	Total protective services	5,906,444	-	12,141	669,270	-	191,306	-	-	310,344
96110	Property insurance	1,358,378	-	15,035	-	-	137	-	-	86,470
96120	Liability insurance	695,729	-	3,301	-	-	61,067	-	-	-
96130	Workmen's Compensation	9,038	-	385	-	-	-	-	-	4,680
96140	All other insurance	219,235	-	564	-	-	13,848	-	-	9,026
96100	Total insurance premiums	2,282,380	-	19,285	-	-	75,052	-	-	100,176
General expenses:										
96200	Other general expenses	3,541,584	-	4	-	-	57,423	-	-	78,146
96210	Compensated absences	1,782,912	-	4,918	-	-	279,572	-	-	-
96400	Bad debt - tenant rents	625,098	-	2,318	-	-	-	-	-	20,453
96000	Total general expenses	5,949,594	-	7,240	-	-	336,995	-	-	98,599
96710	Interest of mortgage payable	1,277,985	-	-	-	-	-	-	-	764,577
96720	Interest on notes payable	242,494	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization	1,520,479	-	-	-	-	-	-	-	764,577
96900	Total operating expenses	73,530,341	663,524	223,447	669,270	390,694	9,161,098	(2,331)	-	5,077,377
97000	Excess of operating revenue over operating expenses	22,794,990	-	(110,256)	-	-	91,637,612	2,331	669,796	7,640,492
97200	Casualty Losses- Non-capitalized	524,914	-	74	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	92,707,662	-	605,450	-
97400	Depreciation expense	13,130,528	-	14,737	-	-	36,593	-	-	1,158,974
90000	Total expenses	87,185,783	663,524	238,258	669,270	390,694	101,905,353	(2,331)	605,450	6,236,351
Other financing sources (uses):										
10010	Operating transfer in	8,253,334	-	-	-	-	-	-	-	-
10020	Operating transfer out	(8,253,334)	-	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	151,217	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	279,092	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(279,092)	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	151,217	-	-	-	-	-	-	-	-
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 9,290,765</b>	<b>\$ -</b>	<b>\$ (125,067)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,106,643)</b>	<b>\$ 2,331</b>	<b>\$ 64,346</b>	<b>\$ 6,481,518</b>
<b>Memo Account Information</b>										
11020	Required annual debt principal payments	\$ 5,349,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,431
11030	Beginning equity	120,573,650	-	1,092,824	-	-	(2,355,534)	(2,331)	61,325	28,558,316
11040	Prior period adjustments, equity transfers	(14,397,265)	-	(24,094)	-	-	(1,645,909)	-	-	-
11170	Administrative fee equity	-	-	-	-	-	(3,173,569)	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	1	-	-	-
11190	Unit months available	105,801	-	456	-	-	182,126	-	1,740	6,840
11210	Number of unit months leased	101,151	-	186	-	-	169,761	-	1,726	6,801
11270	Excess cash	(8,070,270)	-	-	-	-	-	-	-	-
11620	Building purchases	2,937,790	-	-	-	-	-	-	-	-
13510	CFFP debt services payments	3,248,634	-	-	-	-	-	-	-	-

