CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

James G. Zupka, CPA, Inc.

Certified Public Accountants

Board of Commissioners
Cincinnati Metropolitan Housing Authority
1627 Western Avenue
Cincinnati, OH 45214

We have reviewed the *Independent Auditor's Report* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

April 8, 2016

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HAMILTON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio (CMHA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CMHA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CMHA'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 CMHA'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, the financial statements referred to above present fairly, in all material respects, the financial position of the Cincinnati Metropolitan Housing Authority, Ohio, as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during the year ended June 30, 2015, CMHA adopted Governmental Standards Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and recorded the HOPE VI repayment note and adjusted its net position at June 30, 2014. Our opinion is not modified with respect to these matters.

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 9, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, and the Schedule of the Authority's Pension Contributions to the Ohio Public Employees Retirement System on pages 39 and 40 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CMHA's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2016.01.29 14:50:54 -05'00'

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

January 15, 2016

This discussion and analysis provides the reader with a narrative overview and financial analysis of the Cincinnati Metropolitan Housing Authority's (CMHA) financial activities and performance for the year ended June 30, 2015. This section should be read in conjunction with the audited financial statements and accompanying notes.

Financial Highlights

- CMHA's total assets and liabilities were $345.2 million and $65.3 million, respectively, and deferred outflows of resources and deferred inflows of resources were $1.1 million and $.2 million, respectively; therefore, net position was $280.8 million as of June 30, 2015.

- Total revenues, including capital contributions and total expenses, were $116.7 million and $116.6 million, respectively, resulting in a $0.1 million change in net position for fiscal year 2015, without consideration of prior period adjustment.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements

CMHA has many programs that are consolidated into a single enterprise fund. The more significant programs consist of the following:

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

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

Choice Neighborhood Grant – In 2011, CMHA applied for a Choice Neighborhood Planning Grant for the Fairmount neighborhood, which included the former English Woods public housing site, as well as the Cincinnati neighborhoods of North and South Fairmount. The awarded grant of $201,844 supports the development of a comprehensive revitalization plan focused on the following three goals: Housing, People, and Neighborhoods. As of the end of fiscal year 2015, CMHA and the Community Building Institute, its planning partner, significantly completed most of the activities associated with this Plan.

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

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

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

Overview of CMHA's Financial Position and Operations

<u>Statement of Net Position</u>
CMHA's total net assets decreased by $7.1 million during fiscal year 2015. The combination of cash, cash equivalents, and investments decreased by $15.7 million from fiscal year 2014. The decrease in cash and cash equivalents resulted primarily from the payment to HUD for Operating Subsidy overpayment from 2008 through 2012. Also, HUD recaptured $5.6 million in HAP reserves from the Housing Choice Voucher Program by reducing funding for this purpose in the audit period.

Total liabilities increased in fiscal year 2015 by $7.0 million. This was attributed to the inclusion of Net Pension Liability resulting from the implementation of GASB Statement No. 68.

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

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

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits.

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

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

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

As a result of implementing GASB Statement No. 68, CMHA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. A restatement to record the effects of the new reporting guidance decreased beginning net position by $9.3 million. Decisions regarding the allocations are made by the administrators of the pension plan, not by CMHA's management.

Statement of Net Position (in Millions)
(Condensed)

	2015	2014	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets	$ 29.4	$ 44.6	$ (15.2)
Other Assets	68.4	66.2	2.2
Capital Assets	247.4	241.5	5.9
Deferred Outflows of Resources	1.1	0.0	1.1
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	346.3	352.3	(6.0)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities			
Current Liabilities	9.9	13.2	(3.3)
Long-Term Liabilities	45.5	45.1	0.4
Net Pension Liability	9.9	0.0	9.9
Total Liabilities	65.3	58.3	7.0
Deferred Inflows of Resources	0.2	0.0	0.2
Net Position			
Net Investment in Capital Assets	223.9	220.7	3.2
Restricted Net Position	1.7	8.9	(7.2)
Unrestricted Net Position	55.2	64.4	(9.2)
Total Net Position	280.8	294.0	(13.2)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 346.3	$ 352.3	$ (6.0)

Revenues, Expenses, and Changes in Net Position

CMHA's operating revenue for fiscal year 2015 decreased by $2.5 million due primarily to reduction of funding for the Housing Choice Voucher Program to effect a HUD recapture of excess HAP reserves from the Housing Choice Voucher Program. Operating expenses were even with the prior year. The changes in operating revenues and expenses resulted in a negative net change in net position of $(3.5) million on a consolidated basis.

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

	2015	2014	Change
Operating Revenues			
Operating/Other Revenues	$ 13.1	$ 12.9	$ 0.2
Governmental Revenues	100.8	103.5	(2.7)
Total Operating Revenues	113.9	116.4	(2.5)
Operating Expenses			
Operating Expenses	107.9	107.9	0.0
Depreciation Expense	7.3	6.8	0.5
Total Operating Expenses	115.2	114.7	0.5
Net Operating Income	(1.3)	1.7	(3.0)
Total Non-Operating Revenue/Expenses	1.4	1.9	(0.5)
Change in Net Position	0.1	3.6	(3.5)
Net Position, Beginning of Year	294.0	319.9	(25.9)
Prior Period Adjustment	(13.3)	(29.5)	16.2
Net Position, Beginning of Year, Restated	280.7	290.4	(9.7)
Net Position, End of Year	$ 280.8	$ 294.0	$ (13.2)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of $499,075 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the Plan. Under GASB Statement No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement no. 68, the 2015 statements report pension expense of $1,127,922. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 Program Expenses under GASB Statement No. 68	$ 116,621,076
Pension expense under GASB Statement No. 68	(1,127,922)
2015 contractually required contribution	1,340,224
Adjusted 2015 Program Expenses	116,833,378
Total 2014 Program Expenses under GASB Statement No. 27	115,498,662
Increase in Program Expenses not related to Pension	$ 1,334,716

Capital Assets and Debt Administration

As of June 30, 2015, CMHA's investment in capital assets balance for its Proprietary Fund was $223.9 million (net of accumulated depreciation and related debt). This represents an increase of $3.2 million over fiscal year 2014.

Major capital assets increased $5.9 million during the fiscal year. The increase pertained to new construction and construction-in-progress as it relates to CMHA's Capital Fund and Replacement Housing Factor funds. See Note 7 for more information regarding capital assets.

CMHA's long-term portion of debt as of June 30, 2015, was $43.9 million. The long-term debt increased by $0.4 million over fiscal year 2014. This change was due to payments made on existing debt and the recording of repayment agreements for the HOPE VI Program.

See Note 11 for more information regarding outstanding debt.

Authority Budget Information

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

Budgetary Considerations for Fiscal Year 2016

The greatest budgetary challenges faced by CMHA involve the ongoing reduction of operating funds due to the pro-ration factors used in the funding calculations by HUD. The following economic factors were considered in preparing CMHA's budget for fiscal year 2016:

- Maintaining occupancy and utilization in the Housing Choice Voucher Program, after the forced reduction of utilized vouchers due to sequestration, many housing authorities are struggling to maintain 98 percent utilization.

