Cincinnati Metropolitan Housing Authority

Financial Report
with Supplemental Information
June 30, 2017

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by Plante & Moran, PLLC., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 27, 2018

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Independent Auditor's Report

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

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 Cincinnati Metropolitan Housing Authority (the "Authority") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Cincinnati Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Springdale Senior, LP, Reserve on South Martin, LP, and Cary Crossing, LLC, which represent 100 percent of the assets, liabilities, net position, and revenue and expenses of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Springdale Senior, LP, Reserve on South Martin, LP, and Cary Crossing, LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component units were not audited under *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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report 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 Cincinnati Metropolitan Housing Authority as of June 30, 2017 and the respective changes in its financial position and its business-type activities cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of proportionate share of the net pension liability and the Authority's pension contributions, as noted 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, which 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 supplemental 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 an opinion on the financial statements that collectively comprise Cincinnati Metropolitan Housing Authority's basic financial statements. The other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information 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 other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 on our consideration of Cincinnati Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Metropolitan Housing Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 30, 2018

This discussion and analysis provides the reader with a narrative overview and financial analysis of the Cincinnati Metropolitan Housing Authority's (CMHA) financial activities and performance for the year ended June 30, 2017. This section should be read in conjunction with the audited financial statements and accompanying notes.

Financial Highlights

- CMHA's total assets and liabilities were $318.1 million and $68 million, respectively; therefore, net position was $250.1 million as of June 30, 2017.

- Total revenues, including capital contributions and total expenses were $125 million and $164 million, respectively, resulting in a ($35.5) million change in net position for fiscal year 2017.

Overview of the Financial Statements

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

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

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

The Authority's Programs

CMHA has many programs that are consolidated into a single enterprise fund. The Authority's programs consist of the following:

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

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

Choice Neighborhood Grant - In 2011, Cincinnati Metropolitan Housing Authority applied for a Choice Neighborhood Planning Grant for the Fairmount neighborhood, which included the former English Woods public housing site, as well as the Cincinnati neighborhoods of North and South Fairmount. The awarded grant of $201,844 supports the development of a comprehensive revitalization plan focused on the following three goals: Housing, People and Neighborhoods. As of the end of fiscal year 2017, CMHA and the Community Building Institute, its planning partner, significantly completed most of the activities associated with this plan.

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

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

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

Component Units

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

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

The Authority has established four component unit entities as of June 30, 2016.

One is wholly-owned by the Authority and, as such, is considered a blended component unit. Three other component units are mixed-finance, two as limited partnerships and one as a limited liability company. The Authority has 0.1% or less ownership interest in these three organizations. Therefore, these organizations are considered discrete component units of the Authority. A description of each of the component units are included below.

Blended Component Unit

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

  During Fiscal 2017, this component unit was converted from a calendar year to a fiscal year ending June 30, 2017. Financials reported are for an 18-month period.

Discretely Presented Component Units

- Springdale Senior Limited Partnership (the "Partnership"), an Ohio Limited Partnership, was formed under the laws of the State of Ohio to construct, own, and operate Baldwin Grove, (the "Property"), a 100 unit apartment community located in Springdale, Ohio. The Property is intended to serve seniors with low and moderate income located in Hamilton County, Ohio. The Property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

- Reserve on South Martin (the "Partnership"), an Ohio Limited partnership, was formed under the laws of the state of Ohio, to acquire, rehabilitate, and manage the Reserve on South Martin property, (the "Property"), which consists of 60 rental units in Mt. Healthy, Ohio. The Property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

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

Overview of the Authority's Financial Position and Operations

Statement of Net Position

CMHA's total assets and deferred outflows of resources decreased by ($33.9M) during fiscal year 2017 mainly due to the $40 million allowance on notes receivable. The allowance relates to The City West Development. This is a multi-phase development where multiple original financing sources were used. CMHA provided funds in the form of subordinated mortgage loans with a First Right of Refusal option on each phase. Each option gives CMHA the opportunity to purchase the buildings at the end of a 15-year tax credit compliance period for each phase from the borrower of the funds. Outstanding principle, plus interest, on these subordinated mortgages should allow for this purchase once the initial tax credit compliance period has expired.

