

**CUYAHOGA METROPOLITAN  
HOUSING AUTHORITY**

**AUDIT REPORT**

**DECEMBER 31, 2015**

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





# Dave Yost • Auditor of State

Members of the Board  
Cuyahoga Metropolitan Housing Authority  
8120 Kinsman Road  
Cleveland, Ohio 44104

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Metropolitan Housing Authority, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2015 through December 31, 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 Cuyahoga Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 25, 2016

**This page intentionally left blank.**

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Financial Statements:	
Statement of Net Position	13-14
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16-17
Notes to the Financial Statements	18-57
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System – Last Two Fiscal Years	58
Schedule of the Authority's Contributions – Ohio Public Employees Retirement System	59
Supplemental Data:	
Schedule of Modernization Costs Expended	60
Schedule of Expenditures of Federal Awards	61
Notes to the Schedule of Expenditures of Federal Awards	62
Financial Data Schedules:	
Entity Wide Balance Sheet Summary	63-66
Entity Wide Revenue and Expense Summary	67-72
Supplemental Schedules:	
Condensed Financial Information – Blended Component Units	73
Discretely Presented Component Units	74-75
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	78-79
Schedule of Findings and Questioned Costs	80
Schedule of Prior Year Findings and Recommendations	81

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units and the Western Reserve Revitalization and Management Company, Inc., a blended component unit. The blended component unit represents 16.68 percent of assets, 11.60 percent of net position, and 3.17 percent of revenues of the business-type activities of the primary government. The statements of the aggregate discretely presented component units and the blended component unit were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the blended component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors audited the financial statements of the aggregated discretely presented component units and the blended component unit in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority, Ohio, as of December 31, 2015, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 3 to the basic financial statements, the Housing Authority 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 restated its net position at December 31, 2014 for business-type activities. Also, the Housing Authority adjusted its December 31, 2014 net position for business-type activities due to a change in reporting of loan issuance costs, an adjustment in reporting of ground lease rental revenue, and a fixed asset correction. 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 and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The Statement of Modernization Cost - Completed, 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 Statement of Modernization Cost - Completed, 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.

The supplementary schedules – Blended Component Units and Discretely Presented Component Units – Condensed Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion on or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Cuyahoga Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cuyahoga Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.



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

June 24, 2016



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

---

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

The following discussion and analysis provides an overview of the Authority’s financial activities for the fiscal year ended December 31, 2015, and should be read in conjunction with the Authority’s financial statements which begin on page 13. If you have any questions, please contact Amy M. Waxman, Director of Finance, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2599.

***Overview of the Financial Statements***

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

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

The financial statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority’s financial condition as of December 31, 2015, and the results of its operations and cash flows for the year then ended.

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

---

***2015 Financial Highlights***

For the year ended 2015, the audited financial statements are presented with Primary Government and Discretely Presented Component unit columns.

- The Authority's net position decreased by \$18.4 million (9.5%) during 2015. Net position was \$176.3 million and \$194.7 million (restated) at December 31, 2015 and 2014 (restated), respectively.
- Total operating and non-operating revenues decreased by \$2.0 million (1.0%) during 2015, and were \$202.6 million and \$204.6 million for 2015 and 2014, respectively.
- Total operating and non-operating expenses of all Authority programs decreased by \$1.4 million (0.7%). Total expenses were \$219.2 million and \$220.6 million for 2015 and 2014, respectively.
- The Authority's unrestricted net position decreased by \$38.3 million (56.1%) during 2015, and was \$30.0 million and \$68.3 million for 2015 and 2014 (restated), respectively.

***The Authority's Programs***

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

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

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

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

Rental Assistance Demonstration Program: This initiative allows the Authority to convert public housing properties to project based rental assistance in order to attract debt and equity to make capital improvements. During 2015, the Agency closed three projects under this program. In 2016, the Agency anticipates the closing of four additional projects.

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

**AUTHORITY-WIDE FINANCIAL STATEMENT**

*Statement of Net Position*

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

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

	December 31	
	2015	Restated 2014
<b><u>Assets</u></b>		
Current and Other Assets	\$ 121.4	\$ 141.1
Net Capital Assets	186.7	194.1
<b>Total Assets</b>	<b>308.1</b>	<b>335.2</b>
<b>Deferred Outflows of Resources</b>	<b>6.8</b>	<b>4.8</b>
<b><u>Liabilities</u></b>		
Accounts Payable and Other Current Liabilities	29.6	29.6
Long-term Liabilities:		
Net Pension Liability	37.6	36.9
Other Long-Term Liabilities	70.7	78.8
<b>Total Liabilities</b>	<b>137.9</b>	<b>145.3</b>
<b>Deferred Inflows of Resources</b>	<b>0.7</b>	<b>-</b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	138.5	112.0
Restricted	7.8	14.4
Unrestricted	30.0	68.3
<b>Total Net Position</b>	<b>\$ 176.3</b>	<b>\$ 194.7</b>

For more detailed information see page 13 for the Statement of Net Position.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

---

During 2015, the Authority 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 the Authority’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB Statement No. 68, the net pension liability equals the Authority’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, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (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 within the long-term liability section of the statement of net position.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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

As a result of implementing GASB Statement No. 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$226,817,190 to \$194,731,641.

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

Current assets and Other Assets decreased by \$19.7 million and current liabilities remained at \$29.6 million. The Authority’s current ratio decreased to 1.2 in 2015, compared to 2.0 in 2014. There are sufficient current assets (primarily cash, investments, and receivables from HUD) to extinguish current liabilities. Net Capital assets decreased to \$186.7 million in 2015 from \$194.1 in 2014. The \$7.4 million decrease is attributed to net capital asset additions of \$12.3 million offset by depreciation expense of \$19.6 million. For additional detail see “Capital Asset and Debt Administration.”

Long term liabilities decreased \$9.1 million, to \$106.6 million in 2015, from \$115.7 million in 2014.

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

The following presents details on the change in unrestricted net position during the years ended December 31, 2015 and 2014:

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

	2015	2014
<b>Unrestricted Net Position—Beginning of Year</b>	\$ 68.3	\$ 85.7
Total Change in Net Position	(16.6)	(16.0)
Adjustments:		
Depreciation (1)	19.6	20.6
Adjustment for Retirement of Capital Assets	-	2.5
Adjusted Change in Net Position	3.0	7.1
Reclass Debt as Operating	(28.9)	6.7
Additions to Long-term Debt, Net of Payments on Long-term Debt	(4.9)	3.3
Capital Expenditures	(12.3)	(10.5)
(Increase) Decrease in Restricted Net Position	6.6	(7.0)
Prior Period Adjustment	(1.8)	15.1
Restatement to Implement GASB 68	-	(32.1)
<b>Unrestricted Net Position—End of Year</b>	<b>\$ 30.0</b>	<b>\$ 68.3</b>

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net position is as follows for the years ended December 31, 2015 and 2014:

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

	December 31	
	2015	Restated 2014
<b><u>Operating Revenues</u></b>		
Dwelling Rent from Tenants	\$ 15.7	\$ 15.6
HUD Operating Subsidies and Grants	175.3	174.4
Grants - Other	0.8	0.7
Other Revenues	3.1	2.9
<b>Total Operating Revenues</b>	<u>194.9</u>	<u>193.6</u>
<b><u>Operating Expenses</u></b>		
Housing Assistance Payments	92.7	91.5
Depreciation	19.6	20.6
Administrative	35.8	35.2
Building Maintenance	28.9	25.2
Utilities	17.1	17.0
Nonroutine Maintenance	0.1	5.7
Tenant Services	4.6	4.0
General	6.9	6.4
Protective Services	8.9	8.3
Other	0.4	0.3
<b>Total Operating Expenses</b>	<u>215.0</u>	<u>214.2</u>
Operating Loss	<u>(20.1)</u>	<u>(20.6)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Capital Grants from HUD	7.1	10.9
Interest Income	0.2	0.1
Interest Expense	(4.0)	(3.9)
Special Items - Gain/(Loss)	0.3	-
Capital Transfer to Component Unit	(0.1)	-
Gain (Loss) on Disposition	0.0	(2.5)
<b>Total Non-Operating Revenues—Net</b>	<u>3.5</u>	<u>4.6</u>
Change in Net Position	(16.6)	(16.0)
Net Position—Beginning of Year	194.7	225.9
Prior Period Adjustment	(1.8)	16.9
Restatement to Implement GASB 68	-	(32.1)
<b>Net Position—End of Year</b>	<u>\$ 176.3</u>	<u>\$ 194.7</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

---

The information necessary to restate 2014 financial statement amounts for the effects of the initial implementation of GASB Statement No. 68 is not available from the pension system. Therefore, the operating expenses reported for 2014 included pension expense of \$4,770,140, which was reported using the guidance of GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the pension plans. Under GASB Statement No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows and outflow of resources. The required contribution is no longer a component of pension expense under GASB Statement No. 68. Using the guidance provided by GASB Statement No. 68, the 2015 operating expenses reported contain pension expense totaling \$4,201,487. Consequently, in order to compare 2015 operating expenses to those of the prior year, the following adjustments are needed:

Total 2015 operating expenses	\$ 215,035,335
Pension expense calculated using GASB 68	(4,201,487)
2015 contractually required contributions to OPERS	4,823,072
Adjusted 2015 operating expenses	215,656,920
2014 operating expenses previously reported	214,284,529
Increase in operating expenses not related to implementation of GASB 68	\$ 1,372,391

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

**December 31, 2015 compared to December 31, 2014**

Operating revenues increased \$1.2 million or 0.6% in 2015. Dwelling Rent increased by \$0.1 million, HUD Operating Subsidies and Grants increased \$0.9 million, Other Operating Grants and Other Revenues decreased by \$0.2 million.

Operating expenses increased \$0.8 million or 0.4% with decreases in Depreciation (\$1.0 million) and Non-routine Maintenance (\$5.6 million) These decreases were offset by increased Housing Assistance Payments (\$1.2 million), Administrative (\$0.6 million), Building Maintenance (\$3.7 million), Tenant Services (\$0.6 million), General (\$0.5 million), Protective Services (\$0.6 million), and Other (\$0.1 million).

Capital Grants from HUD decreased \$3.8 million or 34.9%. The decrease can be attributed to a decrease in capital funding. Interest income has remained relatively flat. Interest expense increased \$0.1 million while a Gain on Capital Assets Dispositions of \$7,382 was experienced compared to a prior year loss of \$2.5 million.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

*Capital Assets and Debt Administration*

**Capital Assets**

At December 31, 2015, the Authority had \$186.7 million invested in a variety of net capital assets (as reflected in the following schedule), which represents a net decrease of \$7.4 million from December 31, 2014.

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

	(in millions)	
	December 31	
	2015	2014
Land	\$ 30.6	\$ 29.0
Buildings	676.5	675.2
Equipment—Administrative	9.9	9.1
Equipment—Dwellings	18.3	17.9
Leasehold Improvements	0.4	-
Construction in Progress	11.5	12.8
<b>Total</b>	747.2	744.0
Accumulated Depreciation	(560.5)	(549.9)
<b>Capital Assets—Net</b>	\$ 186.7	\$ 194.1

Capital additions in 2015 were primarily for housing stock improvements and construction in progress.

**Some of the major projects were:**

- Initiated agency wide Green Physical Needs Assessment [GPNA]
- Riverview Towers modernization and upgrades to elevators
- Addison Square High-Rise main plumbing stack
- Mount Auburn High-Rise Uniform Federal Accessibility Standards [UFAS] repairs
- Riverview Towers: UFAS repairs at Riverview, Bellaire Daycare as well as 91 Audio/Visual units

**Rental Assistance Demonstration Projects:**

- Bohn Tower building is undergoing an entire renovation under the Rental Assistance Demonstration Program
- Cedar Phase I New Development
- Heritage Homes IV New Construction

**Section 8 New Construction Housing Assistance Payment Programs:**

- Severance Tower building modernization
- Quarrytown building modernization
- Ambleside Tower building modernization



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

**Debt Outstanding**

As of December 31, 2015, the Authority had \$77.0 million in long-term debt and capital lease obligations compared to \$82.0 million at December 31, 2014, for a \$5.0 million decrease. The following summarizes these obligations:

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

	December 31	
	2015	2014
Energy Program—Capital Lease	\$ 14.1	\$ 17.1
Ohio Bond Financing	11.0	11.6
Bond Anticipation Note, Series 2013	3.1	3.1
General Revenue Bonds	2.1	2.6
Build America Bonds	12.9	12.9
Modernization Express Loan A	10.7	11.2
Modernization Express Loan B	6.4	6.7
Carver Park Phase I Promissory	0.2	-
Severance Mortgage	5.9	6.0
Quarrytown Mortgage	4.0	4.1
Ambleside Mortgage	6.6	6.7
<b>Total</b>	<b>\$ 77.0</b>	<b>\$ 82.0</b>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development. Operating subsidy for the Conventional Low Income Housing Program was funded at 89%. Future years' funding levels are expected to be approximately 85%. The Administrative fee funding for the Housing Choice Voucher Program was funded at 79% and levels are expected to remain constant in 2016.
- Local labor supply and demand, which can affect salary and wage rates of the Authority.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance costs continue to rise.