- Change in funding methods, levels, and pro-ration factors for Housing Choice Voucher, Low Income Public Housing, Capital Fund, and Replacement Housing Factor programs.

- Rental Assistance Demonstration – CMHA was awarded seven Commitments to Enter into a Housing Assistance Payments Contract (CHAPS) and will undergo the conversions in fiscal years 2016 and 2017.

- Aging properties.

- Reduction of future Operating Subsidy due to HUD over-subsidizing in prior years.

Contacting CMHA

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

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents - Unrestricted	$	19,784,182
Cash and Cash Equivalents - Restricted		3,377,757
Investments at Fair Value - Unrestricted		1,025,869
Accounts Receivable, Net of Allowance for Doubtful Accounts		2,264,177
Due from Other Governments		2,348,033
Inventory, Net of Allowance of Obsolescence		126,225
Prepaid Expenses		447,767
Total Current Assets		29,374,010
Capital Assets		
Non-Depreciable Capital Assets		53,663,185
Depreciable Capital Assets, Net		193,761,651
Total Capital Assets		247,424,836
Other Assets		
Notes and Mortgages Receivable		43,548,057
Interest Receivable		24,618,829
Insurance Deposits		203,963
Net Pension Asset		55,362
Total Other Assets		68,426,211
Deferred Outflows of Resources		
Pension		1,089,295
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	346,314,352

See accompanying notes to the financial statements.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2015
(CONTINUED)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Current Liabilities	
Accounts Payable	$ 1,327,420
Accrued Wages and Taxes Payable	575,071
Accrued Compensated Absences	161,108
Other Accrued Liabilities	2,404,246
Due to Other Governments	678,605
Notes and Bonds Payable - Current Portion	3,633,154
Prepaid Rents	57,835
Payable from Restricted Assets:	
Resident Security Deposits	1,073,295
Total Current Liabilities	9,910,734
Noncurrent Liabilities	
Notes Payable, Net of Current Portion	43,919,856
Accrued Compensated Absences	656,005
Payable from Restricted Assets:	
Family Self-Sufficiency Escrows	917,251
Net Pension Liability	9,993,841
Total Noncurrent Liabilities	55,486,953
Total Liabilities	65,397,687
Deferred Inflow of Resources	
Pension	192,465
Total Deferred Inflows of Resources	192,465
Net Position	
Net Investment in Capital Assets	223,871,826
Restricted Net Position	1,695,804
Unrestricted Net Position	55,156,570
Total Net Position	280,724,200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 346,314,352

See accompanying notes to the financial statements.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenues	
Tenant Revenue	$ 11,357,286
Governmental Revenue	88,009,432
Other Revenue	1,833,815
Total Operating Revenues	101,200,533
Operating Expenses	
Administrative	14,976,478
Tenant Services	203,326
Utilities	8,732,028
Ordinary Maintenance and Operations	11,819,315
Protective Services	886,522
General Expenses	5,743,226
Housing Assistance Payments	65,594,535
Depreciation	7,380,658
Total Operating Expenses	115,336,088
Operating Loss	(14,135,555)
Nonoperating Revenues (Expenses)	
Loss on Disposal of Capital Assets	(558,866)
Interest Revenue - Unrestricted	2,719,349
Interest Revenue - Restricted	8
Interest Expense	(726,122)
Total Nonoperating Revenues	1,434,369
Change in Net Position Before Capital Grants Revenue	(12,701,186)
Capital Grants Revenue	12,831,243
Net Change in Net Position	130,057
Net Position - Beginning of Year	293,954,079
Prior Period Adjustments (Note 22)	(13,359,936)
Net Position - End of Year	$ 280,724,200

See accompanying notes to the financial statements.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities		
Receipts from Residents and Other Deposits	$	11,061,716
Governmental Operating Revenues		87,733,707
Other Receipts		1,736,322
Administrative Expenses		(15,446,992)
Other Operating Expenses		(27,147,690)
Housing Assistance Payments		(65,594,535)
Net Cash Used by Operating Activities		(7,657,472)
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets		(13,955,020)
Principal Paid on Capital Debt		(6,938,099)
Cash from Disposal of Assets		54,721
Interest Paid		(733,141)
Capital Grants		13,009,285
Net Cash Used by Capital and Related Financing Activities		(8,562,254)
Cash Flows from Investing Activities		
Investment Proceeds		(104)
Investment Income		865
Decrease in Notes Receivable		524,833
Net Cash Used in Investing Activities		525,594
Net Decrease in Cash and Cash Equivalents		(15,694,132)
Cash and Cash Equivalents - Beginning of Year		38,856,071
Cash and Cash Equivalents - End of Year	$	23,161,939
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Operating Loss	$	(14,135,555)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation		7,380,658
Increase in Tenant Receivables		(435,006)
Decrease in Due To/From Other Governments		(109,787)
Increase in Other Assets/Receivables		(347,150)
Decrease in Inventory		36,646
Decrease in Prepaid Expenses		180,191
Increase in Deferred Outflows of Resources		(590,220)
Decrease in Intergovernmental Payable		(165,938)
Increase in Security Deposits		41,943
Decrease in Accounts Payable		(567,794)
Decrease in Compensated Absences		(50,173)
Increase in Accrued Liabilities		663,768
Increase in Prepaid Revenue		35,956
Increase in Net Pension Liability		240,815
Decrease in Other Liabilities		(28,291)
Increase in Deferred Inflows of Resources		192,465
Net Cash Provided by Operating Activities	$	(7,657,472)

A non-cash transaction was made for $2,718,492 representing interest on notes receivable.

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that financial statements include all organizations, activities, and functions for which CMHA is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on CMHA. Based upon the application of these criteria, the reporting entity had no component units.

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

C. Summary of HUD Programs

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

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

C. **Summary of HUD Programs** (Continued)

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

a. Low Rent Public Housing

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

b. Modernization and Development

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

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

Housing Choice Vouchers and Moderate Rehabilitation

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

D. **Basis of Presentation of Accounting**

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

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

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

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

D. **Basis of Presentation of Accounting** (Continued)

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

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

E. **Budgets**

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

F. **Revenue Recognition**

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

G. **Cash Equivalents**

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

H. **Restricted Cash and Cash Equivalents**

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

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

I. **Receivables /Bad Debts**

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

J. **Interprogram Receivables and Payables**

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

K. **Investments**

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

L. **Inventories**

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

M. **Prepaid Items**

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

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

N. **Restricted Assets**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

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

O. **Use of Estimates**

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

P. **Fair Value of Financial Instrument**

CMHA’s financial instruments at June 30, 2015, including cash, investments, accounts receivable, and accounts payable, closely approximate fair value.

Q. **Capital Assets**

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

Land values were derived from development closeout documents.