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

Line Item#	Accounts Description	Sect 8 NC/SR			Business Activities	S8MR	COCC	Elimination	Total Entity	Discretely Presented Component Unit
		HOPE VI	Programs	2 State/Local						
<b>EXPENSES (Continued)</b>										
Protective services:										
95100	Labor	\$ -	\$ -	\$ 93,709	\$ -	\$ -	\$ -	\$ -	\$ 5,315,738	\$ -
95200	Other contract costs	-	-	253,762	8,514	-	-	-	578,266	-
95300	Other	-	-	490	4,065	-	88	-	96,257	459,212
95500	Employee benefit contributions	-	-	-	-	-	-	-	1,459,872	-
95000	Total protective services	-	-	347,961	12,579	-	88	-	7,450,133	459,212
96110	Property insurance	-	-	-	-	-	27,029	-	1,487,049	-
96120	Liability insurance	-	-	-	-	-	5,594	-	765,691	-
96130	Workmen's Compensation	-	-	-	-	-	55,133	-	69,236	-
96140	All other insurance	-	-	-	-	-	80,198	-	322,871	463,711
96100	Total insurance premiums	-	-	-	-	-	167,954	-	2,644,847	463,711
General expenses:										
96200	Other general expenses	-	-	-	2,000	-	12,230	-	3,691,387	11,225
96210	Compensated absences	-	-	1,247	-	-	1,252,927	-	3,321,576	-
96400	Bad debt - tenant rents	-	-	-	-	-	-	-	647,869	-
96000	Total general expenses	-	-	1,247	2,000	-	1,265,157	-	7,660,832	11,225
96710	Interest of mortgage payable	-	-	-	-	-	845,545	-	2,888,107	1,492,132
96720	Interest on notes payable	-	-	-	-	-	-	-	242,494	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	95,806
96700	Total interest expense and amortization	-	-	-	-	-	845,545	-	3,130,601	1,587,938
96900	Total operating expenses	252,624	38	838,381	224,754	(62,754)	15,832,124	(12,264,218)	94,534,369	7,637,814
97000	Excess of operating revenue over operating expenses	7,472	(38)	79,048	1,437,092	624,078	(2,728,214)	(339,415)	121,714,988	1,903,669
97200	Casualty Losses- Non-capitalized	-	-	-	-	-	1,640	-	526,628	30,043
97300	Housing assistance payments	-	-	-	-	492,838	-	(339,415)	93,466,535	-
97400	Depreciation expense	-	-	-	8,196	-	201,422	-	14,550,450	5,537,033
90000	Total expenses	252,624	38	838,381	232,950	430,084	16,035,186	(12,603,633)	203,077,982	13,204,890
Other financing sources (uses):										
10010	Operating transfer in	-	-	-	-	-	-	(8,253,334)	-	-
10020	Operating transfer out	-	-	-	-	-	-	8,253,334	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	1,056	-	152,273	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	(279,092)	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	279,092	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	1,056	-	152,273	-
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 7,472</b>	<b>\$ (38)</b>	<b>\$ 79,048</b>	<b>\$ 1,428,896</b>	<b>\$ 131,240</b>	<b>\$ (2,930,220)</b>	<b>\$ -</b>	<b>\$ 13,323,648</b>	<b>\$ (3,663,407)</b>
<b>Memo Account Information</b>										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 672,714	\$ -	\$ 6,254,783	\$ 187,263
11030	Beginning equity	(7,472)	620,635	(1,084)	43,904,752	105,835	(27,373,890)	-	165,177,026	44,793,938
11040	Prior period adjustments, equity transfers	-	-	-	4,168,409	-	(6,785,911)	-	(18,684,770)	10,569,099
11170	Administrative fee equity	-	-	-	-	-	-	-	(3,173,569)	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	1	-
11190	Unit months available	-	-	-	-	987	-	-	297,950	12,780
11210	Number of unit months leased	-	-	-	-	866	-	-	280,491	11,844
11270	Excess cash	-	-	-	-	-	-	-	(8,070,270)	-
11620	Building purchases	-	-	-	-	-	-	-	2,937,790	-
13510	CFFP debt services payments	-	-	-	-	-	-	-	3,248,634	-



**INDEPENDENT AUDITORS' 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**

Members of the Board  
Cuyahoga Metropolitan Housing Authority  
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 28, 2019.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Members of the Board  
Cuyahoga Metropolitan Housing Authority

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

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

#### **The Authority's Responses to Findings**

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

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



CliftonLarsonAllen LLP

Toledo, Ohio  
June 28, 2019



CliftonLarsonAllen LLP  
CLAconnect.com

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

Members of the Board  
Cuyahoga Metropolitan Housing Authority  
Cleveland, Ohio

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

We have audited Cuyahoga Metropolitan Housing Authority (the Authority)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.



***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Members of the Board  
Cuyahoga Metropolitan Housing Authority

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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Toledo, Ohio  
June 28, 2019

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development Direct Programs</b>				
Public and Indian Housing	14.850		\$ -	\$ 63,742,603
Capital Fund Program	14.872		-	16,770,778
Jobs Plus Pilot Initiative	14.895		-	663,524
Resident Opportunity and Supportive Services	14.870		-	390,694
Choice Neighborhoods Planning Grant	14.866		-	141,437
Section 8 Project-Based Cluster				
Moderate Rehabilitation	14.856		-	430,084
New Construction and Substantial Rehabilitation	14.182		-	4,108,542
Total Section 8 Project-Based Cluster			-	4,538,626
Housing Choice Voucher Cluster				
Mainstream Vouchers	14.879		-	605,450
Housing Choice Voucher Program	14.871		-	101,868,760
Total Housing Choice Voucher Cluster			-	102,474,210
Total Department of Housing and Urban Development Direct Programs			-	188,721,872
<b>Department of Justice Direct Programs</b>				
Public Safety Partnership and Community Policing Grants	16.710		-	669,270
Total Expenditures of Federal Awards			\$ -	\$ 189,391,142

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Cuyahoga Metropolitan Housing Authority (the Authority) for the year ended December 31, 2018. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 INDIRECT COST RATE**

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2018**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

CFDA Number(s)	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$   3,000,000
- Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2018**

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***Section II – Financial Statement Findings***

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**2018-001**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition/Context:** There were numerous changes to the unaudited trial balance required due to reclassifications, errors and unrecorded activity. These changes occurred over the course of several months and contributed to a delay in the audit process. Some changes were provided by the Authority while others were identified during the audit process.