**Contacting the Authority**

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<b>Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 15,987,980	\$ 1,370,688
Cash - Restricted	10,607,797	31,812,729
Cash - Restricted for resident security deposits	1,375,762	123,658
Accounts Receivable Tenants - Net of Allowance for doubtful accounts of \$219,442 & \$8,314	322,970	14,573
Accounts Receivable - HUD	1,231,053	0
Accounts Receivable - Other Governments	119,699	0
Accounts Receivable - Other	5,453,478	636,002
Inventories	180,683	0
Prepaid Expenses and Other Current Assets	1,336,040	98,195
<b>Total Current Assets</b>	<b>36,615,462</b>	<b>34,055,845</b>
<b><u>Non-Current Assets</u></b>		
Capital Assets:		
Land	30,630,452	0
Buildings and improvements	676,529,002	113,423,322
Furniture, equipment and machinery - Dwellings	18,313,948	1,792,853
Furniture, equipment and machinery - Administration	9,851,460	0
Leasehold Improvements	392,296	0
Construction in Progress	11,512,070	8,585,822
Total Capital Assets	747,229,228	123,801,997
Less: Accumulated depreciation	(560,486,731)	(16,806,554)
Total Capital Assets, net of accumulated depreciation	186,742,497	106,995,443
Notes and Mortgage Receivable	71,288,734	0
Investment in Joint Ventures	11,412,658	0
Other Assets	2,114,258	4,540,651
<b>Total Non-Current Assets</b>	<b>271,558,147</b>	<b>111,536,094</b>
<b>TOTAL ASSETS</b>	<b>308,173,609</b>	<b>145,591,939</b>
<b>Deferred Outflow of Resources</b>	<b>6,826,479</b>	<b>0</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b>\$ 315,000,088</b>	<b>\$ 145,591,939</b>

See notes to the financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<b>Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable - Vendors	\$ 2,487,524	\$ 2,359,505
Accounts Payable - HUD	116,518	0
Accrued wages/taxes payable	7,401,472	99,597
Accrued Interest Payable	998,430	711,000
Accrued Expenses	8,827,896	917,733
Security and Other Deposits	1,375,762	123,658
Current Portion of Long-Term Debt	8,420,598	174,399
<b>Total Current Liabilities</b>	<b>29,628,200</b>	<b>4,385,892</b>
<b><u>Non-Current Liabilities</u></b>		
Long-Term Debt—net of current portion	68,669,969	97,952,244
Workers' Compensation Liability	1,663,458	0
Accrued Pension and OPEB Liabilities	37,602,497	0
Other Non-Current Liabilities	366,128	5,396,576
<b>Total Non-Current Liabilities</b>	<b>108,302,052</b>	<b>103,348,820</b>
<b>TOTAL LIABILITIES</b>	<b>137,930,252</b>	<b>107,734,712</b>
<b>Deferred Inflow of Resources</b>	<b>707,531</b>	<b>0</b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	138,501,741	8,868,800
Restricted	7,791,358	31,812,729
Unrestricted	30,069,206	(2,824,302)
<b>TOTAL NET POSITION</b>	<b>176,362,305</b>	<b>37,857,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$ 315,000,088</b>	<b>\$ 145,591,939</b>

See notes to the financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>Operating Revenues</u></b>		
Tenant Revenue	\$ 15,685,219	\$ 1,581,595
HUD Operating Subsidies and Grants	175,391,150	0
Other Operating Grants	760,709	3,238,468
Other Revenues	3,111,846	4,757,233
<b>Total Operating Revenues</b>	<b>194,948,924</b>	<b>9,577,296</b>
<b><u>Operating Expenses</u></b>		
Housing Assistance Payments	92,748,848	0
Depreciation	19,577,442	3,873,213
Administrative	35,779,254	1,300,518
Building Maintenance	28,856,286	1,144,344
Utilities	17,069,821	673,054
Nonroutine Maintenance	141,917	0
Tenant Services	4,630,758	149,467
General	6,893,517	305,570
Protective Services	8,936,373	348,982
Other	401,119	46,522
<b>Total Operating Expenses</b>	<b>215,035,335</b>	<b>7,841,670</b>
Operating Gain (Loss)	(20,086,411)	1,735,626
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Interest Income	202,611	62,483
Gain/(Loss) on Disposition of Capital Assets	7,382	0
Interest Expense	(4,024,549)	(245,043)
Special Items Net Gain/(Loss)	387,098	(3,624)
Capital Transfer to Component Unit	(148,722)	148,722
Capital Grants	7,107,674	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,531,494</b>	<b>(37,462)</b>
Change in Net Position	(16,554,917)	1,698,164
Net Position - Beginning of Year, Restated	194,731,641	36,159,063
Prior Period Adjustment	(1,814,419)	0
<b>TOTAL NET POSITION</b>	<b>\$ 176,362,305</b>	<b>\$ 37,857,227</b>

See notes to the financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>Cash Flows from Operating Activities</u></b>		
HUD Operating Subsidies and Grants	\$ 181,110,855	\$ 0
Other Operating Grants	846,763	3,238,468
Cash Received from Tenant Rents	15,609,822	1,605,429
Cash Payments to Suppliers for Goods and Services	(54,698,795)	(5,922,696)
Cash Paid for Salaries and Benefits	(53,775,939)	(1,044,968)
Housing Assistance Payments	(92,748,848)	0
Other Receipts	4,010,955	2,300,573
<b>Net Cash from Operating Activities</b>	<b>354,813</b>	<b>176,806</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Proceeds from Debt Issuance	150,000	35,315,004
HUD Capital Grants	7,107,674	0
Property and Equipment Additions	(12,346,959)	(7,752,855)
Proceeds from Sale of Assets	7,382	0
Repayment of Debt and Capital Lease Obligations	(5,095,534)	(16,652)
Interest Paid on Debt and Capital Lease Obligations	(4,013,268)	37,154
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(14,190,705)</b>	<b>27,582,651</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Notes Receivable	(2,382,074)	0
Interest Income	202,611	62,483
Special Items	387,098	(3,624)
<b>Net Cash from Investing Activities</b>	<b>(1,792,365)</b>	<b>58,859</b>
Change in Cash and Cash Equivalents	(15,628,257)	27,818,316
Cash and Cash Equivalents - Beginning of Year	43,599,796	5,488,759
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 27,971,539</b>	<b>\$ 33,307,075</b>

See notes to the financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>Reconciliation of Operating Loss to Net Cash from Operating Activities</u></b>		
Operating Income / (Loss)	\$ (20,086,411)	\$ 1,735,626
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:		
Depreciation	19,577,442	3,873,213
(Increase) Decrease in:		
Accounts Receivable - Tenants	(54,213)	(3,019)
Accounts Receivable - HUD Operating	5,731,937	0
Accounts Receivable - Other	946,294	(537,133)
Inventory	27,066	0
Prepaid Expenses and Other Assets	(904,008)	(1,983,227)
Deferred Outflow of Resources	(2,056,339)	0
Increase (Decrease) in:		
Accounts Payable	(8,135,056)	(2,291,101)
Intergovernmental	(12,232)	0
Accrued Expenses and Other	5,449,714	(644,406)
Security and Other Deposits	(21,184)	26,853
Workers' Compensation	897,040	0
Net Pension Liability	(1,712,768)	0
Deferred Inflow of Resources	707,531	0
<b>Net Cash from Operating Activities</b>	<b>\$ 354,813</b>	<b>\$ 176,806</b>

See notes to the financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. DEFINITION OF THE ENTITY**

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

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

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

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

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

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

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

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

**Other Grants:**

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

During 2015 the Authority received state and local funding under the 21<sup>st</sup> Century Grant, the Neighborhood System of Care, and private donations. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

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

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

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

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

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



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

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

**Component Units** (Continued)

The Authority has a controlling minority interest in 11 real estate limited partnerships as of December 31, 2015. The majority interests are held by third parties unrelated to the Authority. CMHA, or a CMHA affiliate, operates as either General Partner, Special General Partner, Class B Limited Partner or Limited Partner in the limited partnerships. As such, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. The subsidiary of the Authority, Western Reserve Revitalization and Management Company, Inc. (WRRMC) is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Additionally, in some cases, WRRMC is legally obligated to fund operating deficits. The Authority also has outstanding loans and net advances to the limited partnerships amounting to \$59,657,164 at December 31, 2015. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and therefore, are shown as discretely presented component units.

The 5 blended component units consist of: Western Reserve Revitalization and Management Company, Inc., Ambleside Redevelopment, LLC, Severance Redevelopment, LLC, Quarrytown Redevelopment, LLC, and CMHA Charities Fund, Inc. The 11 discretely presented component units consist of: Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly, L.P., Fairfax Intergenerational Housing L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P., and West Side Riverview, L.P.

**Blended Component Units**

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

- **Ambleside Redevelopment, LLC** – On July 17, 2014, CMHA transferred Ambleside Redevelopment, LLC's (Ambleside) (202 units) net assets to WRRMC. Ambleside was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Corporation, by providing decent, safe, sanitary and affordable housing for low-income persons and families.
- **Severance Redevelopment, LLC** – On September 30, 2007, WRRMC acquired Severance Redevelopment, LLC (Severance) (190 units) which is a wholly-owned and controlled subsidiary. Severance was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Corporation, by providing decent, safe, sanitary and affordable housing for low-income persons and families.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

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

**Blended Component Units** (Continued)

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

WRRMC has had a separate audit and report for the year ended December 31, 2015. Questions concerning this report or requests for additional information should be directed to Amy M. Waxman, Director of Finance, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2599.

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

**Discretely Presented Component Units**

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

**Garden Valley Housing Partnership I, L.P.** – (the “Partnership”). Formed on November 18, 2009 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Heritage Homes (the “Property”) located in Cleveland, Ohio.

The Property consists of 81 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”). The Partnership is 99.9% owned by the investor limited partners, Ohio Equity Fund for Housing Limited Partnership XIX-A, an Ohio limited partnership, and Key Community Development Corporation [the “Limited Partners”]. The Partnership is 0.025% owned by Garden Valley Redevelopment LLC, an Ohio limited liability company [the “Special General Partner”], 0.037% by Ralph A Falbo, Inc., a Pennsylvania corporation [the “Administrative General Partner”], and 0.038% by Pennrose GP, LLC, a Pennsylvania limited liability company [the “Managing General Partner”].

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

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

**Discretely Presented Component Units** (Continued)

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

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

**Garden Valley Housing Partnership IV, L.P.** – (the “Partnership”). Formed on February 14, 2012 and amended December 23, 2015, under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Heritage View Homes Phase IV located in the City of Cleveland. The Property consists of 60 units of affordable housing financed with an FHA insured loan and operated with the assistance of a Section 8 project-based HAP Contract under the Rental Assistance Demonstration Program. The units will be operated as qualified Low Income Housing Tax Credit units under Section 42 of the Internal Revenue Code (“Section 42”). The Partnership is owned .003825% by Pennrose GP, LLC [the “Managing General Partner”], .003675% by Ralph A Falbo, Inc. [the “Co-General Partner”], 0.0025% by Garden Valley Redevelopment, LLC [the “Special Limited Partner”], and 99.99% by Wincopin Circle LLP [the “Limited Partner”].

**Euclid-Lee Senior, L.P.** – (the “Partnership”). Formed on May 23, 2011 under the laws of the State of Ohio to acquire, construct, own, finance, lease and operate Euclid-Lee Senior (the “Property”) located in Cleveland, Ohio.

The Property consists of 79 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”). The Partnership is 99.9% owned by the investor limited partners, OEF 5/3 Fund III, LLC, an Ohio limited liability company [the “Limited Partner”], and 0.1% by Cleveland East LLC, an Ohio limited liability company [the “General Partner”].

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

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

**Discretely Presented Component Units** (Continued)

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

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

**Carver Park Phase I, L.P.** – (The “Partnership”). Formed on March 26, 2015 under the laws of the state of Ohio, is a multi-phased project of renovations and demolition and new construction of townhomes ultimately consisting of 747 units. Carver Park Phase I is a moderate renovation of 279 units that received 4% Low-Income Housing Tax Credits (LIHTC) and is projected to receive 221(d)4 FHA financing and has been approved as a Rental Assistance Demonstration (RAD) project. Projected closing of this deal will be August/September of 2016. The partners are Carver Park Phase I, L.P. and Carver Park Phase I, GP, LLC.

**West Side Riverview, L.P.** – (The “Partnership”). Formed on June 22, 2015 under the laws of the state of Ohio, is a project of renovations, demolition and new construction of townhomes and apartments consisting of 70 units. The project will consist of renovations of eight scattered sites. The Riverview Replacement Scattered Site at W. 101st Street development will require minor cosmetic work and light rehabilitation plus installation of a new boiler system. The existing properties at W. 57th Street and Walter-Landon are projected to include full system and in-unit renovations.

The proposed new development of the Riverview Family “Big 8” W. 25th Street will include the construction of 12 new townhome style units based on parcels obtained through the City’s Land-Bank. Finally, the proposed new development at W. 58th Street will include the construction of 8 new townhome style units at the existing site after demolition is completed.

The West Side Riverview, L.P. project received 4% Low-Income Housing Tax Credits (LIHTC) and is projected to receive 221(d)4 FHA financing and has been approved as a Rental Assistance Demonstration (RAD) project. Projected closing of this deal will be August/September of 2017. The partners in the deal are West Side Riverview LP and Mid-West GP, LLC both established June 22, 2015.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

Basic Financial Statements:

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

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

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

- A. Cash and Cash Equivalents—Cash and cash equivalents include investments with original maturities of three months or less. Cash and cash equivalents are stated at fair value. Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.
- B. Restricted Cash—Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, insurance escrows, and repairs or improvements to the building which extend their useful lives.

Restricted cash does not fall under the criteria for temporarily or permanently restricted net assets as these funds are held for operational purposes rather than donor imposed restrictions.