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

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

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

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

O. **Capital Assets** (Continued)

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

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

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

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

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

R. **Compensated Absences**

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

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

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

S. **Equity Transfers**

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

T. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applied to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For CMHA, deferred outflows or resources are reported for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For CMHA, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 13)

U. **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. 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.

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

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

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

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

A. **Deposits**

At year end, the carrying amount of CMHA's deposits was $23,161,939 (including $3,377,757 of restricted funds and $830 of petty cash) and the bank balance was $24,341,409. Of the bank balance, $1,010,777 was covered by Federal Depository Insurance and $23,330,632 was covered by collateral held by Fifth Third Bank and US Bank party trustees, pursuant to Section 135.181 of the Ohio Revised Code, as specific collateral or in collateral pools serving all public funds on deposit with specific depository institutions.

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

B. **Investments**

CMHA's investments at June 30, 2015 are summarized below:

Investment	Maturity Year	Amount	Credit Rating Moody's/S&P
Fifth Third Inst. Gov't MMkt.		$ 1,025,869	AAA
Total		$ 1,025,869	

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

B. **Investments** (Continued)

Custodial Credit Risk

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

Interest Rate Risk

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

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

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

C. **Restricted Cash and Investments**

Restricted Cash and Investments - Section 8*and FFS Programs	$	651,444
Security Deposit Cash Held in Escrow		1,073,295
Cash of the CFFP Program		1,653,018
Total Restricted Cash and Investments at June 30, 2015	$	3,377,757

* Section 8 amount reflects HAP expended to date in calendar year exceeds funds provided to date in calendar year.

NOTE 3: **ACCOUNTS RECEIVABLE**

Tenants Accounts Receivable, Net	$	580,327
The Affiliates/Project Monitoring; Other Receivables, Net		1,683,850
Total Accounts Receivable, Net	$	2,264,177

NOTE 4: **INTERPROGRAM TRANSFERS**

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

NOTE 5: **DUE FROM OTHER GOVERNMENTS**

U.S. Department of Housing and Urban Development $2,348,033

NOTE 6: **NOTES/OTHER RECEIVABLES**

Notes Receivable

The financing of the revitalization projects under the Hope VI Lincoln and Laurel Partnerships encompass 60 percent of the notes receivable. These represent soft HOPE VI notes with a balloon payment due in 40 years from note date. The construction of the Mt. Healthy Senior Housing Development under the NSP2 Program is financed through a soft note with the Reserve on South Martin Limited Partnership with a balloon payment due 45 years from note date. The notes with the Springdale Senior Ltd. Partnership are associated with the construction of Baldwin Grove. No portion of the notes receivable are to be paid within the next year. The following schedule summarizes the details pertaining to the notes receivable. The note with Touchstone Property Services, Inc., is associated with the acquisition for a mixed finance development.

Amount	Maker	Date of Note	Interest	Maturity Date
$ 10,380,218	Lincoln Court Parnerships	LCI - 3/20/01 LCII - 3/20/01 LCIII - 2/28/02 LCIV - 08/26/03	AFR	40 Years
13,927,849	Laurel Home Partnerships	LHI - 10/24/02 LHII - 12/15/03 LHIV - 01/22/02 LHIV - 11/01/04 LHV - 9/30/06	AFR	40 Years
10,308,550	Reserve on South Martin Ltd. Partnership	10/1/2011	AFR	45 Years
3,026,218	Springdale Senior Ltd. Partnership RHF/Capital Funds	3/27/2007	3.50%	50 Years
2,078,989	Springdale Senior Ltd. Partnership Project Based Section 8 Reserve	3/27/2007	AFR	50 Years
885,000	Springdale Senior Ltd. Partnership	3/27/2007	0.00%	50 years
580,000	Springdale Senior Ltd. Partnership Developer Fee	3/27/2007	0/0%	50 years
1,240,780	Touchstone Properties, Inc.	2014	LIBOR	2 Years
144,628	Reserve on South Martin, Ltd. Partnership	10/27/2011	3.00%	45 Years
510,000	Springdale Senior Ltd. Partnership Ground Lease	5/10/2006	4.79%	75 years
$ 43,082,232				
465,825	Other Receivables			
$ 43,548,057	Total Notes/Other Receivables			

NOTE 6: **NOTES/OTHER RECEIVABLES** (Continued)

Ground Lease

Regarding the above notes receivable, the Springdale Senior Limited Partnership entered into a 75-year ground lease in the total amount of $510,000.

Other Receivables

There is $465,825 in other receivables that are associated with the construction of Lincoln Court and Laurel Homes.

NOTE 7: **CAPITAL ASSETS**

	Balance June 30, 2014	Additions	Reclass	Deletions	Balance June 30, 2015
Capital Assets Not Being Depreciated					
Land	$ 29,320,743	$ 0	$ 177,960	$ 0	$ 29,498,703
Construction in Progress	13,802,302	13,639,962	(2,690,264)	(587,518)	24,164,482
Total Capital Assets Not Being Depreciated	43,123,045	13,639,962	(2,512,304)	(587,518)	53,663,185
Capital Assets Being Depreciated					
Buildings and Improvements	373,060,164	0	2,512,304	0	375,572,468
Furniture, Equipment, and Machinery	6,665,179	315,058	0	(463,346)	6,516,891
Leasehold Improvements	168,561	0	0	(26,069)	142,492
Infrastructure	30,519,094	0	0	0	30,519,094
Subtotal Capital Assets Being Depreciated	410,412,998	315,058	2,512,304	(489,415)	412,750,945
Accumulated Depreciation -					
Buildings and Improvements	(205,875,876)	(6,012,151)	0	0	(211,888,027)
Furniture and Equipment	(4,314,410)	(724,414)	0	463,346	(4,575,478)
Leasehold Improvements	(50,550)	(33,712)	0	0	(84,262)
Infrastructure	(1,831,146)	(610,381)	0	0	(2,441,527)
Subtotal Accumulated Depreciation	(212,071,982)	(7,380,658)	0	463,346	(218,989,294)
Depreciable Assets, Net	198,341,016	(7,065,600)	2,512,304	(26,069)	193,761,651
Total Capital Assets, Net	$ 241,464,061	$ 6,574,362	$ 0	$ (613,587)	$ 247,424,836

NOTE 8: **COMPENSATED ABSENCES PAYABLE**

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

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

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

NOTE 8: COMPENSATED ABSENCES PAYABLE (Continued)

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

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

At June 30, 2015, total compensated absences liability is $817,113, of which $161,108 is current and $656,005 is long-term.