City West (through The Community Builders management group) and CMHA applied to HUD for RAD conversion of 8 phases of the sites. By June 30, 2017, six of the applications were approved and CMHA worked diligently to provide HUD the necessary restructuring documents to be awarded CHAPs and RCC. The two remaining phases were moved to a waitlist for issuance of CHAPs at a later date.

At this time, a RAD conversion of six phases is anticipated with financial close in May 2018, assuming all parties can come to a final agreement on the business terms of the transaction. It is planned that the First Right of Refusal option will be removed at RAD conversion. For this reason, in fiscal year 2017, a financial analysis was completed and an allowance created to reflect an estimate of fair market valuation of these mortgage notes and interest accrued. Through negotiations with The Community Builders, after RAD conversion CMHA will continue to maintain interest and value in the City West Development.

GASB 68: Accounting and Financial Reporting for Pensions

Deferred inflows of resources related to GASB 68 increased by $1.5 million. There was an increase in current assets of $4.5 million over fiscal year 2016 which is attributed to increases in cash and HUD receivables.

Total liabilities increased in fiscal year 2017 by $1.5 million. This was largely attributed to the increase of Net Pension Liability resulting from the application of GASB 68.

During 2015, CMHA adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of CMHA's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net 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 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 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 68, the net pension liability equals CMHA's proportionate share of each plan's collective:

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

2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange"—that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, CMHA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer.

Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, CMHA's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Statement of Net Position (in Millions)

(Condensed)

	2017	2016	Change
Assets and Deferred Outflows of Resources			
Current Assets	$ 29.6	$ 25.1	$ 4.5
Other Assets	34.9	72.7	(37.8)
Capital Assets	247.6	249.7	(2.1)
Deferred Outflows of Resources	6.0	4.5	1.5
Total Assets and Deferred Outflows of Resources	318.1	352.0	(33.9)
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities and Deferred Inflows of Resources			
Current Liabilities	12.3	10.5	1.8
Long Term Liabilities	38.2	42.0	(3.8)
Net Pension Liability	17.0	13.2	3.8
Deferred Inflow of Resources	0.5	0.8	(0.3)
Total Liabilities and Deferred Inflows of Resources	68.0	66.5	1.5
Net Position			
Net Investment in Capital Assets	231.0	228.0	3.0
Restricted Net Position	5.1	1.7	3.4
Unrestricted Net Position	14.0	55.8	(41.8)
Total Net Position	250.1	285.5	(35.4)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 318.1	$ 352.0	$ (33.9)

Capital Assets and Debt Administration

As of June 30, 2017 CMHA’s capital assets balance was $247.6 million (net of accumulated depreciation). This represents a decrease of ($2.1) million over fiscal year 2016.

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

Operating Revenues	2017	2016	Change
Rental Revenue	$ 11.8	$ 11.6	$ 0.2
Grant, subsidy and capital grant	111.5	113.3	(1.8)
Other Revenue	1.7	1.7	0.0
Total Operating Revenues	125.0	126.6	(1.6)
Operating Expenses			
Administrative	62.3	17.3	45.0
Utilities	8.8	9.1	(0.3)
Ordinary Maintenance and Operations	11.1	19.1	(8.0)
Insurance and Taxes	2.3	1.4	0.9
Housing Assistance Payments	71.6	70	1.6
Depreciation Expense	7.8	7.2	0.6
Total Operating Expenses	163.9	124.1	39.8
Net Operating Income	(38.9)	2.5	(41.4)
Total Nonoperating Revenue(Expenses)	3.5	2.2	1.3
Change in Net Position	(35.4)	4.7	(40.1)
Net Position, Beginning of Year	285.5	280.8	4.7
Net Position, End of Year	$ 250.1	$ 285.5	$ (35.4)

Revenues, Expenses, and Changes in Net Position

CMHA’s operating revenue and Capital grants for fiscal year 2017 decreased by 1.6 million. Operating expenses are up $39.9 million from prior year. The change in net position is ($40.2) million. This decrease relates to the allowance recorded on the notes receivable in the current year.