- C. Restricted Assets—Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions.
- D. Capital Assets—Capital assets (items with an individual cost greater than \$1,500, or appliances less than \$1,500, and a useful life exceeding two years), including land, property and equipment, are recorded at cost. Property and equipment are depreciated using the straight line method over the estimated useful lives of the assets, which are as follows:

Property	15-40 years
Equipment	3-7 years

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- E. Impairment of Long-Lived Assets— The Authority accounts for impairments in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No impairment losses were recorded during the year ended December 31, 2015.
- F. Accounts Receivable—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable.
- G. Mortgage Notes Receivable—The Authority has advanced loans to third-party developers in conjunction with various mixed finance projects. All principal and interest are due at maturity or based upon cash flow, and due to the uncertainty created by the extended period time to repayment, interest income will be recognized when cash payments are received. The Authority reviews Mortgage Notes Receivable for collectability whenever events or circumstances indicate that the carrying value of the receivable may not be recoverable. See Note 8 for further information on Mortgage Notes Receivable.
- H. Debt Obligations—Debt obligations (and the related debt service requirements) are the responsibility of the Authority and are classified as liabilities in the accompanying financial statements.
- I. Compensated Absences—Vacation time may be accrued and carried over from year to year up to a maximum of 240 hours. Earned vacation time is due and payable to employees upon termination of employment.
- Sick time is accrued up to 120 hours per year and carried over from year to year to a maximum of 960 hours (120 days). Upon retirement, employees can convert accumulated but unused sick time into a cash payment at the rate of one day for every two days accumulated.
- J. Debt Amortization Funds—Debt amortization funds consist of restricted cash and investments held by fiscal agents. These funds are used to retire current installments of debt and to pay interest accrued thereon. Investments of debt amortization funds are carried at fair value.
- K. Revenue Recognition—Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which the grants relate. Tenant rental revenues are recognized during the period of occupancy. Receipts from CFP, URD (HOPE VI), and other reimbursement based grants are recognized when the related expenses are incurred. Expenses are recognized as incurred.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

- L. Debt Issuance Costs and Original Issue Discounts—Prior to 2012, bond premiums, original issuance discounts, and bond issuance costs were amortized over the life of the underlying debt using the straight-line method. Based on the implementation of GASB Statement No. 65 in 2012, bond issuance costs will now be expensed.
- M. Indirect Costs—Certain indirect costs are charged to programs under a cost allocation plan. These indirect costs are accumulated in and allocated from the Central Office Cost Center.
- N. Inventory—Inventory is valued using a weighted average costing method. Expense is recorded based upon consumption.
- O. Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reporting period. Actual results could differ from those estimates.
- P. Budgetary Accounting and Control—The Authority’s annual budget is prepared on the accrual basis of accounting and approved by the Board of Commissioners. The budget includes anticipated amounts for current year revenues and expenses, for the operating and Housing Assistance Program, as well as new capital projects.

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

- Q. Income Taxes—The Authority is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Contributions to the Authority, if any, would qualify as charitable contributions.
- R. GASB Accounting—The Governmental Accounting Standards Board (GASB) has issued Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* effective for financial statements with periods beginning after June 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority’s financial statements.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* effective for financial statements with periods beginning after June 15, 2014. Management implemented this statement during the year ended December 31, 2015. The implementation of this Statement resulted in a change in the Authority’s financial statements, explained further in Note 13.

The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations* effective for financial statements with periods beginning after December 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority’s financial statements.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

R. (Continued)

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees - an amendment of GASB Statement No. 27* effective for financial statements with periods beginning after June 15, 2013. Management implemented this statement during the year ended December 31, 2014. The implementation of this Statement did not result in any change in the Authority's financial statements.

The GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* effective for financial statements with periods beginning after June 15, 2014. Management is currently evaluating the impact of adopting this standard.

The GASB has issued Statement No. 72, *Fair Value Measurement and Application* effective for financial statements with periods beginning after June 15, 2015. Management is currently evaluating the impact of adopting this standard.

- S. Pensions—For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.
- T. Deferred Outflows and Inflows of Resources—In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pension, explained further in Note 14.
- T. Deferred Outflows and Inflows of Resources (continued)  
In addition to liabilities, the statement of net position will sometimes report 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 as an inflow until that time. For the Authority, deferred inflows of resources are reported for pension, explained further in Note 15.



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**3. CHANGE IN ACCOUNTING PRINCIPLES**

During the year ended December 31, 2015, the Authority implemented 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*. GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on the Authority’s net position as reported December 31, 2014:

Net position, as reported December 31, 2014		\$ 226,817,190
Adjustments:		
Net pension liability		(36,855,689)
Deferred outflows - payments subsequent to measurement date		4,770,140
Restatement to implement GASB 68		(32,085,549)
Net position, as restated December 31, 2014		\$ 194,731,641

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

**4. PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2015, the Authority evaluated its policies on capitalizing loan issuance costs and the recording of ground lease revenue, which impacted the Authority’s beginning net position in the following ways:

- The Authority determined that loan issuance costs should be expensed in accordance with GASB. The result of this evaluation resulted in an adjustment to beginning equity of \$743,425.
- In addition, the Authority was previously recognizing cash and revenue for ground leases when the cash was received. In 2015, a prior period adjustment for the difference between the amount of the original ground leases and the unamortized amount at December 31, 2014 was recorded as Deferred Ground Lease liability of \$1,131,724.
- The Authority determined that a fixed asset was removed in error in 2014 and restored the asset resulting in an adjustment to beginning equity of (\$60,729).

Prior Period Adjustments:	
Expensed loan issuance costs	\$ (743,425)
Deferred ground lease liability	(1,131,724)
Restored asset	60,730
Total Prior Period Adjustment	\$ (1,814,419)

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**5. DEPOSITS AND INVESTMENTS – Primary Government**

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

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

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

**Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does have a deposit policy that addresses custodial credit risk. At year-end, the carrying amount of the Authority’s deposits was \$24,621,876. The total balance of bank accounts held by the Authority was \$27,718,220, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$3,190,070 is restricted cash held in trust, \$4,793,466 was covered by Federal Depository Insurance, \$19,575,974 was collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code, and \$158,710 was uninsured.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**5. DEPOSITS AND INVESTMENTS** (continued)

**Investments**—The Authority has a formal investment policy. Investments held by the Authority at December 31, 2015 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature within one year.

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

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

<u>Description</u>	<u>Total Fair Value/ Carrying Value</u>	<u>Credit Quality Rating</u>
FDIC Certificates of Deposit	\$ 2,106,940	<i>FDIC</i>
Money Market Funds	1,242,723	AAA
<b>Total Primary Government Investments</b>	<b>\$ 3,349,663</b>	

\* Rating offered by Standard & Poor's

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2015 to the deposits and investments included in this note is as follows:

	<u>2015</u>
Cash and Cash Equivalents	\$ 15,987,980
Cash - Restricted	11,983,559
<b>Total</b>	<b>\$ 27,971,539</b>
	<u>2015</u>
Carrying Amount of Deposits	\$ 24,621,876
Carrying Amount of Investments	3,349,663
<b>Total</b>	<b>\$ 27,971,539</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**6. RESTRICTED CASH AND INVESTMENTS – Primary Government**

At December 31, 2015, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

	<b>2015</b>
<u>Conventional Program:</u>	
Tenant Security Deposits	\$ 1,252,015
Industrial Commission of Ohio Escrow Fund	2,463,458
<u>Housing Choice Voucher Restricted HAP:</u>	
Restricted HAP	308,559
FSS Escrow Deposits	352,981
<u>Ohio Bond Financing:</u>	
Debt Service Reserve	1,242,723
<u>Capital Fund Revenue Loan A:</u>	
Net Proceeds	10,751
Debt Service Reserve	1,175,998
<u>Capital Fund Revenue Loan B:</u>	
Net Proceeds	-
Debt Service Reserve	700,765
<u>Western Reserve Revitalization and Management Company, Inc.:</u>	
Pledge Reserve	503,283
Pledge ACC Reserve	180,059
Pledge Operating Reserve	400,046
Bond Series 2016 General Revenue Refunding	79,104
<u>Ambleside Redevelopment, LLC:</u>	
Tenant Security Deposits	34,661
Repair Escrow	76,032
Replacement Escrow	545,736
Insurance Escrow	27,847
MIP Escrow	11,452
<u>Severance Redevelopment, LLC:</u>	
Tenant Security Deposits	38,689
Repair Escrow	1,020,076
Replacement Escrow	302,570
Insurance Escrow	16,816
MIP Escrow	2,246
<u>Quarrytown Redevelopment, LLC:</u>	
Tenant Security Deposits	41,891
Repair Escrow	747,269
Replacement Escrow	422,564
Insurance Escrow	15,932
MIP Escrow	1,530
<u>Woody Woods:</u>	
Tenant Security Deposits	8,506
<b>Total</b>	<b>\$ 11,983,559</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**7. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015:

	Primary Government				December 31, 2015
	January 1, 2015	Additions	Reclasses	Deletions	
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 29,013,708	\$ 1,616,744	\$ -	\$ -	\$ 30,630,452
Construction in Progress	12,787,926	-	(1,275,856)	-	11,512,070
<b>Total Capital Assets Not Being Depreciated</b>	<b>41,801,634</b>	<b>1,616,744</b>	<b>(1,275,856)</b>	<b>-</b>	<b>42,142,522</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	675,177,049	8,759,387	1,275,856	(8,683,290)	676,529,002
Equipment	27,032,246	1,639,262	-	(506,100)	28,165,408
Leasehold Improvements	-	392,296	-	-	392,296
<b>Subtotal Capital Assets Being Depreciated</b>	<b>702,209,295</b>	<b>10,790,945</b>	<b>1,275,856</b>	<b>(9,189,390)</b>	<b>705,086,706</b>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(527,917,614)	(18,793,122)	-	8,539,446	(538,171,290)
Equipment	(22,032,343)	(784,320)	-	501,222	(22,315,441)
<b>Subtotal Accumulated Depreciation</b>	<b>(549,949,957)</b>	<b>(19,577,442)</b>	<b>-</b>	<b>9,040,668</b>	<b>(560,486,731)</b>
Depreciable Assets, Net	152,259,338	(8,786,497)	1,275,856	(148,722)	144,599,975
<b>Total Capital Assets—Net</b>	<b>\$ 194,060,972</b>	<b>\$ (7,169,753)</b>	<b>\$ -</b>	<b>\$ (148,722)</b>	<b>\$ 186,742,497</b>

	Discretely Presented Component Units				December 31, 2015
	January 1, 2015	Additions	Transfers from Primary Govt	Deletions	
<b>Capital Assets Not Being Depreciated:</b>					
Construction in Progress	\$ 852,963	\$ 7,541,222	\$ 191,637	\$ -	\$ 8,585,822
<b>Total Capital Assets Not Being Depreciated</b>	<b>852,963</b>	<b>7,541,222</b>	<b>191,637</b>	<b>-</b>	<b>8,585,822</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	113,265,004	158,318	-	-	113,423,322
Equipment	1,739,538	53,315	-	-	1,792,853
<b>Subtotal Capital Assets Being Depreciated</b>	<b>115,004,542</b>	<b>211,633</b>	<b>-</b>	<b>-</b>	<b>115,216,175</b>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(11,848,340)	(3,625,845)	(42,915)	-	(15,517,100)
Furniture and Equipment	(1,042,086)	(247,368)	-	-	(1,289,454)
<b>Subtotal Accumulated Depreciation</b>	<b>(12,890,426)</b>	<b>(3,873,213)</b>	<b>(42,915)</b>	<b>-</b>	<b>(16,806,554)</b>
Depreciable Assets, Net	102,114,116	(3,661,580)	(42,915)	-	98,409,621
<b>Total Capital Assets—Net</b>	<b>\$ 102,967,079</b>	<b>\$ 3,879,642</b>	<b>\$ 148,722</b>	<b>\$ -</b>	<b>\$ 106,995,443</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**8. NOTES AND MORTGAGES RECEIVABLE – Primary Government**

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

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

**Allowances** – At December 31, 2015, Notes and Mortgages Receivable total \$80.9 million and related accrued interest totals \$3.1 million. The balance includes amounts for construction loans. An allowance for uncollectible amounts of \$12.7 million has been credited against these receivables at December 31, 2015. All notes and mortgages are collateralized by the respective properties. These loans are due at maturity ranging from 40 to 50 years and no facts are currently known that would lead the Authority to believe that default on these loans is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

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

Notes and mortgages receivable at December 31, 2015 consisted of the following:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Notes Receivable	\$ 14,386,748	\$ 0	\$ 14,386,748
Mortgage Receivable	66,501,318	3,055,237	69,556,555
Total	80,888,066	3,055,237	83,943,303
Allowance for loan loss	(9,599,332)	(3,055,237)	(12,654,569)
<b>Total, net of allowance</b>	<u>\$ 71,288,734</u>	<u>\$ 0</u>	<u>\$ 71,288,734</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**8. NOTES AND MORTGAGES RECEIVABLE** (continued)

As of December 31, 2015, the Authority loaned funds to various Cleveland Housing Network, Inc. Partnerships. The notes receivable terms are summarized as follows:

CHN Partnership Name	Original Loan Date	* Maturity Date	Original Balance	** Balance at 12/31/15	Interest Rate
Cleveland New Construction LP, III	December 31, 2003	December 31, 2019	\$1,343,000	\$ 1,517,997	0.25%
Cleveland New Construction LP, IV	September 4, 2007	December 31, 2038	1,400,000	1,709,127	2.50%
East Cleveland Homes, LP	March 11, 2004	March 11, 2024	1,480,000	2,418,353	4.68%
Hough Homes, LP	December 1, 2005	December 31, 2037	2,327,273	3,550,973	5.25%
Hough Homes, LP II	December 9, 2004	December 31, 2036	1,492,475	2,276,941	4.68%
Stockyard Homes, LP	December 20, 2006	December 31, 2038	1,497,636	<u>1,629,834</u>	1.00%
Total notes receivable, including accrued interest				\$13,103,225	
Allowance for notes receivable, including accrued interest				<u>(13,103,225)</u>	
Notes receivable, net				<u>\$ -</u>	

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

\*\* Balance includes accrued interest

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

Additionally during 2015, \$448,652 of interest income was earned and allowed for and included on the consolidated statement of activities.