Schedule of Change in Compensated Absences

June 30, 2014 Current Portion	June 30, 2014 Long-Term Portion	June 30, 2014 Total	Additions	Reductions	June 30, 2015	Current Portion
$ 174,744	$ 692,542	$ 867,286	$ 928,666	$ 978,839	$ 817,113	$ 161,108

NOTE 9: OTHER ACCRUED LIABILITIES

Contract Retainage	$ 1,475,757
Accrued Liabilities	635,465
Other	293,024
Total Other Accrued Liabilities	$ 2,404,246

NOTE 10: DUE TO OTHER GOVERNMENTS

U.S. Department of Housing and Urban Development	$ 948
City of Cincinnati - Payment in Lieu of Taxes (PILOT)	677,657
Total Due to Other Governments	$ 678,605

NOTE 11: NOTES PAYABLE

Authority Program	Principal Balance	Current Portion	Long-Term Portion	Payee	Interest Rate	Note Date
Hamilton County	$ 600,000	$ 100,000	$ 500,000	HOME	2.00%	01/1996
Hamilton County	814,940	101,868	713,072	CDBG	2.00%	03/1998
Hamilton County	1,080,000	120,000	960,000	HOME	2.00%	11/1998
Hamilton County	900,000	90,000	810,000	HOME	2.00%	10/1999
Hamilton County	1,150,000	0	1,150,000	HOME	2.00%	06/2002
Hamilton County	1,025,000	30,000	995,000	Fifth Third Bank	5.54%	05/2014
Hamilton County	365,994	79,363	286,631	US Bank	5.25%	12/1998
Capital Fund Financing	13,511,091	941,416	12,569,675	Deutsche Bank National Trust Co.	4.55%	11/2006
HUD EPC Repayment	24,000,000	1,714,286	22,285,714	HUD	0.00%	08/2014
HOPE VI Repayment	4,105,985	456,221	3,649,764	HUD	0.00%	05/2015
Total All Programs	$ 47,553,010	$ 3,633,154	$ 43,919,856			

Hamilton County (HOME & CDBG) Loans (Items 1-5)
Hamilton County provided HOME and CDBG funds for the development of low-rent housing units in Hamilton County. These loans (and interest of 2 percent per annum) will be forgiven at the rate of 10 percent annually commencing in the sixteenth year, provided the units are preserved as low-income housing and there are no plans to convert the units to market rate.

Bank Loans (Items 6-7)
These loans were acquired to expand the affordable housing program using locally available funds. There is no capitalized interest.

Capital Fund Financing (Item 8)
This loan was acquired as part of a Capital Fund Financing Program to be used to fund capital improvements to existing public housing. This loan is repaid through the use of Capital Fund grants.

HUD EPC Repayment (Item 9)
This repayment agreement was entered into as a result of overpayment of operating subsidy through an energy performance contract with the Low Income Public Housing Program. This agreement will be repaid beginning in fiscal year 2015.

HOPE VI Repayment (Item 10)
This repayment agreement was entered into as a result of exceeding total development costs of the Laurel Homes HOPE VI Development. This agreement will be repaid beginning in fiscal year 2016.

NOTE 11: **NOTES PAYABLE** (Continued)

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

Maturity Date	Principal Amount	Interest Amount	Total
2016	$ 3,633,154	$ 667,230	$ 4,300,384
2017	3,686,159	617,875	4,304,034
2018	3,856,515	565,832	4,422,347
2019	3,930,987	511,344	4,442,331
2020	3,866,322	455,152	4,321,474
2021-2025	19,018,894	1,409,667	20,428,561
2026-2030	9,250,979	195,899	9,446,878
2031-2034	310,000	41,688	351,688
Total	$ 47,553,010	$ 4,464,687	$ 52,017,697

NOTE 12: **CHANGES IN LONG-TERM LIABILITIES**

	Balance June 30, 2014					Balance June 30, 2015		
	Current	Noncurrent	Total	Payments	Additions	Total	Current	Noncurrent
Notes Payable	$ 6,909,056	$ 43,476,068	$ 50,385,124	$ (6,938,099)	$ 4,105,985	$ 47,553,010	$ 3,633,154	$ 43,919,856
Workers' Comp Contingency	106,745	69,795	176,540	(663,336)	486,796	0	0	0
Compensated Absences	174,744	692,542	867,286	(978,839)	928,666	817,113	161,108	656,005
Family Self-Sufficiency Funds	0	875,747	875,747	(614,578)	656,082	917,251	0	917,251
Net Pension Liability	0	0	0	0	9,993,841	9,993,841	0	9,993,841
Total	$ 7,190,545	$ 45,114,152	$ 52,304,697	$ (9,194,852)	$ 16,171,370	$ 59,281,215	$ 3,794,262	$ 55,486,953

NOTE 13: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS is a cost-sharing, multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (800) 222-7377, or by visiting the OPERS web site at www.opers.org.

OPERS administers three retirement plans, as described below:

- The Traditional Pension Plan (TP) - a defined benefit plan;

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

- The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Benefits – All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The Board, pursuant to ORC Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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 are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service. Group C is for members eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. 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, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Benefits (Continued)

Defined Contribution Benefits – Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. 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 members' contributions, vested employer contributions, and investment gains or losses resulting from the members' investment selections.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3 percent cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3 percent cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Contributions - The OPERS Funding Policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined, and Member-Directed) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contribution rates were approved based upon the recommendations of the System's external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

NOTE 13: **<u>DEFINED BENEFIT PENSION PLAN</u>** (Continued)

Contributions (Continued)

Member and employer contributions rates, as a percent of covered payroll, were the same for each covered group across all three plans for fiscal year ended June 30, 2015. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

Plan members were required to contribute 10 percent of their annual covered salary. CMHA was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. CMHA's contractually required contributions to OPERS for fiscal year 2015 were $1,175,865 for the Traditional Plan and $60,735 for the Combined Plan. Total contractually required contributions, including contributions for the Member-Directed Plan and post-retirement health care, was $1,572,007. The full amount was contributed during the fiscal year.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. CMHA's proportion of the net pension liability was based on CMHA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional	Combined	Total
Proportionate Share of the Net Pension Liability (Asset)	$ 9,993,841	$ (55,362)	$ 9,938,479
Proportion of the Net Pension Liability	0.082860%	0.143788%	
Pension Expense	$ 1,091,133	$ 36,789	$ 1,127,922

At June 30, 2015, CMHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

	Traditional	Combined	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 533,241	$ 3,379	$ 536,620
Authority Contributions Subsequent to the Measurement Date	526,845	25,830	552,675
Total Deferred Outflows of Resources	$ 1,060,086	$ 29,209	$ 1,089,295
Deferred Inflows of Resources			
Difference between Expected and Actual Experience	$ 175,572	$ 16,893	$ 192,465
Total Deferred Inflows of Resources	$ 175,572	$ 16,893	$ 192,465

$552,675 reported as deferred outflows of resources related to pension resulting from CMHA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	Traditional Plan Net Deferred Outflows of Resources	Combined Plan Net Deferred Inflow of Resources	Total
Ending June 30:			
2016	$ 52,301	$ (1,164)	$ 51,137
2017	52,301	(1,164)	51,137
2018	119,757	(1,164)	118,593
2019	133,310	(1,164)	132,146
2020	0	(2,009)	(2,009)
Thereafter	0	(6,849)	(6,849)
Total	$ 357,669	$ (13,514)	$ 344,155

Actuarial Assumptions – OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., future employment, mortality, cost trends). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Actuarial Information	Traditional Plan	Combined Plan
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 year Period Ended December 31, 2010	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25%-10.05% (includes wage inflation at 3.75%)	4.25%-8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

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

The 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. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.28%

NOTE 13: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (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 asset 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.