**Criteria or specific requirement:** The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements.

**Effect:** The effect of this condition is inaccurate account balances, inaccurate financial reports, and misreporting financial position to HUD during the unaudited submission process.

**Cause:** Staffing changes in the finance department caused delays in reconciling accounts and determining which closing processes were completed.

**Recommendation:** We recommend Management of the Authority review the supervision and staff assigned to various accounting functions and ensure those individuals have appropriate training related to the financial reporting process. Additionally, management should review their year-end closing and reconciliation processes to ensure it is adequately designed to capture and report the financial activity of the Authority.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2018-002**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition/Context:** Audit procedures performed on January 7, 2019 noted the Authority's December 31, 2017 audited financial statements were not uploaded to the Municipal Securities Rulemaking Board website ([www.emma.msrb.org](http://www.emma.msrb.org)) (EMMA) for three bond issuance. The Authority subsequently uploaded the required documents on January 25, 2019. The deadline for submission of these documents was September 30, 2018.

**Criteria or specific requirement:** The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Continuing disclosure requirements related to the bonds require the Authority to upload audited financial statements to the EMMA website at least annually not later than the 270th day following each fiscal year.

**Effect:** The effect of this condition is noncompliance with requirements of the continuing disclosure agreement included in the Official Statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2018**

**Cause:** The submission process on the EMMA website requires the uploading of financial statements followed by a second step to submit the information. The Authority uploaded the financial statements but did not initiate the second step to submit the information to the EMMA website.

**Recommendation:** We recommend the Authority review the current process and make revisions as necessary to ensure timely uploads. This should include assigning responsibility for these uploads to a specific staff person, designating a supervisor to review the uploads, maintaining a submission confirmation from the EMMA website and using a recurring calendar reminder each year a few weeks before the due date. If the Authority relies on a financial institution to perform the actual upload process, they should still follow up with the financial institution prior to the due date to ensure proper submission.

**Views of responsible officials:** There is no disagreement with the audit finding.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2018 – 003 (Eligibility)**

Federal agency: U.S. Department of Housing and Urban Development

Federal program: Low Rent Public Housing

CFDA Number: 14.850

Award Period: January 1, 2018 through December 31, 2018

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Compliance

**Criteria or specific requirement:** OMB Circular A-133 requires compliance with the provisions of eligibility for tenants in the Low Rent Housing Program. 24 CFR Section 960.259 states that for both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent. 24 CFR Section 5.508 states that Eligibility for assistance or continued under a section 214 covered program is contingent upon a family's submission of a signed declaration of U.S. Citizenship or U.S. Nationality for each family member, regardless of age. Per CMHA's internal controls, a completed File Content Checklist is to be included with every reexamination. The PHA is also required to submit the HUD-50058, Family Report (OMB No. 2577-0083) electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

**Condition:** During our testing, we noted the Authority did not have adequate processes and internal controls to ensure eligibility requirements were properly documented or calculated.

**Questioned costs:** None

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2018**

**Context:** During our testing, the following issues were noted in the Authority's tenant files: 1 of 40 files tested did not have a signed Declaration 214 form for all members of the household; 1 of 40 files tested did not have proper support for income; 1 of 40 files tested did not have proper support for assets; 2 of 40 files tested did not have proper support for expenses/deductions; in total, 4 of 40 files tested had miscalculated rent due to missing/incorrect information; 1 of 40 files tested did not have a completed File Content Checklist. 1 of 40 HUD-50058 forms could not be located in the PIC system. 1 of 40 forms in the PIC system had critical line information that did not agree to the printed HUD-50058.

**Cause:** The missing information and miscalculation of amounts resulted from human error in the processing of tenant recertifications.

**Effect:** The auditor noted no instances of noncompliance with the provisions of procurement, suspension, and debarment; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**Recommendation:** We recommend the Authority review and make necessary changes to their processes and controls to ensure an adequate review process is in place to review eligibility.

**Views of responsible officials:** There is no disagreement with the audit finding.

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**Section IV– Prior Year Findings**

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There were no findings in the prior year that were required to be reported.

# OHIO AUDITOR OF STATE KEITH FABER



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**

**CUYAHOGA COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 1, 2019**