**9. DEVELOPER FEES RECEIVABLE – Primary Government**

In connection with the development of various mixed finance projects, the Authority has development fees receivable from the discretely presented component units totaling \$5.3 million. These receivables are payable based upon the respective partnership agreements.

**10. INVESTMENT IN JOINT VENTURE – Primary Government**

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

Riverside Park Homes, LP	\$ 10,753,590
Fairfax Intergenerational Housing, LP	<u>659,068</u>
Total Investments in Real Estate Partnerships	<u>\$ 11,412,658</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**11. ACCRUED EXPENSES AND OTHER LIABILITIES – Primary Government**

Accrued expenses at December 31, 2015 consist of the following items:

	2015
Payroll and Related Accruals	\$ 7,401,472
Deferred Revenue	2,834,735
Workers' Compensation—Current Portion	800,000
Other Litigation Reserves	353,000
Interest Payable	998,430
Accrued Utilities	1,485,519
Contract Retentions	629,978
Other	2,724,664
<b>Total</b>	<b>\$ 17,227,798</b>

**12. DEBT AND LEASE OBLIGATIONS – Primary Government**

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

The bonds were secured by a pledge of all revenues generated by the Ambleside Project, including the housing assistance payments from HUD, and a mortgage on the Ambleside property. The serial bonds matured in December 2005. The term bond was to mature on June 1, 2018, bearing interest at a rate of 7.00%.

In 2014, the bonds were retired. On July 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$6,720,000, with an interest rate at 4.50%, maturing August 1, 2049. Principal and interest payments are made monthly. At December 31, 2015, \$6,611,331 in debt remained outstanding.

Obligations under the agreement are as follows:

	Principal	Interest	Total
2016	\$ 85,881	\$ 295,753	\$ 381,634
2017	89,827	291,808	381,635
2018	93,953	287,681	381,634
2019	98,269	283,365	381,634
2020	102,784	278,850	381,634
2021-2025	589,239	1,319,932	1,909,171
2026-2030	737,607	1,170,565	1,908,172
2031-2035	923,333	984,838	1,908,171
2036-2040	1,155,824	752,347	1,908,171
2041-2045	1,446,856	461,315	1,908,171
2046-2049	1,287,758	111,568	1,399,326
<b>Total</b>	<b>\$ 6,611,331</b>	<b>\$ 6,238,022</b>	<b>\$ 12,849,353</b>



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Primary Government** (continued)

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

During year 2014, the 2007 note was retired. On September 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$5,989,900 with an interest rate of 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2015, \$5,906,357 in debt remained outstanding.

Obligations under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,217	\$ 267,184	\$ 342,401
2017	78,712	263,689	342,401
2018	82,369	260,032	342,401
2019	86,195	256,205	342,400
2020	90,200	252,200	342,400
2021-2025	517,895	1,194,107	1,712,002
2026-2030	649,916	1,062,086	1,712,002
2031-2035	815,591	896,411	1,712,002
2036-2040	1,023,499	688,503	1,712,002
2041-2045	1,284,407	427,895	1,712,302
2046-2049	1,202,356	110,174	1,312,530
<b>Total</b>	<u><u>\$ 5,906,357</u></u>	<u><u>\$ 5,678,486</u></u>	<u><u>\$ 11,584,843</u></u>

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Primary Government** (continued)

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

In year 2014, the 2013 Fourth Loan Modification was retired. On September 1, 2014, the Authority established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of \$4,080,300 with an interest rate at 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2015, \$4,023,391 in debt remained outstanding.

Obligations under the agreement are as follows:

	Principal	Interest	Total
2016	\$ 51,237	\$ 182,005	\$ 233,242
2017	53,618	179,624	233,242
2018	56,109	177,133	233,242
2019	58,716	174,526	233,242
2020	61,444	171,798	233,242
2021-2025	352,788	813,422	1,166,210
2026-2030	442,720	723,490	1,166,210
2031-2035	555,577	610,633	1,166,210
2036-2040	697,203	469,007	1,166,210
2041-2045	874,932	291,278	1,166,210
2046-2050	819,047	75,051	894,098
<b>Total</b>	<b>\$ 4,023,391</b>	<b>\$ 3,867,967</b>	<b>\$ 7,891,358</b>

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Primary Government** (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 510,000	\$ 1,108,571	\$ 1,618,571
2017	530,000	1,090,858	1,620,858
2018	550,000	1,071,293	1,621,293
2019	570,000	1,050,124	1,620,124
2020	0	1,033,024	1,033,024
2021-2025	0	4,679,318	4,679,318
2026-2030	4,835,000	3,709,684	8,544,684
2031-2035	0	2,435,748	2,435,748
2036-2040	8,020,000	772,754	8,792,754
Total Payments	15,015,000	16,951,374	31,966,374
Less Amortized Bond Discount	(26,716)	0	(26,716)
Total	<u>\$ 14,988,284</u>	<u>\$ 16,951,374</u>	<u>\$ 31,939,658</u>

**Bond Anticipation Note, Series 2008, Series 2009 & 2013** – On February 28, 2008, the Bond Anticipation Note, Series 2008 was issued for \$5,600,000, with a due date of August 27, 2009, and an interest rate of 4.00%. The note was issued to cover the cost of 25 acres of land on which the consolidated Administrative Campus is being built.

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

The Note Series 2009 matured September 1, 2012 and had an interest rate of 4.50%. The note was sold at a premium of \$117,570. Interest on the note was payable March 1 and September 1, commencing on March 1, 2010.

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

On February 27, 2013, The Note Series 2012 was fully redeemed and Note Series 2013 was issued for \$3,120,000. This note matures March 1, 2016, with principal due upon maturity. Interest rate is 2.00% annually and is payable each September 1 and March 1.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3,120,000	31,200	3,151,200
Total	<u>\$ 3,120,000</u>	<u>\$ 31,200</u>	<u>\$ 3,151,200</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Primary Government** (continued)

**Ohio Bond Financing** - On July 17, 2007, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is \$15,315,000 and after providing for a debt service reserve and upfront costs, the Authority will have \$14,003,165 to spend on improvements to facilities. The bonds have a 20 year term with interest rates from 3.90% to 4.67%. A bond premium was also received and will be amortized over the life of the bonds on a straight line basis. Payments will be made in April and October starting in October of 2007 and will be made directly from HUD. At December 31, 2015, total debt and unamortized bond premium was \$10,995,789.

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 665,000	\$ 521,375	\$ 1,186,375
2017	700,000	487,250	1,187,250
2018	740,000	451,250	1,191,250
2019	775,000	413,375	1,188,375
2020	820,000	373,500	1,193,500
2021-2025	4,780,000	1,192,000	5,972,000
2026-2027	<u>2,280,000</u>	<u>115,500</u>	<u>2,395,500</u>
Total	10,760,000	3,554,250	14,314,250
Unamortized Bond Premium	<u>235,789</u>	<u>0</u>	<u>235,789</u>
Total	<u>\$ 10,995,789</u>	<u>\$ 3,554,250</u>	<u>\$ 14,550,039</u>

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

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Primary Government** (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 787,010	\$ 1,084,119	\$ 1,871,129
2017	838,210	1,032,930	1,871,140
2018	892,720	978,413	1,871,133
2019	950,780	920,350	1,871,130
2020	1,012,620	858,511	1,871,131
2021-2025	6,141,010	3,214,665	9,355,675
2026-2029	6,513,760	970,780	7,484,540
<b>Total</b>	<u>\$ 17,136,110</u>	<u>\$ 9,059,768</u>	<u>\$ 26,195,878</u>

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

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,108,724	\$ 544,692	\$ 3,653,416
2017	3,241,040	412,375	3,653,415
2018	3,378,989	274,427	3,653,416
2019	3,522,809	130,607	3,653,416
2020	903,886	9,468	913,354
<b>Total</b>	<u>\$ 14,155,448</u>	<u>\$ 1,371,569</u>	<u>\$ 15,527,017</u>

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

On July 21, 2015, the Partnership signed a promissory note in the amount of \$150,000 with Ohio Capital Finance Corp. PNC Affordable Housing Loan Fund LLC. The maturity date will be July 21, 2017. Interest will accrue at 3% annually. At December 1, 2015, the amount of \$150,000 was outstanding.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**12. DEBT AND LEASE OBLIGATIONS – Discretely Presented Component Units**

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

On February 1, 2015, the Partnership entered into a loan agreement with Bellwether Enterprise Real Estate Capital, LLC in an amount not to exceed \$11,000,000. The maturity date is November 1, 2056. Principal and interest, at 4.4%, are to be paid monthly, however only interest is paid initially with Principal payments beginning November 1, 2016. At December 31, 2015, \$11,000,000 remained outstanding.

On February 1, 2015, the Partnership issued Housing Revenue Bonds, Series 2015, in the amount of \$12,700,000. The maturity date is March 1, 2017. The interest rate is 0.7% and interest is payable on March 1 and September 1 of each year. At December 31, 2015, \$12,700,000 remained outstanding.

On February 1, 2015, the Partnership entered into an Authority Funds Loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$2,543,000. The maturity date shall be 42 years, or February 1, 2057. Interest accrues at 7.0%. At December 31, 2015, the amount of debt outstanding was \$2,477,970.

On February 1, 2015, the Partnership signed a promissory note in the amount of \$1,800,000. The maturity date is January 31, 2047. Interest on the unpaid balance will accrue at the rate of 3.0%. At December 31, 2015, the amount of \$1,800,000 was outstanding.

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

On November 4, 2011, the Partnership entered into a loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount not to exceed \$6,059,163. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$5,962,955 was outstanding. At December 31, 2015, accrued interest totaled \$22,456. Interest incurred and expensed was \$5,963 for the year ended December 31, 2015.

On November 4, 2011, the Partnership entered into a promissory note with Cuyahoga Metropolitan Housing Authority in the amount not to exceed \$6,338,348. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$6,338,023 was outstanding. At December 31, 2015, accrued interest totaled \$21,666. Interest incurred and expensed was \$6,338 for the years ended December 31, 2015.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**12. DEBT AND LEASE OBLIGATIONS – Discretely Presented Component Units** (continued)

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

On October 22, 2012, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$1,400,000. The loan is secured by a mortgage on the rental property and is due fifty years after construction of the Project has been completed and a final occupancy certificate has been issued. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$1,400,000 was outstanding. At December 31, 2015, accrued interest totaled \$93,600. Interest incurred and expensed during 2015 was \$0.

On October 12, 2012, the Partnership entered into a promissory note with the General Partner in the amount of \$998,000. The loan is secured by the rental property and bears interest at the rate of 0.25% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$998,000 was outstanding. Interest incurred and expensed during 2015 was \$0.

On June 27, 2012, the Partnership entered into a Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$3,202,000. The loan is secured and interest accrues at a rate of 0.25%. The term of the loan will be 45 years and the loan term will begin on the date when all construction work has been performed in compliance with the obligations of the Agreement. No principal or interest payments are required until its maturity date. At December 31, 2015, \$3,202,000 was outstanding. Interest incurred and expensed during 2015 was \$0.

On October 23, 2012, the Partnership entered into a Construction Loan Agreement with PNC Bank in an amount not to exceed \$1,000,000, with the option to convert the loan into a permanent loan not to exceed \$1,000,000. Prior to the Conversion Date the loans bears interest at an annual rate equal to the sum of Daily LIBOR plus 2.50%. Interest only shall be due and payable monthly. Post conversion, amounts outstanding will bear interest at a fixed rate equal to 3.95%. At December 31, 2015, \$913,509 was outstanding.

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

On November 18, 2009, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$11,700,000. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015 and 2014, \$11,700,000 was outstanding. At December 31, 2015, accrued interest totaled \$117,000. Interest incurred and expensed during 2015 was \$23,400.

On November 18, 2009, the Partnership entered into a promissory note with Cuyahoga Metropolitan Housing Authority in the amount of \$1,750,593. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$1,750,593 was outstanding. At December 31, 2015, accrued interest totaled \$17,505. Interest incurred and expensed during 2015 was \$3,501.

On September 23, 2009, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$2,250,000. The loan is secured and interest accrues at a rate of 0.25%. No principal or interest payments are required until its maturity date of December 31, 2060. At December 31, 2015, accrued interest totaled \$27,140. At December 31, 2015, \$2,250,000 was outstanding. Interest incurred and expensed during 2015 was \$5,625.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**12. DEBT AND LEASE OBLIGATIONS – Discretely Presented Component Units** (continued)

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

On March 17, 2010, the Partnership entered into a loan agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$10,209,408. The loan is secured by a second mortgage on the rental property and is due on its maturity date of December 31, 2060. The loan is non-interest bearing and no principal payments are required until its maturity date. At December 31, 2015, \$10,209,408 was outstanding.

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

On September 16, 2010, the Partnership entered into a CMHA Capital Competitive Recovery Act Fund Loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$14,953,185. The loan is secured by a mortgage on the rental property and is due fifty years after the first day of the month following construction completion, or January 2062. Interest accrues at a rate of 0.50% per annum. No principal or interest payments are required until its maturity date. At December 31, 2015, \$14,953,185 was outstanding. At December 31, 2015, accrued interest totaled \$300,744. Interest incurred and expensed during 2015 was \$75,691.

On September 16, 2010, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of \$600,000. The loan is secured by the rental property and is non-interest bearing. No principal or interest payments are required until its maturity date of December 31, 2061. At December 31, 2015, \$600,000 was outstanding.

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

On December 17, 2015, the Partnership entered into a lease agreement with the Cuyahoga Metropolitan Housing Authority to lease property for construction of 60 units of affordable housing. The agreement consists of a Base Rent payment of \$171,000 at December 31, 2016. At December 31, 2015, the amount of \$171,000 is recognized as an obligation.

On December 1, 2015, CMHA issued Housing Revenue Bonds, Series 2015, in the amount of \$6,550,000. The authority will loan the proceeds to the Partnership to assist in the financing of the project. The maturity date is June 1, 2017. The interest rate is 1.0% and interest is payable on June 1 and December 1 of each year. At December 31, 2015, \$6,550,000 was outstanding.