Discount Rate The discount rate used to measure the total pension liability was 8.0 percent for both the Traditional Pension Plan and the Combined Plan. 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.

Sensitivity of CMHA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

Authority's proportionate share of the net pension liability (asset)	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Plan	$ 18,385,805	$ 9,993,841	$ 2,925,787
Combined Plan	$ 7,189	$ (55,362)	$ (104,965)

NOTE 14: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

NOTE 14: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In the fiscal year ending June 30, 2015, CMHA contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised 2.0 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefit provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual CMHA contributions for the years ended June 30, 2015, 2014, and 2013, which were used to fund post-employment benefits were $215,524, $167,309, and $326,562, respectively.

NOTE 15: RISK MANAGEMENT

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

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

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

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

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

NOTE 16: COMMITMENTS

CMHA is engaged in modernization programs funded by HUD. CMHA has entered into construction–type contracts with approximately $11,787,694 remaining until completion.

NOTE 17: CONTINGENCIES

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

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

NOTE 18: RESTRICTED NET POSITION

Section 8 Housing Programs HAP Equity	$ 42,786
CFFP Equity	1,653,018
Total Restricted Net Position	**$ 1,695,804**

NOTE 19: NET INVESTMENT IN CAPITAL ASSETS

Below is a summary of Investment in Capital Assets, net of related debt at June 30, 2015:

Capital Assets	$ 247,424,836
Less Related Debt	(23,553,010)
Total Investment in Capital Assets, Net of Related Debt	**$ 223,871,826**

NOTE 20: LEASING ACTIVITIES (AS LESSOR)

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

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

NOTE 21: HUD RECAPTURE OF SUBSIDY

On August 8, 2014, a repayment agreement was entered into between CMHA and HUD for subsidy overpaid in the Public Housing Program for the period 2008 through 2012. The amount to be repaid to HUD is $24,000,000 as of the end of the fiscal year. The repayments are being made over a 15-year period which commenced in October 2014.

NOTE 22: **CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

During the fiscal year, CMHA adopted the following GASB statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by CMHA.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* The objective of GASB Statement No. 69 is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this statement are effective for periods beginning after December 15, 2013, and the implementation of this statement did not result in any change in CMHA's financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68.* The objective of GASB Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement are to be applied simultaneously with the provisions of GASB Statement No. 68, and have been implemented by CMHA.

The implementation of GASB Statement No. 68 had the following effect on net position:

GASB Statements Nos. 68 and 71 Adjustments to Net Position:	
Net Pension Liability	$ (9,753,026)
Deferred Outflow - Payments Subsequent to Measurement Date	499,075
Total GASB Statement No. 68 Prior Period Adjustment	(9,253,951)
Other Adjustment - Record HOPE VI Repayment (Note 11)	(4,105,985)
Total Prior Period Adjustment	$ (13,359,936)

Other than employer contributions subsequent to the measurement date, CMHA made no restatement for deferred inflows/outflows of resources, as the information needed to generate these restatements was not available.

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

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability/Asset	0.082860%	0.082860%
Authority's Proportionate Share of the Net Pension Liability	$ 9,993,841	$ 9,768,114
Authority's Covered-Employee Payroll	$ 9,978,875	$10,109,375
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	100.15%	96.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Combined Plan		
Authority's Proportion of the Net Pension Liability/Asset	0.143788%	0.143788%
Authority's Proportionate Share of the Net Pension (Asset)	$ (55,362)	$ (15,088)
Authority's Covered-Employee Payroll	$ 506,125	$ 451,883
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	-10.94%	-3.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.33%

(1) Information prior to 2014 is not available.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contributions										
Traditional Plan	$ 1,175,865	$ 1,213,125	$ 1,545,691	$ 1,284,681	$ 1,232,382	$ 1,092,244	$ 1,067,717	$ (1)	$ (1)	$ (1)
Combined Plan	60,735	54,226	77,582	42,761	38,140	43,349	40,802	(1)	(1)	(1)
Total Required Contributions	$ 1,236,600	$ 1,267,351	$ 1,623,273	$ 1,327,442	$ 1,270,522	$ 1,135,593	$ 1,108,519	$ 2,075,778	$ 1,990,485	$ 1,977,801
Contribution In Relation to the Contractually Required Contributions	(1,236,600)	(1,267,351)	(1,623,273)	(1,327,442)	(1,270,522)	(1,135,593)	(1,108,519)	(2,075,778)	(1,990,485)	(1,977,801)
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll										
Traditional Plan	$ 9,978,875	$ 10,109,375	$ 11,889,931	$ 12,846,810	$ 12,323,820	$ 12,136,044	$ 12,561,376	(1)	(1)	(1)
Combined Plan	$ 506,125	$ 451,883	$ 596,785	$ 537,874	$ 479,748	$ 443,695	$ 440,151	(1)	(1)	(1)
Contributions as a Percentage of Covered-Employee - Payroll										
Traditonal Plan	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%	7.77%	9.04%
Combined Plan	12.00%	12.00%	13.00%	7.95%	7.95%	9.77%	9.27%	8.10%	7.77%	9.04%

(1) - Information prior to 2009 is not available for classification of OPERS contributions by Plan. Total contributions reported include any amounts contributed to the Member-Directed Plan and other post-employment benefits in addition to the Traditional and Combined plans.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2015

	Project Total	Business Activities	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	14.866 Revitalization of Severely Distressed Public Housing	14.889 Choice Neighborhoods Implementation Grants
111 Cash - Unrestricted	14,107,020	2,496,248	544,525	202,645	162,955		7,503	
113 Cash - Other Restricted	1,653,018		580,430			42,786		
114 Cash - Tenant Security Deposits	980,038	35,569			57,688			
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	16,740,076	2,531,817	1,124,955	202,645	220,643	42,786	7,503	-
122 Accounts Receivable - HUD Other Projects	1,987,511		355,264	473			4,223	
125 Accounts Receivable - Miscellaneous	365,988	19,615	2,201		320,874		141,455	
126 Accounts Receivable - Tenants	544,031	36,296						
128 Fraud Recovery	141,191		671,492					
128.1 Allowance for Doubtful Accounts - Fraud			-671,492					
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,038,721	55,911	357,465	473	320,874	-	145,678	-
131 Investments - Unrestricted	1,025,869							
142 Prepaid Expenses and Other Assets	256,876	4,339	16,834	169	5,106			
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	51,279	586,968						
150 Total Current Assets	21,112,821	3,179,035	1,499,254	203,287	546,623	42,786	153,181	-
161 Land	27,096,901	177,960			1,578,043			
162 Buildings	333,396,632	207,778	360,668		6,341,978			
163 Furniture, Equipment & Machinery - Dwellings					1,775			
164 Furniture, Equipment & Machinery - Administration	3,727,378	36,425	486,541					
165 Leasehold Improvements								
166 Accumulated Depreciation	-184,705,401	-48,823	-585,577		-2,317,131		-2,441,527	
167 Construction in Progress	23,848,267	273,664						
168 Infrastructure							30,519,094	
160 Total Capital Assets, Net of Accumulated Depreciation	203,363,777	647,004	261,632	-	5,604,665	-	28,077,567	-
171 Notes, Loans and Mortgages Receivable - Non-Current	3,869,653	2,991,454	885,000				47,381,749	
174 Other Assets	28,472		13,332		28,740			
180 Total Non-Current Assets	207,261,902	3,638,458	1,159,964	-	5,633,405	-	75,459,316	-
200 Deferred Outflow of Resources	560,209		262,320					
290 Total Assets and Deferred Outflow of Resources	228,934,932	6,817,493	2,921,538	203,287	6,180,028	42,786	75,612,497	-

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2015

	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted			240,587	2,022,699	19,784,182		19,784,182
113 Cash - Other Restricted					2,276,234		2,276,234
114 Cash - Tenant Security Deposits					1,073,295		1,073,295
115 Cash - Restricted for Payment of Current Liabilities	28,228				28,228		28,228
100 Total Cash	28,228	-	240,587	2,022,699	23,161,939	-	23,161,939
122 Accounts Receivable - HUD Other Projects			562		2,348,033		2,348,033
125 Accounts Receivable - Miscellaneous				883,091	1,733,224	-190,565	1,542,659
126 Accounts Receivable - Tenants					580,327		580,327
128 Fraud Recovery					812,683		812,683
128.1 Allowance for Doubtful Accounts - Fraud					-671,492		-671,492
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	562	883,091	4,802,775	-190,565	4,612,210
131 Investments - Unrestricted					1,025,869		1,025,869
142 Prepaid Expenses and Other Assets			200	164,243	447,767		447,767
143 Inventories				147,916	147,916		147,916
143.1 Allowance for Obsolete Inventories				-21,691	-21,691		-21,691
144 Inter Program Due From					638,247	-638,247	-
150 Total Current Assets	28,228	-	241,349	3,196,258	30,202,822	-828,812	29,374,010
161 Land		559,524		86,275	29,498,703		29,498,703
162 Buildings				35,265,412	375,572,468		375,572,468
163 Furniture, Equipment & Machinery - Dwellings					1,775		1,775
164 Furniture, Equipment & Machinery - Administration				2,264,772	6,515,116		6,515,116
165 Leasehold Improvements				142,492	142,492		142,492
166 Accumulated Depreciation				-28,890,835	-218,989,294		-218,989,294
167 Construction in Progress				42,551	24,164,482		24,164,482
168 Infrastructure					30,519,094		30,519,094
160 Total Capital Assets, Net of Accumulated Depreciation	-	559,524	-	8,910,667	247,424,836	-	247,424,836
171 Notes, Loans and Mortgages Receivable - Non-Current		10,334,338		2,704,692	68,166,886		68,166,886
174 Other Assets				188,781	259,325		259,325
180 Total Non-Current Assets	-	10,893,862	-	11,804,140	315,851,047	-	315,851,047
200 Deferred Outflow of Resources				266,766	1,089,295		1,089,295
290 Total Assets and Deferred Outflow of Resources	28,228	10,893,862	241,349	15,267,164	347,143,164	-828,812	346,314,352

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2015

	Project Total	Business Activities	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	14.866 Revitalization of Severely Distressed Public Housing	14.889 Choice Neighborhoods Implementation Grants
312 Accounts Payable <= 90 Days	712,736	2,153	62,224	15	367,095			
321 Accrued Wage/Payroll Taxes Payable	273,476		107,142	25				
322 Accrued Compensated Absences - Current Portion	55,634		23,415	67				
325 Accrued Interest Payable					1,412			
331 Accounts Payable - HUD PHA Programs				433				
333 Accounts Payable - Other Government	564,399							
341 Tenant Security Deposits	980,038	35,569			57,688			
342 Unearned Revenue	10,806				2,054			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	941,416				521,231			
344 Current Portion of Long-term Debt - Operating Borrowings	1,714,286							
345 Other Current Liabilities	1,373,084				281,315			
346 Accrued Liabilities - Other	879,504		27				5,119	
347 Inter Program - Due To	182,408							
310 Total Current Liabilities	7,687,787	37,722	192,808	540	1,230,795	-	5,119	-
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	12,569,675				5,414,703			
352 Long-term Debt, Net of Current - Operating Borrowings	22,285,714							
353 Non-current Liabilities - Other			917,251					
354 Accrued Compensated Absences - Non Current	230,822		93,661	269				
357 Accrued Pension and OPEB Liabilities	5,139,690		2,406,680					
350 Total Non-Current Liabilities	40,225,901	-	3,417,592	269	5,414,703	-	-	-
300 Total Liabilities	47,913,688	37,722	3,610,400	809	6,645,498	-	5,119	-
400 Deferred Inflow of Resources	98,982		46,348					
508.4 Net Investment in Capital Assets	189,852,686	647,004	261,632		-331,269		28,077,567	
511.4 Restricted Net Position	1,653,018					42,786		
512.4 Unrestricted Net Position	-10,583,442	6,132,767	-996,842	202,478	-134,201		47,529,811	
513 Total Equity - Net Assets / Position	180,922,262	6,779,771	-735,210	202,478	-465,470	42,786	75,607,378	-
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	228,934,932	6,817,493	2,921,538	203,287	6,180,028	42,786	75,612,497	-

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2015

	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days			20	183,177	1,327,420		1,327,420
321 Accrued Wage/Payroll Taxes Payable			30	194,398	575,071		575,071
322 Accrued Compensated Absences - Current Portion			80	81,912	161,108		161,108
325 Accrued Interest Payable					1,412		1,412
331 Accounts Payable - HUD PHA Programs			515		948		948
333 Accounts Payable - Other Government				113,258	677,657		677,657
341 Tenant Security Deposits					1,073,295		1,073,295
342 Unearned Revenue	28,228			16,747	57,835		57,835
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				456,221	1,918,868		1,918,868
344 Current Portion of Long-term Debt - Operating Borrowings					1,714,286		1,714,286
345 Other Current Liabilities					1,654,399	-190,565	1,463,834
346 Accrued Liabilities - Other				54,350	939,000		939,000
347 Inter Program - Due To				455,839	638,247	-638,247	-
310 Total Current Liabilities	28,228	-	645	1,555,902	10,739,546	-828,812	9,910,734
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				3,649,764	21,634,142		21,634,142
352 Long-term Debt, Net of Current - Operating Borrowings					22,285,714		22,285,714
353 Non-current Liabilities - Other					917,251		917,251
354 Accrued Compensated Absences - Non Current			319	330,934	656,005		656,005
357 Accrued Pension and OPEB Liabilities				2,447,471	9,993,841		9,993,841
350 Total Non-Current Liabilities	-	-	319	6,428,169	55,486,953	-	55,486,953
300 Total Liabilities	28,228	-	964	7,984,071	66,226,499	-828,812	65,397,687
400 Deferred Inflow of Resources				47,135	192,465		192,465
508.4 Net Investment in Capital Assets		559,524		4,804,682	223,871,826		223,871,826
511.4 Restricted Net Position					1,695,804		1,695,804
512.4 Unrestricted Net Position		10,334,338	240,385	2,431,276	55,156,570		55,156,570
513 Total Equity - Net Assets / Position	-	10,893,862	240,385	7,235,958	280,724,200	-	280,724,200
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	28,228	10,893,862	241,349	15,267,164	347,143,164	-828,812	346,314,352