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

On August 16, 2012, the Partnership entered into an Authority Funds Loan Agreement with Cuyahoga Metropolitan Housing Authority in the amount of \$3,000,000. The loan is secured by a mortgage on the rental property and is due in forty-five years. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date of August 16, 2057. At December 31, 2015, \$3,000,000 was outstanding. At December 31, 2015, accrued interest totaled \$14,626. Interest incurred and expensed at December 31, 2015 was \$7,500.



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS – Discretely Presented Component Units** (continued)

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

On November 19, 2015, the Partnership entered into a promissory note with Ohio Capital Finance Corporation PNC Affordable Housing Loan Fund, LLC, in the amount of \$150,000. The loan proceeds will be used to pay for predevelopment costs related to a new phase of the Property, which is expected to close during 2016. The loan is guaranteed by an affiliate of the General Partner. The loan bears interest at a rate equal to the greater of: (a) Prime Rate (3.50% as of December 31, 2015) minus 0.5%, or (b) 3%, per annum. The entire balance of principal and interest is due upon the earlier of: (a) the closing of the Property’s financing for the construction or rehabilitation of any improvements on the land, or (b) receipt of proceeds of the first installment of capital contributions made to the Property upon closing of the new phase. At December 31, 2015, \$150,000 was outstanding. Interest accrued and expensed during 2015 was \$200.

**DEBT SUMMARY:**

A summary of the Authority’s long-term debt and capital lease in 2015 follows:

**PRIMARY GOVERNMENT**

	<u>January 1,</u> <u>2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31,</u> <u>2015</u>	<u>Due Within</u> <u>One Year</u>
Ambleside - Mortgage Note	\$ 6,693,440	\$ 0	\$ (82,109)	\$ 6,611,331	\$ 85,881
Severance - Mortgage Note	5,978,235	0	(71,878)	5,906,357	75,217
Quarrytown - Mortgage Note	4,072,354	0	(48,963)	4,023,391	51,237
Carver Park Phase I Promissory	0	150,000	0	150,000	0
General Revenue Bonds	2,660,000	0	(500,000)	2,160,000	510,000
Unamortized Discount - Bond	(34,002)	0	7,286	(26,716)	(7,286)
Build America Bonds	12,855,000	0	0	12,855,000	0
Bond Anticipation Note - 2013	3,120,000	0	0	3,120,000	3,120,000
Unamortized Bond Premium 2013	26,997	0	(23,140)	3,857	3,857
Ohio Bond Financing	11,395,000	0	(635,000)	10,760,000	665,000
Unamortized Bond Prem Ohio Bd	256,750	0	(20,961)	235,789	20,959
Modernization Express Loan A	11,200,710	0	(463,040)	10,737,670	493,150
Modernization Express Loan B	6,674,360	0	(275,920)	6,398,440	293,860
Energy Program-Capital Lease	17,137,254	0	(2,981,806)	14,155,448	3,108,724
<b>Total</b>	<u>\$ 82,036,098</u>	<u>\$ 150,000</u>	<u>\$ (5,095,531)</u>	<u>\$ 77,090,567</u>	<u>\$ 8,420,599</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**12. DEBT AND LEASE OBLIGATIONS** (continued)

**DISCRETELY PRESENTED COMPONENT UNITS**

	<b>January 1, 2015</b>	<b>Increase</b>	<b>Decrease</b>	<b>December 31, 2015</b>	<b>Due Within One Year</b>
Bohn Tower Mortgage/Bonds	\$ 0	\$ 27,977,970	\$ 0	\$ 27,977,970	\$ 0
Euclid-Lee Mortgages	12,300,978			12,300,978	0
Fairfax Mortgage/Construction	6,064,127	466,034	(16,652)	6,513,509	24,399
Garden Valley I Mortgages	15,700,593	0	0	15,700,593	0
Garden Valley II Mortgages	10,209,408	0	0	10,209,408	0
Garden Valley III Mortgages	15,553,185	0	0	15,553,185	0
Garden Valley IV Lease	0	171,000		171,000	0
Garden Valley IV Bond	0	6,550,000	0	6,550,000	0
Miles Pointe Mortgage	3,000,000	0	0	3,000,000	0
Riverside Park Promissory	0	150,000	0	150,000	150,000
<b>Total</b>	<b>\$ 62,828,291</b>	<b>\$ 35,315,004</b>	<b>\$ (16,652)</b>	<b>\$ 98,126,643</b>	<b>\$ 174,399</b>

**Other Lease Obligations**—The Authority leases 66 document imaging production scanners on an operating lease.

Future minimum lease payments are as follows:

2016	\$ 120,000
2017	120,000
2018	120,000
<b>Total</b>	<b>\$ 360,000</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**13. LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations for the year ended December 31, 2015 was as follows:

<b>Primary Government</b>				
	Restated January 1, 2015	Increase	Decrease	December 31, 2015
Long-Term Debt Obligations	\$ 82,036,101	\$ 150,000	\$ 5,095,534	\$ 77,090,567
Net Pension Liability - OPERS	36,855,689	746,808	0	37,602,497
Workers' Compensation Liability	2,444,536	619,956	601,034	2,463,458
Other Non-Current Liabilities	322,421	334,802	291,095	366,128
<b>Total</b>	<b>\$ 121,658,747</b>	<b>\$ 1,851,566</b>	<b>\$ 5,987,663</b>	<b>\$ 117,522,650</b>

  

<b>Discretely Presented Component Units</b>				
	January 1, 2015	Increase	Decrease	December 31, 2015
Long-Term Debt Obligations	\$ 62,828,291	\$ 35,315,004	\$ 16,652	\$ 98,126,643
Other Non-Current Liabilities	6,070,886	526,835	1,201,145	5,396,576
<b>Total</b>	<b>\$ 68,899,177</b>	<b>\$ 35,841,839</b>	<b>\$ 1,217,797</b>	<b>\$ 103,523,219</b>

**14. CONDUIT DEBT OBLIGATION**

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

CMHA entered into a loan agreement dated November 25, 2015 with Dollar Bank, Federal Savings Bank in the amount of \$9,500,000 (Authority Note).

CMHA then issued a \$9,500,000 Housing Revenue Note, Series 2015 to Dollar Bank, Federal Savings Bank to cover the Authority Note and provide funds for Dollar Bank, Federal Savings Bank to loan to Cedar Redevelopment Phase I, LP. Dollar Bank, Federal Savings Bank issued a \$9,500,000 line of credit to Cedar Redevelopment Phase I, LP to provide funds to Cedar Redevelopment Phase I, LP. These funds will be repaid directly to Dollar Bank, Federal Savings Bank upon receipt of mortgage funds.

On 11/24/15, CMHA entered into an open-end mortgage note with Cedar Redevelopment Phase I, LP in the amount of \$8,512,041. Upon receipt of these funds, the Line of Credit with Dollar Bank, Federal Savings will be repaid and CMHA will hold the mortgage note bearing interest at 1.25% per year with no principal payments due until maturity in fifty years. As of December 31, 2015, no funds related to the open-end mortgage notes have been provided from CMHA to Cedar Redevelopment Phase I, LP.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**14. CONDUIT DEBT OBLIGATION** (continued)

CMHA acts as a conduit with regards to the bond proceeds and is in substance lending the bond proceeds to Cedar Phase I, LP and CMHA's obligation is payable solely from payments on the borrower note making it a limited obligation and therefore not reported on CMHA's balance sheet.

On February 3, 2016 a resolution by the Board of Commissioners authorized the issuance and sale of CMHA's self-supporting housing revenue bonds in an amount not to exceed \$20,000,000 for Carver Park Phase I, LP, to acquire, renovate and operate the first phase of the existing Carver Park Complex, consisting of 279 units of affordable housing. Also authorized was the execution and delivery of a trust indenture, a bond purchase agreement, a loan agreement, a regulatory agreement and certain other documents in connection with the issuance of the bonds

**15. RETIREMENT AND OTHER BENEFIT PLANS**

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

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

GASB 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.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**15. RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

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

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

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

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

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**15. RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions was \$4,823,072 for 2015.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Authority combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan. The Authority reported a net pension liability of \$37,602,496 as its proportionate share. The Authority's proportion was 0.312972% for the Traditional Plan and 0.377704% for the Combined Plan. The Authority recognized \$4,201,487 in pension expense.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**15. RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

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

The following amounts are reported as deferred outflows and inflows of resources at December 31, 2015:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/ (Inflows) of Resources
Authority contributions subsequent to measurement date	\$ 4,823,072	\$ 0	\$ 4,823,072
Net difference between projected and actual investment earnings (1)	2,022,992	0	2,022,992
Differences between expected and actual experience (1)	0	(707,532)	(707,532)
	<u>\$ 6,846,064</u>	<u>\$ (707,532)</u>	<u>\$ 6,138,532</u>

(1) - Information provided by OPERS

\$4,823,072 reported as deferred outflows of resources relate to pension resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows related to pension will be recognized in pension expense as follows:

	Deferred Outflows	Deferred (Inflows)	Pension Expense
Year Ending December 31:			
2016	\$ 505,748	\$ (311,260)	\$ 194,488
2017	505,748	(311,160)	194,588
2018	505,748	(56,469)	449,279
2019	505,748	(5,278)	500,470
2020	0	(5,278)	(5,278)
Thereafter	0	(17,987)	(17,987)
	<u>\$ 2,022,992</u>	<u>\$ (707,432)</u>	<u>\$ 1,315,560</u>

**Actuarial Assumptions**

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**15. RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

*Actuarial Assumptions* (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Traditional Plan</u>	<u>Combined Plan</u>
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

*Source: OPERS 2014 CAFR*

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**15. RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

*Actuarial Assumptions* (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.28 %</u>

Source: OPERS 2014 CAFR

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Authority's proportionate share of the net pension liability	\$69,412,775	\$37,602,496	\$10,815,057

Source: OPERS 2014 CAFR multiplied by Authority's proportionate share

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**16. POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

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

**Funding Policy**

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**16. POST-EMPLOYMENT BENEFITS** (Continued)

**Funding Policy** (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%. The portion of actual Authority contributions for the year ended December 31, 2015, 2014, and 2013, which were used by OPERS to fund post-employment benefits were \$688,735, \$811,230, and \$467,987, respectively.

**17. INSURANCE COVERAGE AND RISK RETENTION**

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

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**17. INSURANCE COVERAGE AND RISK RETENTION** (Continued)

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

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

**Workers' Compensation Benefits**—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than \$500,000 per individual occurrence with a \$10,000,000 limit in the aggregate. The Authority has recorded a \$2,463,458 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2015.

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

The changes in the Authority's liabilities for self-insured risks for the year ended December 31, 2015 were as follows:

	Workers' Compensation Benefits	Employee Termination and Other
<b>Balance—December 31, 2014</b>	\$ 2,444,536	\$ 1,675,000
Incurred Claims—Net of Changes in Estimates	619,956	(309,887)
Payments	(601,034)	(1,012,113)
<b>Balance—December 31, 2015</b>	\$ 2,463,458	\$ 353,000
Current Portion	\$ 800,000	\$ 353,000

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

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self-inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs, and the establishment of an accident and incident investigation program. During 2015, there were no significant reductions in the Authority's insurance coverage.

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**18. CONTINGENCIES**

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

**19. CONSTRUCTION COMMITMENTS - Primary Government**

As of December 31, 2015, the Authority had the following significant construction commitments:

<u>Project Type</u>	<u>Amount</u>
Plumbing	\$ 231,000
HVAC/Elevator	5,821,621
Generator replacement	104,843
<b>Total Construction Commitments</b>	<b><u><u>\$ 6,157,464</u></u></b>

**20. NET INVESTMENT IN CAPITAL ASSETS – Primary Government**

Below is a summary of Investment in Capital Assets, net of related debt at December 31, 2015.

Capital Assets	\$ 186,742,497
Less Related Debt	<u>(48,240,756)</u>
<b>Total Investment in Capital Assets, Net of Related Debt</b>	<b><u><u>\$ 138,501,741</u></u></b>

**21. RESTRICTED NET POSITION – Primary Government**

Below is a summary of restricted net position at December 31, 2015:

HCV Program Unspent HAP Funding	\$ 308,559
Other	10,751
Restricted funds held by third party	3,119,486
Nonroutine maintenance and debt service reserves	<u>4,352,562</u>
<b>Total Restricted Net Position at December 31, 2015</b>	<b><u><u>\$ 7,791,358</u></u></b>

**22. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 24, 2016, which is the date the financial statements were available to be issued.

Effective January 1, 2016, HUD provided subsidy to Bohn Tower Redevelopment, L.P. through a Rental Assistance Demonstration Housing Assistance Payment Contract (the “RAD HAP Contract”), which runs for an initial term of twenty (20) years from the effective date of the RAD HAP Contract.

Effective February 1, 2016, Quarrytown Redevelopment, LLC was issued a HAP contract renewal through HUD. The HAP contract is for a 2-year term, expiring on January 31, 2018.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

---

**22. SUBSEQUENT EVENTS** (Continued)

Effective May 1, 2016, Severance Redevelopment, LLC was issued a HAP contract renewal through HUD. The HAP contract is for a 2-year term, expiring on April 30, 2018.

On March 1, 2016, the Authority issued General Revenue Refunding Bonds, Series 2016, in the amount of \$5,900,000, with a maturity of March 1, 2020, with an interest rate of 1.75%. This issue replaces the \$3,120,000 principal amount of Bond Anticipation Notes Series 2013, and \$3,145,000 principal amount of General Revenue Bonds 2009A. The Authority will use the proceeds of the proceeds of the Series 2016 Bonds to refund a portion of its bonds and notes previously issued to finance the acquisition, construction, improvement and equipping of the CMHA Headquarters Project.