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Total	Business Activities	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	14.866 Revitalization of Severely Distressed Public Housing
70300 Net Tenant Rental Revenue	9,980,956	184,262			806,653		
70400 Tenant Revenue - Other	373,648	1,313			10,454		
70500 Total Tenant Revenue	10,354,604	185,575	-	-	817,107	-	-
70600 HUD PHA Operating Grants	23,472,107		64,017,054	100,840			196,321
70610 Capital Grants	12,831,243						
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	673	214,045	8				2,494,125
71400 Fraud Recovery			150,140				
71500 Other Revenue	596,578	1,828	208,368	444	428,785		
71600 Gain or Loss on Sale of Capital Assets	8,776	-579,851	12,209				
72000 Investment Income - Restricted			8				
70000 Total Revenue	47,263,981	-178,403	64,387,787	101,284	1,245,892	-	2,690,446
91100 Administrative Salaries	1,461,363		1,728,183	11,304			
91200 Auditing Fees	45,652		13,427				
91300 Management Fee	3,891,072		1,246,470				
91310 Book-keeping Fee	418,103		982,041				
91400 Advertising and Marketing			18,923				
91500 Employee Benefit contributions - Administrative	2,075,308		732,379	3,677			
91600 Office Expenses	525,758	199	374,611		22,972		
91700 Legal Expense	80,029	1,718	32,108		2,737		
91800 Travel	400		749		3,555		
91810 Allocated Overhead					140,854		
91900 Other	1,329,295		326,481				2,496
91000 Total Operating - Administrative	9,826,980	1,917	5,455,372	14,981	170,118	-	2,496
92000 Asset Management Fee	437,965						
92100 Tenant Services - Salaries							
92200 Relocation Costs	4,350						
92400 Tenant Services - Other	260,225				859		
92500 Total Tenant Services	264,575	-	-	-	859	-	-

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	14.889 Choice Neighborhoods Implementation Grants	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						10,971,871		10,971,871
70400 Tenant Revenue - Other						385,415		385,415
70500 Total Tenant Revenue	-	-	-	-	-	11,357,286	-	11,357,286
70600 HUD PHA Operating Grants	8,528	94,862		119,720		88,009,432		88,009,432
70610 Capital Grants						12,831,243		12,831,243
70710 Management Fee					5,137,542	5,137,542	-5,137,542	-
70720 Asset Management Fee					437,965	437,965	-437,965	-
70730 Book Keeping Fee					1,400,144	1,400,144	-1,400,144	-
70740 Front Line Service Fee					949,884	949,884	-949,884	-
70750 Other Fees					236,416	236,416		236,416
70700 Total Fee Revenue	-	-	-	-	8,161,951	8,161,951	-7,925,535	236,416
71100 Investment Income - Unrestricted			10,322		176	2,719,349		2,719,349
71400 Fraud Recovery						150,140		150,140
71500 Other Revenue				527	378,889	1,615,419	-168,160	1,447,259
71600 Gain or Loss on Sale of Capital Assets						-558,866		-558,866
72000 Investment Income - Restricted						8		8
70000 Total Revenue	8,528	94,862	10,322	120,247	8,541,016	124,285,962	-8,093,695	116,192,267
91100 Administrative Salaries		77,787		13,419	3,447,977	6,740,033		6,740,033
91200 Auditing Fees					8,943	68,022		68,022
91300 Management Fee						5,137,542	-5,137,542	-
91310 Book-keeping Fee						1,400,144	-1,400,144	-
91400 Advertising and Marketing					57,541	76,464		76,464
91500 Employee Benefit contributions - Administrative		17,075		4,367	1,267,452	4,100,258		4,100,258
91600 Office Expenses					665,838	1,589,378	-84,160	1,505,218
91700 Legal Expense					143,777	260,369		260,369
91800 Travel					25,623	30,327		30,327
91810 Allocated Overhead						140,854		140,854
91900 Other	8,528		3,065		917,684	2,587,549	-532,616	2,054,933
91000 Total Operating - Administrative	8,528	94,862	3,065	17,786	6,534,835	22,130,940	-7,154,462	14,976,478
92000 Asset Management Fee						437,965	-437,965	-
92100 Tenant Services - Salaries					101,021	101,021		101,021
92200 Relocation Costs					24,099	28,449		28,449
92400 Tenant Services - Other						261,084	-187,228	73,856
92500 Total Tenant Services	-	-	-	-	125,120	390,554	-187,228	203,326

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Total	Business Activities	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	14.866 Revitalization of Severely Distressed Public Housing
93100 Water	1,089,372	12,204			68,249		
93200 Electricity	2,236,066	33,391			13,808		
93300 Gas	1,684,410	47,773			37,511		
93600 Sewer	3,244,055	40,741					
93000 Total Utilities	8,253,903	134,109	-	-	119,568	-	-
94100 Ordinary Maintenance and Operations - Labor	3,385,384				34,932		
94200 Ordinary Maintenance and Operations - Materials and Other	1,202,774	160	9,388		104,897		
94300 Ordinary Maintenance and Operations Contracts	6,393,998	31,514	194,164		215,977		
94000 Total Maintenance	10,982,156	31,674	203,552	-	355,806	-	-
95100 Protective Services - Labor	129,735						
95200 Protective Services - Other Contract Costs	752,230						
95000 Total Protective Services	881,965	-	-	-	-	-	-
96110 Property Insurance			39,653				
96120 Liability Insurance	587,388	11,631			175		
96130 Workmen's Compensation							
96100 Total insurance Premiums	587,388	11,631	39,653	-	175	-	-
96200 Other General Expenses	1,207,979	23,688	125,775		16,183		657,564
96210 Compensated Absences	451,457		162,810	225			
96300 Payments in Lieu of Taxes	673,257				262		
96400 Bad debt - Tenant Rents	257,357	10,264			40,565		
96500 Bad debt - Mortgages							19,214
96800 Severance Expense	703,493		20,971	4			
96000 Total Other General Expenses	3,293,543	33,952	309,556	229	57,010	-	676,778
96720 Interest on Notes Payable (Short and Long Term)	637,080				75,125		
96700 Total Interest Expense and Amortization Cost	637,080	-	-	-	75,125	-	-
96900 Total Operating Expenses	35,165,555	213,283	6,008,133	15,210	778,661	-	679,274
97000 Excess of Operating Revenue over Operating Expenses	12,098,426	-391,686	58,379,654	86,074	467,231	-	2,011,172

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	14.889 Choice Neighborhoods Implementation Grants	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
93100 Water					18,124	1,187,949		1,187,949
93200 Electricity					119,083	2,402,348		2,402,348
93300 Gas					31,060	1,800,754		1,800,754
93600 Sewer					56,181	3,340,977		3,340,977
93000 Total Utilities	-	-	-	-	224,448	8,732,028	-	8,732,028
94100 Ordinary Maintenance and Operations - Labor						3,420,316		3,420,316
94200 Ordinary Maintenance and Operations - Materials and Other					92,087	1,409,306		1,409,306
94300 Ordinary Maintenance and Operations Contracts					395,024	7,230,677	-240,984	6,989,693
94000 Total Maintenance	-	-	-	-	487,111	12,060,299	-240,984	11,819,315
95100 Protective Services - Labor					3,811	133,546		133,546
95200 Protective Services - Other Contract Costs					746	752,976		752,976
95000 Total Protective Services	-	-	-	-	4,557	886,522	-	886,522
96110 Property Insurance						39,653		39,653
96120 Liability Insurance					103,512	702,706		702,706
96130 Workmen's Compensation					105,028	105,028		105,028
96100 Total insurance Premiums	-	-	-	-	208,540	847,387	-	847,387
96200 Other General Expenses					4,293	2,035,482		2,035,482
96210 Compensated Absences				267	204,318	819,077		819,077
96300 Payments in Lieu of Taxes					7,763	681,282		681,282
96400 Bad debt - Tenant Rents					1,914	310,100		310,100
96500 Bad debt - Mortgages						19,214		19,214
96800 Severance Expense				5	365,981	1,090,454	-73,056	1,017,398
96000 Total Other General Expenses	-	-	-	272	584,269	4,955,609	-73,056	4,882,553
96720 Interest on Notes Payable (Short and Long Term)					13,917	726,122		726,122
96700 Total Interest Expense and Amortization Cost	-	-	-	-	13,917	726,122	-	726,122
96900 Total Operating Expenses	8,528	94,862	3,065	18,058	8,182,797	51,167,426	-8,093,695	43,073,731
97000 Excess of Operating Revenue over Operating Expenses	-	-	7,257	102,189	358,219	73,118,536	-	73,118,536

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Total	Business Activities	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	14.866 Revitalization of Severely Distressed Public Housing
97200 Casualty Losses - Non-capitalized	13,286						
97300 Housing Assistance Payments			65,410,857	83,977			
97400 Depreciation Expense	6,295,165	1,468	17,282		158,628		610,382
90000 Total Expenses	41,474,006	214,751	71,436,272	99,187	937,289	-	1,289,656
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	5,789,975	-393,154	-7,048,485	2,097	308,603	-	1,400,790
11020 Required Annual Debt Principal Payments	3,188,488				431,231		
11030 Beginning Equity	179,899,607	7,164,780	8,541,777	189,811	-774,073	42,786	74,206,588
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-4,767,320	8,145	-2,228,502	10,570			
11170 Administrative Fee Equity			-395,733				
11180 Housing Assistance Payments Equity			-339,477				
11190 Unit Months Available	63,520		136,588	240	1,356		
11210 Number of Unit Months Leased	61,714		130,939	235	1,178		

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	14.889 Choice Neighborhoods Implementation Grants	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized						13,286		13,286
97300 Housing Assistance Payments				99,701		65,594,535		65,594,535
97400 Depreciation Expense					297,733	7,380,658		7,380,658
90000 Total Expenses	8,528	94,862	3,065	117,759	8,480,530	124,155,905	-8,093,695	116,062,210
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	7,257	2,488	60,486	130,057	-	130,057
11020 Required Annual Debt Principal Payments						3,619,719		3,619,719
11030 Beginning Equity			10,886,605	248,467	13,547,731	293,954,079		293,954,079
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				-10,570	-6,372,259	-13,359,936		-13,359,936
11170 Administrative Fee Equity						-395,733		-395,733
11180 Housing Assistance Payments Equity						-339,477		-339,477
11190 Unit Months Available				336		202,040		202,040
11210 Number of Unit Months Leased				279		194,345		194,345

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/ ***Pass-Through Grantor/*** Program or Cluster Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Project Based Cluster:		
Section 8 Moderate Rehabilitation - Low Income Housing Assistance Program	14.856	$ 119,720
Section 8 Moderate Rehabilitaiton - Single Room Occupancy Program	14.249	100,840
Total Section 8 Project Based Cluster		220,560
Public Housing Capital Fund Program	14.872	15,083,898
Section 8 Housing Choice Voucher Program	14.871	64,017,054
Family Self Sufficiency Program	14.896	94,862
Low Rent Public Housing Program	14.850	21,219,452
Revitalization of Severely Distressed Public Housing Program	14.866	196,321
Choice Neighborhood Implementation Grants	14.889	8,528
Total Direct Programs		100,840,675
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 100,840,675

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cincinnati Metropolitan Housing Authority and is presented on the basis of accounting described in the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts were presented in, or used in the preparation of, the financial statements.

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

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

Board of Commissioners	Regional Inspector General for Audit
Cincinnati Metropolitan Housing Authority	Department of Housing and Urban
Cincinnati, Ohio	Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio (CMHA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CMHA's basic financial statements, and have issued our report thereon dated January 15, 2016, wherein we noted that CMHA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and recorded the HOPE VI repayment note and adjusted its net position at June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CMHA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cincinnati Metropolitan Housing Authority, Ohio'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 CMHA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

James G. Zupka, CPA, President

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

January 15, 2016

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

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

Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Cincinnati Metropolitan Housing Authority, Ohio's major federal program for the year ended June 30, 2015. Cincinnati Metropolitan Housing Authority, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Cincinnati Metropolitan Housing Authority, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cincinnati Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Cincinnati Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Cincinnati Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cincinnati Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cincinnati Metropolitan Housing Authority, Ohio's internal control over compliance.

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

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

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

James G. Zupka, CPA, President

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James G. Zupka CPA, Inc.
Certified Public Accountants

January 15, 2016

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under §.510(a)?	No
2015(vii)	Major Programs (list):	
	Section 8 Housing Choice Vouchers - CFDA #14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: $3,000,000 Type B: All Others
2015(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2015

The prior audit report, as of June 30, 2014, included no citations or instances of noncompliance. There were no management letter recommendations issued with the audit report as of June 30, 2014.

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Dave Yost · Auditor of State

CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 21, 2016

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