**23. SPECIAL ITEM – Primary Government**

Assets of an AMP transferred to a new RAD entity, Bohn Tower Redevelopment, had a book value less than the appraised value used to sets the note receivable to the Authority from the new RAD entity at the point of closing of the RAD Project. The primary government reported a special item of \$387,098 to record the increase of the note receivable related to this valuation of assets over book value.

\* \* \* \* \*

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

	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability		
Traditional Plan	0.312972%	0.312972%
Combined Plan	0.377704%	0.377704%
Authority's Proportionate Share of the Net Pension Liability	\$ 37,602,496	\$ 36,855,689
Authority's Covered-Employee Payroll (3)	\$ 39,751,167	\$ 40,473,923
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	94.59%	91.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
Traditional Plan	86.45%	86.36%
Combined Plan	114.83%	104.33%

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

- (1) Information presented as of the Authority's measurement date, which is the prior year end.
- (2) Information prior to 2013 is not available.
- (3) Covered-employee payroll broken down by plan (Traditional vs. Combined) was not available.

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

---

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions (2)	\$ 4,823,072	\$ 4,770,140	\$ 5,261,610
Contributions in Relation to the Contractually Contractually Required Contributions	<u>\$ (4,823,072)</u>	<u>\$ (4,770,140)</u>	<u>\$ (5,261,610)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Covered-Employee Payroll	\$ 40,192,267	\$ 39,751,167	\$ 40,473,923
Contributions as a Percentage of Covered- Employee Payroll	12.00%	12.00%	13.00%

*Source: Authority's financial records.*

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

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



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL SCHEDULE OF MODERNIZATION COSTS EXPENDED  
PROJECTS CLOSED**

**Annual Contributions Contract C-5031**

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

<b>Modernization Project Number</b>	OH12R003 <u>501-11</u>	OH12R003 <u>502-11</u>	OH12R003 <u>501-07</u>	OH12R003 <u>501-12</u>	OH12R003 <u>502-09</u>	OH12P003 <u>501-11</u>
Funds Approved	\$ 931,943	\$ 616,862	\$ 1,660,482	\$ 895,339	\$ 1,113,273	\$ 20,994,570
Funds Expended	<u>931,943</u>	<u>616,862</u>	<u>1,660,482</u>	<u>895,339</u>	<u>1,113,273</u>	<u>20,994,570</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 931,943	\$ 616,862	\$ 1,660,482	\$ 895,339	\$ 1,113,273	\$ 20,994,570
Funds Expended	<u>931,943</u>	<u>616,862</u>	<u>1,660,482</u>	<u>895,339</u>	<u>1,113,273</u>	<u>20,994,570</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to valid against such modernization work.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor/Program/Title</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Direct Programs</u></b>		
Conventional Low-Income Housing Program - Subsidy	14.850	\$ 59,966,105
<b><u>Section 8 New Construction and Moderate Rehabilitation Cluster:</u></b>		
Section 8 New Construction	14.182	3,034,882
Moderate Rehabilitation	14.856	845,204
Moderate Rehabilitation - Single Room Occupancy	14.249	57,418
Total Section 8 Moderate Rehabilitation		<u>3,937,504</u>
<b><u>Housing Choice Voucher Program Cluster</u></b>		
Housing Choice Voucher Program	14.871	99,111,716
Mainstream Vouchers	14.879	740,437
Total Housing Choice Voucher Program Cluster		<u>99,852,153</u>
Capital Fund Program	14.872	<u>17,768,535</u>
Jobs-Plus Pilot Initiative	14.895	<u>150,188</u>
Supportive Housing Program	14.235	<u>401,474</u>
Resident Opportunities and Supportive Services	14.870	<u>422,865</u>
Total Direct Programs		<u>182,498,824</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>182,498,824</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 182,498,824</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. BASIS OF PRESENTATION**

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

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

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

**2. SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the Authority provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Subrecipient</u>	<u>Federal CFDA No.</u>	<u>2015 Grant Expenditures</u>
Conventional Low-Rent	Progressive Action Council and Management Company	14.850	\$ 309,334

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.199 Multifamily Property Disposition	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.182 N/C S/R Section 8 Programs
111 Cash - Unrestricted	7,887,082		18,916	15,941	2,295,332		1,370,688	1,295,489	118,658	
112 Cash - Restricted - Modernization and Development	3,119,486									
113 Cash - Other Restricted	10,751				661,540		31,812,729	4,352,562		
114 Cash - Tenant Security Deposits	1,252,015	8,506					123,658	115,241		
<b>100 Total Cash</b>	<b>12,269,334</b>	<b>8,506</b>	<b>18,916</b>	<b>15,941</b>	<b>2,956,872</b>	<b>-</b>	<b>33,307,075</b>	<b>5,763,292</b>	<b>118,658</b>	<b>-</b>
122 Accounts Receivable - HUD Other Projects	673,140			88,270	307,144	2,283				
124 Accounts Receivable - Other Government			7,440							
125 Accounts Receivable - Miscellaneous	74,995				307,535		636,002	4,943,819		
126 Accounts Receivable - Tenants	520,886	6,543					22,887	14,983		
126.1 Allowance for Doubtful Accounts - Tenants	-211,907	-932					-8,314	-6,603		
127 Notes, Loans, & Mortgages Receivable - Current	23,214									
128 Fraud Recovery					230,397					
128.1 Allowance for Doubtful Accounts - Fraud					-230,397					
129 Accrued Interest Receivable	44,683									
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>1,125,011</b>	<b>5,611</b>	<b>7,440</b>	<b>88,270</b>	<b>614,679</b>	<b>2,283</b>	<b>650,575</b>	<b>4,952,199</b>	<b>-</b>	<b>-</b>
142 Prepaid Expenses and Other Assets	232,192	280					98,195	119,409		
143 Inventories	9,642									
144 Inter Program Due From	10,888,233									
<b>150 Total Current Assets</b>	<b>24,524,412</b>	<b>14,397</b>	<b>26,356</b>	<b>104,211</b>	<b>3,571,551</b>	<b>2,283</b>	<b>34,055,845</b>	<b>10,834,900</b>	<b>118,658</b>	<b>-</b>
161 Land	22,808,802									620,597
162 Buildings	639,126,829	628,787					113,423,322	33,545,963		
163 Furniture, Equipment & Machinery - Dwellings	16,984,871	21,136					1,792,853	1,307,941		
164 Furniture, Equipment & Machinery - Administration	448,951				1,523,243					
165 Leasehold Improvements	392,296									
166 Accumulated Depreciation	-537,163,002	-540,632			-1,217,910		-16,806,554	-11,750,603		
167 Construction in Progress	5,884,553	3,520					8,585,822	5,383,943	240,000	
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>148,483,300</b>	<b>112,811</b>	<b>-</b>	<b>-</b>	<b>305,333</b>	<b>-</b>	<b>106,995,443</b>	<b>28,487,244</b>	<b>240,000</b>	<b>620,597</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	66,752,111	1,400,000								
174 Other Assets	1,470						4,540,651	673,360		
176 Investments in Joint Ventures								11,412,658		
<b>180 Total Non-Current Assets</b>	<b>215,236,881</b>	<b>1,512,811</b>	<b>-</b>	<b>-</b>	<b>305,333</b>	<b>-</b>	<b>111,536,094</b>	<b>40,573,262</b>	<b>240,000</b>	<b>620,597</b>
200 Deferred Outflow of Resources	2,868,072	1,882			606,849					
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>242,629,365</b>	<b>1,529,090</b>	<b>26,356</b>	<b>104,211</b>	<b>4,483,733</b>	<b>2,283</b>	<b>145,591,939</b>	<b>51,408,162</b>	<b>358,658</b>	<b>620,597</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	14.235 Supportive Housing Program	State/Local	Business Activities	14.895 Jobs- Plus Pilot Initiative	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		39,889	3,716,153		14,494	129,006	457,020	17,358,668		17,358,668
112 Cash - Restricted - Modernization and Development								3,119,486		3,119,486
113 Cash - Other Restricted							2,463,458	39,301,040		39,301,040
114 Cash - Tenant Security Deposits								1,499,420		1,499,420
<b>100 Total Cash</b>	-	39,889	3,716,153	-	14,494	129,006	2,920,478	61,278,614	-	61,278,614
122 Accounts Receivable - HUD Other Projects	43,333			107,056		9,827		1,231,053		1,231,053
124 Accounts Receivable - Other Government		112,259						119,699		119,699
125 Accounts Receivable - Miscellaneous						616	126,513	6,089,480		6,089,480
126 Accounts Receivable - Tenants								565,299		565,299
126.1 Allowance for Doubtful Accounts -Tenants								-227,756		-227,756
127 Notes, Loans, & Mortgages Receivable - Current							508,630	531,844	-508,630	23,214
128 Fraud Recovery								230,397		230,397
128.1 Allowance for Doubtful Accounts - Fraud								-230,397		-230,397
129 Accrued Interest Receivable			110,749				1,582	157,014		157,014
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	43,333	112,259	110,749	107,056	-	10,443	636,725	8,466,633	-508,630	7,958,003
142 Prepaid Expenses and Other Assets							803,931	1,254,007		1,254,007
143 Inventories							171,041	180,683		180,683
144 Inter Program Due From		158,445					4,448,022	15,494,700	-15,494,700	-
<b>150 Total Current Assets</b>	43,333	310,593	3,826,902	107,056	14,494	139,449	8,980,197	86,674,637	-16,003,330	70,671,307
161 Land			2,291,000				4,910,053	30,630,452		30,630,452
162 Buildings							3,227,423	789,952,324		789,952,324
163 Furniture, Equipment & Machinery - Dwellings								20,106,801		20,106,801
164 Furniture, Equipment & Machinery - Administration			329,998				7,549,268	9,851,460		9,851,460
165 Leasehold Improvements								392,296		392,296
166 Accumulated Depreciation			-288,375				-9,526,209	-577,293,285		-577,293,285
167 Construction in Progress							54	20,097,892		20,097,892
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	-	-	2,332,623	-	-	-	6,160,589	293,737,940	-	293,737,940
171 Notes, Loans and Mortgages Receivable - Non-Current			3,136,623				11,528,950	82,817,684	-11,528,950	71,288,734
174 Other Assets							1,439,428	6,654,909		6,654,909
176 Investments in Joint Ventures								11,412,658		11,412,658
<b>180 Total Non-Current Assets</b>	-	-	5,469,246	-	-	-	19,128,967	394,623,191	-11,528,950	383,094,241
200 Deferred Outflow of Resources							3,349,676	6,826,479		6,826,479
<b>290 Total Assets and Deferred Outflow of Resources</b>	43,333	310,593	9,296,148	107,056	14,494	139,449	31,458,840	488,124,307	-27,532,280	460,592,027

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.199 Multifamily Property Disposition	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.182 N/C S/R Section 8 Programs
312 Accounts Payable <= 90 Days	923,181	8,271	5,901	703	148,870		2,359,505	584,178		
321 Accrued Wage/Payroll Taxes Payable	2,798,382	622	20,289	43,285	584,883		97,221	105,565		
322 Accrued Compensated Absences - Current Portion	117,550		166	4,532	19,320		2,376	1,884		
325 Accrued Interest Payable	544,229						711,000	62,443		
331 Accounts Payable - HUD PHA Programs										
341 Tenant Security Deposits	1,252,015	8,506					123,658	115,241		
342 Unearned Revenue	1,679,022						3,752	11,902	126,130	
343 Current Portion of Long-term Debt - Capital	4,088,541						174,399	212,336		
344 Current Portion of Long-term Debt - Operating Borrowings	493,150							508,630		
345 Other Current Liabilities	270,028	4,492					14,532	9,848		
346 Accrued Liabilities - Other	2,601,059	9,857			79,004		899,449	797,766		
347 Inter Program - Due To	13,965,040	332,538		55,691	350,432	2,283		690,577		
<b>310 Total Current Liabilities</b>	<b>28,732,197</b>	<b>364,286</b>	<b>26,356</b>	<b>104,211</b>	<b>1,182,509</b>	<b>2,283</b>	<b>4,385,892</b>	<b>3,100,370</b>	<b>126,130</b>	<b>-</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	27,611,136						97,952,244	16,328,743		
352 Long-term Debt, Net of Current - Operating Borrowings	10,244,520							11,528,950		
353 Non-current Liabilities - Other	13,147				352,981		5,396,576			
357 Accrued Pension and OPEB Liabilities	15,753,075	10,336			3,333,162					
<b>350 Total Non-Current Liabilities</b>	<b>53,621,878</b>	<b>10,336</b>	<b>-</b>	<b>-</b>	<b>3,686,143</b>	<b>-</b>	<b>103,348,820</b>	<b>27,857,693</b>	<b>-</b>	<b>-</b>
<b>300 Total Liabilities</b>	<b>82,354,075</b>	<b>374,622</b>	<b>26,356</b>	<b>104,211</b>	<b>4,868,652</b>	<b>2,283</b>	<b>107,734,712</b>	<b>30,958,063</b>	<b>126,130</b>	<b>-</b>
400 Deferred Inflow of Resources	296,409	194			62,717					
508.4 Net Investment in Capital Assets	116,783,623	112,811			305,333		8,868,800	11,946,165	240,000	620,597
511.4 Restricted Net Position	3,130,237				308,559		31,812,729	4,352,562		
512.4 Unrestricted Net Position	40,065,021	1,041,463			-1,061,528		-2,824,302	4,151,372	-7,472	
<b>513 Total Equity - Net Assets / Position</b>	<b>159,978,881</b>	<b>1,154,274</b>	<b>-</b>	<b>-</b>	<b>-447,636</b>	<b>-</b>	<b>37,857,227</b>	<b>20,450,099</b>	<b>232,528</b>	<b>620,597</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>242,629,365</b>	<b>1,529,090</b>	<b>26,356</b>	<b>104,211</b>	<b>4,483,733</b>	<b>2,283</b>	<b>145,591,939</b>	<b>51,408,162</b>	<b>358,658</b>	<b>620,597</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	14.235 Supportive Housing Program	State/Local	Business Activities	14.895 Jobs- Plus Pilot Initiative	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	24,935	89,496	14,912	43,845			643,232	4,847,029		4,847,029
321 Accrued Wage/Payroll Taxes Payable		31,029					3,375,848	7,057,124		7,057,124
322 Accrued Compensated Absences - Current Portion							298,117	443,945		443,945
325 Accrued Interest Payable							391,758	1,709,430		1,709,430
331 Accounts Payable - HUD PHA Programs					16,825	99,693		116,518		116,518
341 Tenant Security Deposits								1,499,420		1,499,420
342 Unearned Revenue		188,717	385,618				443,346	2,838,487		2,838,487
343 Current Portion of Long-term Debt - Capital								4,475,276		4,475,276
344 Current Portion of Long-term Debt - Operating Borrowings							3,626,571	4,628,351	-508,630	4,119,721
345 Other Current Liabilities							591,640	890,540		890,540
346 Accrued Liabilities - Other							1,629,467	6,016,602		6,016,602
347 Inter Program - Due To	18,398		4,559	63,211		11,971		15,494,700	-15,494,700	-
<b>310 Total Current Liabilities</b>	<b>43,333</b>	<b>309,242</b>	<b>405,089</b>	<b>107,056</b>	<b>16,825</b>	<b>111,664</b>	<b>10,999,979</b>	<b>50,017,422</b>	<b>-16,003,330</b>	<b>34,014,092</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								141,892,123		141,892,123
352 Long-term Debt, Net of Current - Operating Borrowings							14,485,570	36,259,040	-11,528,950	24,730,090
353 Non-current Liabilities - Other							1,663,458	7,426,162		7,426,162
357 Accrued Pension and OPEB Liabilities							18,505,924	37,602,497		37,602,497
<b>350 Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,654,952</b>	<b>223,179,822</b>	<b>-11,528,950</b>	<b>211,650,872</b>
<b>300 Total Liabilities</b>	<b>43,333</b>	<b>309,242</b>	<b>405,089</b>	<b>107,056</b>	<b>16,825</b>	<b>111,664</b>	<b>45,654,931</b>	<b>273,197,244</b>	<b>-27,532,280</b>	<b>245,664,964</b>
400 Deferred Inflow of Resources							348,211	707,531		707,531
508.4 Net Investment in Capital Assets			2,332,623				6,160,589	147,370,541		147,370,541
511.4 Restricted Net Position								39,604,087		39,604,087
512.4 Unrestricted Net Position		1,351	6,558,436		-2,331	27,785	-20,704,891	27,244,904		27,244,904
<b>513 Total Equity - Net Assets / Position</b>	<b>-</b>	<b>1,351</b>	<b>8,891,059</b>	<b>-</b>	<b>-2,331</b>	<b>27,785</b>	<b>-14,544,302</b>	<b>214,219,532</b>	<b>-</b>	<b>214,219,532</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>43,333</b>	<b>310,593</b>	<b>9,296,148</b>	<b>107,056</b>	<b>14,494</b>	<b>139,449</b>	<b>31,458,840</b>	<b>488,124,307</b>	<b>-27,532,280</b>	<b>460,592,027</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.199 Multifamily Property Disposition	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.182 N/C S/R Section 8 Programs
70300 Net Tenant Rental Revenue	13,734,862	173,017					1,559,569	1,617,140		
70400 Tenant Revenue - Other	154,518	626					22,026	5,056		
<b>70500 Total Tenant Revenue</b>	<b>13,889,380</b>	<b>173,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,581,595</b>	<b>1,622,196</b>	<b>-</b>	<b>-</b>
70600 HUD PHA Operating Grants	70,626,966			422,865	99,111,716	740,437		3,034,882		
70610 Capital Grants	7,107,674									
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
<b>70700 Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
70800 Other Government Grants	20,168		198,322				3,238,468			
71100 Investment Income - Unrestricted	44,685						724	8,108		
71400 Fraud Recovery					74,421					
71500 Other Revenue	997,868	404			72,904		4,757,233	1,743,706		
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted	8,999						61,759	8,826		
<b>70000 Total Revenue</b>	<b>92,695,740</b>	<b>174,047</b>	<b>198,322</b>	<b>422,865</b>	<b>99,259,041</b>	<b>740,437</b>	<b>9,639,779</b>	<b>6,417,718</b>	<b>-</b>	<b>-</b>
91100 Administrative Salaries	7,222,507	5,508		157,298	3,533,025		488,557	462,894		
91200 Auditing Fees	107,942	391			72,000		84,736	127,127		
91300 Management Fee	7,366,424				1,000,000		225,617	38,898		
91310 Book-keeping Fee	784,644						5,003	36,001		
91500 Employee Benefit contributions - Administrative	2,703,003	1,528		2,741	1,268,296		187,513	121,189		
91600 Office Expenses	2,496,221	3,616		31,495	1,863,290	85,136	83,289	613,502		
91700 Legal Expense	540,824	2,908			62,701		42,148	17,808		
91800 Travel	22,027	88			14,805		748	1,321		
91900 Other	1,643,551				3,040		182,907			
<b>91000 Total Operating - Administrative</b>	<b>22,887,143</b>	<b>14,039</b>	<b>-</b>	<b>191,534</b>	<b>7,817,157</b>	<b>85,136</b>	<b>1,300,518</b>	<b>1,418,740</b>	<b>-</b>	<b>-</b>
92000 Asset Management Fee	874,070									
92100 Tenant Services - Salaries	1,163,060	1,936		217,623			50,473	33,788		
92200 Relocation Costs	77,425									
92300 Employee Benefit Contributions - Tenant Services	439,948	537					25,721	12,998		
92400 Tenant Services - Other	1,165,649	637		13,708	3,965		73,273	54,145		
<b>92500 Total Tenant Services</b>	<b>2,846,082</b>	<b>3,110</b>	<b>-</b>	<b>231,331</b>	<b>3,965</b>	<b>-</b>	<b>149,467</b>	<b>100,931</b>	<b>-</b>	<b>-</b>



**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	14.235 Supportive Housing Program	State/Local	Business Activities	14.895 Jobs- Plus Pilot Initiative	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue								17,084,588		17,084,588
70400 Tenant Revenue - Other								182,226		182,226
<b>70500 Total Tenant Revenue</b>	-	-	-	-	-	-	-	17,266,814	-	17,266,814
70600 HUD PHA Operating Grants	401,474			150,188	57,418	845,204		175,391,150		175,391,150
70610 Capital Grants								7,107,674		7,107,674
70710 Management Fee							8,630,939	8,630,939	-8,630,939	-
70720 Asset Management Fee							874,070	874,070	-874,070	-
70730 Book Keeping Fee							825,648	825,648	-825,648	-
70740 Front Line Service Fee							12,124,052	12,124,052	-12,124,052	-
70750 Other Fees							33,587	33,587		33,587
<b>70700 Total Fee Revenue</b>	-	-	-	-	-	-	22,488,296	22,488,296	-22,454,709	33,587
70800 Other Government Grants		542,102					117	3,999,177		3,999,177
71100 Investment Income - Unrestricted			110,749				20,848	185,114		185,114
71400 Fraud Recovery								74,421		74,421
71500 Other Revenue		100	271,170			3,853	734,583	8,581,821	-820,750	7,761,071
71600 Gain or Loss on Sale of Capital Assets							7,382	7,382		7,382
72000 Investment Income - Restricted							396	79,980		79,980
<b>70000 Total Revenue</b>	401,474	542,202	381,919	150,188	57,418	849,057	23,251,622	235,181,829	-23,275,459	211,906,370
91100 Administrative Salaries		140,932					8,963,497	20,974,218		20,974,218
91200 Auditing Fees						25,000	10,000	427,196		427,196
91300 Management Fee								8,630,939	-8,630,939	-
91310 Book-keeping Fee								825,648	-825,648	-
91500 Employee Benefit contributions - Administrative							2,937,864	7,222,134		7,222,134
91600 Office Expenses		192,201	352,947	39,174	13,879	52,791	2,761,433	8,588,974	-820,750	7,768,224
91700 Legal Expense							380,224	1,046,613	-639,556	407,057
91800 Travel			2,437				118,216	159,642		159,642
91900 Other							15,353	1,844,851	-1,723,550	121,301
<b>91000 Total Operating - Administrative</b>	-	333,133	355,384	39,174	13,879	77,791	15,186,587	49,720,215	-12,640,443	37,079,772
92000 Asset Management Fee								874,070	-874,070	-
92100 Tenant Services - Salaries		164,374		37,350			459,728	2,128,332		2,128,332
92200 Relocation Costs								77,425		77,425
92300 Employee Benefit Contributions - Tenant Services							150,680	629,884		629,884
92400 Tenant Services - Other	401,474	44,695	70,865	73,664			42,509	1,944,584		1,944,584
<b>92500 Total Tenant Services</b>	401,474	209,069	70,865	111,014	-	-	652,917	4,780,225	-	4,780,225

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.199 Multifamily Property Disposition	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.182 N/C S/R Section 8 Programs
93100 Water	3,422,215	16,957			2,531		180,895	134,385		
93200 Electricity	5,562,723	38,816			74,648		197,526	428,908		
93300 Gas	2,053,717	12,391			1,692		6,969	69,409		
93400 Fuel	77,041						73,525			
93600 Sewer	4,705,410	24,811			3,680		214,139	170,376		
<b>93000 Total Utilities</b>	<b>15,821,106</b>	<b>92,975</b>	<b>-</b>	<b>-</b>	<b>82,551</b>	<b>-</b>	<b>673,054</b>	<b>803,078</b>	<b>-</b>	<b>-</b>
94100 Ordinary Maintenance and Operations - Labor	7,474,586	7,851			74,562		232,973	326,424		
94200 Ordinary Maintenance and Operations - Materials and Other	3,440,409	17,828			121		121,963	127,968		
94300 Ordinary Maintenance and Operations Contracts	14,256,288	78,499			22,691		697,851	600,169		
94500 Employee Benefit Contributions - Ordinary Maintenance	2,859,399	2,177			26,766		91,557	125,577		
<b>94000 Total Maintenance</b>	<b>28,030,682</b>	<b>106,355</b>	<b>-</b>	<b>-</b>	<b>124,140</b>	<b>-</b>	<b>1,144,344</b>	<b>1,180,138</b>	<b>-</b>	<b>-</b>
95100 Protective Services - Labor	2,388,159		198,035		192,686			60,236		
95200 Protective Services - Other Contract Costs	5,620,858						348,046	236,100		
95300 Protective Services - Other	86,022		287		657		936	1,707		
95500 Employee Benefit Contributions - Protective Services	902,178				69,171			23,173		
<b>95000 Total Protective Services</b>	<b>8,997,217</b>	<b>-</b>	<b>198,322</b>	<b>-</b>	<b>262,514</b>	<b>-</b>	<b>348,982</b>	<b>321,216</b>	<b>-</b>	<b>-</b>
96110 Property Insurance	1,282,716	13,391			97		196,796	47,334		
96120 Liability Insurance	390,364	1,785			38,481		46,575	18,161		
96130 Workmen's Compensation	344,712	319			38,802		8,541	9,057		
96140 All Other Insurance	173,077	12			11,799		9,966	16,381		
<b>96100 Total insurance Premiums</b>	<b>2,190,869</b>	<b>15,507</b>	<b>-</b>	<b>-</b>	<b>89,179</b>	<b>-</b>	<b>261,878</b>	<b>90,933</b>	<b>-</b>	<b>-</b>
96200 Other General Expenses	3,304,569				59,344		14,224	1,418		
96400 Bad debt - Tenant Rents	389,665	12,973					29,468	28,040		
<b>96000 Total Other General Expenses</b>	<b>3,694,234</b>	<b>12,973</b>	<b>-</b>	<b>-</b>	<b>59,344</b>	<b>-</b>	<b>43,692</b>	<b>29,458</b>	<b>-</b>	<b>-</b>
96710 Interest of Mortgage (or Bonds) Payable	1,648,113						168,165	897,282		
96720 Interest on Notes Payable (Short and Long Term)	643,427									
96730 Amortization of Bond Issue Costs	1,471						76,878			
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>2,293,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,043</b>	<b>897,282</b>	<b>-</b>	<b>-</b>
<b>96900 Total Operating Expenses</b>	<b>87,634,414</b>	<b>244,959</b>	<b>198,322</b>	<b>422,865</b>	<b>8,438,850</b>	<b>85,136</b>	<b>4,166,978</b>	<b>4,841,776</b>	<b>-</b>	<b>-</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>5,061,326</b>	<b>-70,912</b>	<b>-</b>	<b>-</b>	<b>90,820,191</b>	<b>655,301</b>	<b>5,472,801</b>	<b>1,575,942</b>	<b>-</b>	<b>-</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	14.235 Supportive Housing Program	State/Local	Business Activities	14.895 Jobs- Plus Pilot Initiative	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
93100 Water							2,819	3,759,802		3,759,802
93200 Electricity							253,296	6,555,917		6,555,917
93300 Gas							10,434	2,154,612		2,154,612
93400 Fuel								150,566		150,566
93600 Sewer							3,562	5,121,978		5,121,978
<b>93000 Total Utilities</b>	-	-	-	-	-	-	270,111	17,742,875	-	17,742,875
94100 Ordinary Maintenance and Operations - Labor							4,692,858	12,809,254		12,809,254
94200 Ordinary Maintenance and Operations - Materials and Other							257,572	3,965,861		3,965,861
94300 Ordinary Maintenance and Operations Contracts							890,442	16,545,940	-7,964,026	8,581,914
94500 Employee Benefit Contributions - Ordinary Maintenance							1,538,125	4,643,601		4,643,601
<b>94000 Total Maintenance</b>	-	-	-	-	-	-	7,378,997	37,964,656	-7,964,026	30,000,630
95100 Protective Services - Labor							693,907	3,533,023		3,533,023
95200 Protective Services - Other Contract Costs							6,465	6,211,469	-1,796,920	4,414,549
95300 Protective Services - Other							26,218	115,827		115,827
95500 Employee Benefit Contributions - Protective Services							227,434	1,221,956		1,221,956
<b>95000 Total Protective Services</b>	-	-	-	-	-	-	954,024	11,082,275	-1,796,920	9,285,355
96110 Property Insurance							22,362	1,562,696		1,562,696
96120 Liability Insurance							207,501	702,867		702,867
96130 Workmen's Compensation							308,110	709,541		709,541
96140 All Other Insurance							173,047	384,282		384,282
<b>96100 Total insurance Premiums</b>	-	-	-	-	-	-	711,020	3,359,386	-	3,359,386
96200 Other General Expenses								3,379,555		3,379,555
96400 Bad debt - Tenant Rents								460,146		460,146
<b>96000 Total Other General Expenses</b>	-	-	-	-	-	-	-	3,839,701	-	3,839,701
96710 Interest of Mortgage (or Bonds) Payable							834,256	3,547,816		3,547,816
96720 Interest on Notes Payable (Short and Long Term)								643,427		643,427
96730 Amortization of Bond Issue Costs								78,349		78,349
<b>96700 Total Interest Expense and Amortization Cost</b>	-	-	-	-	-	-	834,256	4,269,592	-	4,269,592
<b>96900 Total Operating Expenses</b>	401,474	542,202	426,249	150,188	13,879	77,791	25,987,912	133,632,995	-23,275,459	110,357,536
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	-	-	-44,330	-	43,539	771,266	-2,736,290	101,548,834	-	101,548,834

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.199 Multifamily Property Disposition	16.710 Public Safety Partnership and Community Policing Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.182 N/C S/R Section 8 Programs
97100 Extraordinary Maintenance	97,334							39,451		
97200 Casualty Losses - Non-capitalized	249,648	8,204					46,522	80,358		
97300 Housing Assistance Payments	1,250,379				89,991,832	717,286				
97400 Depreciation Expense	17,457,881	33,467			263,893		3,873,213	1,134,365		
<b>90000 Total Expenses</b>	<b>106,689,656</b>	<b>286,630</b>	<b>198,322</b>	<b>422,865</b>	<b>98,694,575</b>	<b>802,422</b>	<b>8,086,713</b>	<b>6,095,950</b>	<b>-</b>	<b>-</b>
10010 Operating Transfer In	4,405,841									
10020 Operating transfer Out	-4,405,841									
10080 Special Items (Net Gain/Loss)	387,098						-3,624			
10091 Inter Project Excess Cash Transfer In	4,796,500									
10092 Inter Project Excess Cash Transfer Out	-4,796,500									
10093 Transfers between Program and Project - In	939,166									
10094 Transfers between Project and Program - Out										
<b>10100 Total Other financing Sources (Uses)</b>	<b>1,326,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3,624</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-12,667,652</b>	<b>-112,583</b>	<b>-</b>	<b>-</b>	<b>564,466</b>	<b>-61,985</b>	<b>1,549,442</b>	<b>321,768</b>	<b>-</b>	<b>-</b>
11020 Required Annual Debt Principal Payments	4,376,730						8,917	711,579		
11030 Beginning Equity	191,263,541	1,275,677			1,832,027	61,985	36,159,063	20,871,756	232,528	620,597
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-18,617,008	-8,820			-2,844,129		148,722	-743,425		
11170 Administrative Fee Equity					-756,195					
11180 Housing Assistance Payments Equity					308,559					
11190 Unit Months Available	112,046	456			180,399	1,740	8,701	6,840		
11210 Number of Unit Months Leased	108,053	273			171,409	1,649	7,435	6,383		

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	14.235 Supportive Housing Program	State/Local	Business Activities	14.895 Jobs- Plus Pilot Initiative	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance							5,132	141,917		141,917
97200 Casualty Losses - Non-capitalized							62,909	447,641		447,641
97300 Housing Assistance Payments					45,870	743,481		92,748,848		92,748,848
97400 Depreciation Expense			31,960				655,876	23,450,655		23,450,655
<b>90000 Total Expenses</b>	401,474	542,202	458,209	150,188	59,749	821,272	26,711,829	250,422,056	-23,275,459	227,146,597
10010 Operating Transfer In								4,405,841	-4,405,841	-
10020 Operating transfer Out								-4,405,841	4,405,841	-
10080 Special Items (Net Gain/Loss)								383,474		383,474
10091 Inter Project Excess Cash Transfer In								4,796,500	-4,796,500	-
10092 Inter Project Excess Cash Transfer Out								-4,796,500	4,796,500	-
10093 Transfers between Program and Project - In								939,166	-939,166	-
10094 Transfers between Project and Program - Out							-939,166	-939,166	939,166	-
<b>10100 Total Other financing Sources (Uses)</b>	-	-	-	-	-	-	-939,166	383,474	-	383,474
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	-	-	-76,290	-	-2,331	27,785	-4,399,373	-14,856,753	-	-14,856,753
11020 Required Annual Debt Principal Payments							492,714	5,589,940		5,589,940
11030 Beginning Equity		1,351	5,015,518				5,642,210	262,976,253		262,976,253
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			3,951,831				-15,787,139	-33,899,968		-33,899,968
11170 Administrative Fee Equity								-756,195		-756,195
11180 Housing Assistance Payments Equity								308,559		308,559
11190 Unit Months Available					210	1,536		311,928		311,928
11210 Number of Unit Months Leased					179	1,425		296,806		296,806

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL SCHEDULE**  
**CONDENSED FINANCIAL INFORMATION – BLENDED COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Western Reserve Revitalization and Management Company, Inc.	Quarrytown Redevelopment LLC	Severance Redevelopment LLC	Ambleside Redevelopment LLC	CMHA Charities Fund, Inc.	Total Blended Components
<b>Balance Sheet</b>						
Current Assets	\$ 7,115,512	\$ 1,236,534	\$ 1,488,070	\$ 1,650,883	\$ 234,130	\$ 11,725,129
Capital Assets	13,706,054	4,722,704	5,815,681	4,207,248	0	28,451,687
Other Assets	12,142,654	205,191	271,413	305,062	0	12,924,320
Current Liabilities	(12,039,374)	(1,370,407)	(994,414)	(1,219,760)	0	(15,623,955)
Non-Current Liabilities	-	(4,023,391)	(5,906,357)	(6,611,330)	0	(16,541,078)
Net Position	<u>\$ 20,924,846</u>	<u>\$ 770,631</u>	<u>\$ 674,393</u>	<u>\$ (1,667,897)</u>	<u>\$ 234,130</u>	<u>\$ 20,936,103</u>
<b>Revenue, Expenses and Changes in Equity</b>						
Total Revenue	\$ 1,328,477	\$ 1,339,271	\$ 1,725,068	\$ 1,747,952	\$ 26,381	\$ 6,167,149
Total Expenses	926,836	1,456,025	1,790,376	1,907,089	22,471	6,102,797
Excess of Revenue Over Expenses	401,641	(116,754)	(65,308)	(159,137)	3,910	64,352
Transfers In	0	0	0	0	0	0
Beginning Net Position	20,523,205	887,385	739,701	(1,508,760)	230,220	20,871,751
Prior Period Adjustments	0	0	0	0	0	0
<b>Ending Net Position</b>	<u>\$ 20,924,846</u>	<u>\$ 770,631</u>	<u>\$ 674,393</u>	<u>\$ (1,667,897)</u>	<u>\$ 234,130</u>	<u>\$ 20,936,103</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL SCHEDULE**  
**CONDENSED FINANCIAL INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Riverside Park Homes, L.P.	Garden Valley Housing Partnership I, L.P.	Garden Valley Housing Partnership II, L.P.	Garden Valley Housing Partnership III, L.P.	Euclid-Lee Senior L.P.	Miles Pointe Elderly, L.P.
<b>Balance Sheet</b>						
Current Assets	\$ 1,570,039	\$ 1,168,588	\$ 805,936	\$ 989,364	\$ 185,199	\$ 53,777
Capital Assets	13,198,527	17,251,328	11,269,503	18,700,919	17,451,753	9,125,265
Other Assets	106,484	706,521	495,132	676,271	159,826	156,992
Current Liabilities	(880,015)	(3,563,428)	(563,410)	(2,043,166)	(1,561,107)	(859,618)
Non-Current Liabilities	0	(13,450,593)	(10,209,408)	(14,953,185)	(12,300,978)	(3,000,000)
Net Position	<u>13,995,035</u>	<u>2,112,416</u>	<u>1,797,753</u>	<u>3,370,203</u>	<u>3,934,693</u>	<u>5,476,416</u>
<b>Revenue, Expenses and Changes in Equity</b>						
Total Revenue	658,627	620,581	366,311	454,078	1,071,022	1,405,603
Total Expenses	1,144,186	1,252,368	921,357	1,358,140	1,077,915	524,778
Excess of Revenue Over Expenses	(485,559)	(631,787)	(555,046)	(904,062)	(6,893)	880,825
Beginning Net Position	14,480,594	2,744,203	2,352,799	4,274,265	3,941,586	4,595,591
Prior Period Adjustments	0	0	0	0	0	0
<b>Ending Net Position</b>	<u>\$ 13,995,035</u>	<u>\$ 2,112,416</u>	<u>\$ 1,797,753</u>	<u>\$ 3,370,203</u>	<u>\$ 3,934,693</u>	<u>\$ 5,476,416</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL SCHEDULE**  
**CONDENSED FINANCIAL INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Fairfax Intergenerational Housing, L.P.	Bohn Tower Redevelopment, L.P.	Carver Park Phase I, L.P.	West Side Riverview, L.P.	Garden Valley Housing Partnership IV, L.P.	Reconciling Items	Total Discretely Presented Component Units
<b><u>Balance Sheet</u></b>							
Current Assets	\$ 425,992	\$ 13,944,331	\$ 2	\$ 0	\$ 8,301,150	6,611,467	\$ 34,055,845
Capital Assets	11,429,125	8,567,360	288,418	204,570	1,725,654	(2,216,979)	106,995,443
Other Assets	359,279	1,858,973	0	0	171,000	(149,827)	4,540,651
Current Liabilities	(6,214,997)	(1,116,410)	(138,418)	(204,570)	(2,096,820)	14,856,067	(4,385,892)
Non-Current Liabilities	(2,313,509)	(19,947,177)	(150,000)	0	(7,587,650)	(19,436,320)	(103,348,820)
Net Position	<u>3,685,890</u>	<u>3,307,077</u>	<u>2</u>	<u>0</u>	<u>513,334</u>	<u>(335,592)</u>	<u>37,857,227</u>
<b><u>Revenue, Expenses and Changes in Equity</u></b>							
Total Revenue	538,181	4,284,255	2	0	513,334	(123,493)	9,788,501
Total Expenses	756,360	977,178	0	0	0	78,055	8,090,337
Excess of Revenue Over Expenses	<u>(218,179)</u>	<u>3,307,077</u>	<u>2</u>	<u>0</u>	<u>513,334</u>	<u>(201,548)</u>	<u>1,698,164</u>
Beginning Net Position	3,904,069	0	0	0	0	(134,044)	36,159,063
Prior Period Adjustments	0	0	0	0	0	0	0
<b>Ending Net Position</b>	<u>\$ 3,685,890</u>	<u>\$ 3,307,077</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (335,592)</u>	<u>\$ 37,857,227</u>

Reconciling items consist of items shown differently in the Partnership items, including unspent debt proceeds. In addition, there are some fiscal year difference and certain projects in the Partnership audits that are not on the Authority's books.



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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated June 24, 2016, wherein we noted that the Housing Authority 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 restated its net position at December 31, 2014 for business-type activities. Also, the Housing Authority adjusted its December 31, 2014 net position for business-type activities due to a change in reporting of loan issuance costs, an adjustment in reporting of ground lease rental revenue, and a fixed asset correction. Our opinion is not modified with respect to these matters.

Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units and the Western Reserve Revitalization and Management Company, Inc., a blended component unit, as described in our report on the Housing Authority's financial statements. The financial statements of the aggregate discretely presented component units and the Western Reserve Revitalization and Management Company, Inc., were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Cuyahoga 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cuyahoga Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cuyahoga 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 the Cuyahoga Metropolitan Housing Authority, Ohio'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 Cuyahoga 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 *Governmental Auditing Standards*.

### ***Purpose of This Report***

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



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

June 24, 2016

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Cuyahoga Metropolitan Housing Authority, Ohio's (Housing Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Cuyahoga Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2015. The Cuyahoga 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Cuyahoga 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cuyahoga 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 Cuyahoga Metropolitan Housing Authority, Ohio's compliance.

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

In our opinion, the Cuyahoga Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

### ***Report on Internal Control over Compliance***

Management of the Cuyahoga Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cuyahoga Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cuyahoga 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



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

June 24, 2016

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
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 other 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 other significant deficiencies in internal control reported for major federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Any there any reportable findings under .510?	No
2015(vii)	Major Programs (list):  Housing Choice Voucher Program Cluster: Section 8 Housing Choice Voucher Program - CFDA #14.871 Mainstream Vouchers - CFDA #14.879	
2015(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$3,000,000 Type B: all others
2015(ix)	Low Risk Auditee?	Yes
<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>		
	None.	
<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>		
	None.	

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

---

The prior audit report, as of December 31, 2014, included no citations or management letter recommendations.



# Dave Yost • Auditor of State

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 4, 2016**