Budgetary Considerations for Fiscal Year 2017

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

The following factors were considered in preparing the Authority’s budget for the fiscal year ending June 30, 2017:

- Reductions in funding levels by HUD for the operating budget (funded at 90%) and Capital Grant.

- Aging properties

Contacting the Authority

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

Statement of Net Position

June 30, 2017

	Primary Government (CMHA)	Discretely Presented Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 19,143,033	$ 907,509
Accounts receivables - Tenant, grant, and other	2,454,452	66,999
Accounts receivable - Related party	1,179,499	-
Prepaid expenses and other assets	624,879	32,085
Cash and cash equivalents - Restricted	6,236,218	1,404,699
Total current assets	29,638,081	2,411,292
Noncurrent assets:		
Capital assets:		
Assets not subject to depreciation (Note 5)	45,679,437	2,713,898
Assets subject to depreciation - Net (Note 5)	201,920,099	23,529,625
Other	229,491	417,237
Notes receivable - Net of allowance (Note 4)	34,731,979	-
Total noncurrent assets	282,561,006	26,660,760
Total assets	312,199,087	29,072,052
Deferred Outflows of Resources - Pension (Note 8)	5,977,857	-
Liabilities		
Current liabilities:		
Accounts payable	2,397,871	2,126,870
Accounts payable - Related party	579,534	-
Accrued liabilities and other	3,929,368	2,312,146
Unearned revenue	322,845	23,073
Tenant security deposits	1,111,510	61,736
Accrued compensated absences	138,673	-
Current portion of long-term debt (Note 7)	3,858,871	267,508
Total current liabilities	12,338,672	4,791,333
Noncurrent liabilities:		
Accrued compensated absences	811,484	-
Net pension liability (Note 8)	17,018,192	-
Long-term debt - Net of current portion (Note 7)	36,071,284	25,188,711
Other noncurrent liabilities	1,357,857	-
Total noncurrent liabilities	55,258,817	25,188,711
Total liabilities	67,597,489	29,980,044
Deferred Inflows of Resources - Pension (Note 8)	517,842	-
Net Position		
Net investment in capital assets	230,955,250	(179,008)
Restricted for required reserves	5,124,708	(1,319,890)
Unrestricted	13,981,655	590,906
Total net position	**$ 250,061,613**	**$ (907,992)**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2017

	Primary Government (CMHA)	Discretely Presented Component Units
Operating Revenue		
Rental revenue	$ 11,798,919	$ 659,587
Grant and subsidy revenue	101,453,296	336,298
Other revenue	1,753,169	2,972
Total operating revenue	115,005,384	998,857
Operating Expenses		
Administrative expenses	62,334,184	365,592
Utility expenses	8,775,754	106,264
Operating and maintenance	11,192,087	219,292
Insurance and taxes	2,296,317	91,516
HUD subsidy	71,568,365	-
Depreciation	7,790,533	900,481
Total operating expenses	163,957,240	1,683,145
Operating Loss	(48,951,856)	(684,288)
Nonoperating Revenue (Expense)		
Interest income	3,058,881	2,740
Gain on sale of assets	1,142,603	-
Interest expense	(712,111)	(382,954)
Total nonoperating revenue (expense)	3,489,373	(380,214)
Loss - Before capital grants and contributions	(45,462,483)	(1,064,502)
Capital Grants	10,043,249	-
Contributions	-	590,590
Total	10,043,249	590,590
Change in Net Position	(35,419,234)	(473,912)
Net Position - Beginning of year	285,480,847	(434,080)
Net Position - End of year	**$ 250,061,613**	**$ (907,992)**

See notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 2017

	Primary Government (CMHA)
Cash Flows from Operating Activities	
Receipts from tenants	$ 10,922,121
Receipts from grants and subsidy payments	107,526,251
Other receipts	621,845
Cash payments for administrative expenses	(23,544,168)
Payments for housing assistance	(71,568,365)
Payments for other operating expenses	(24,482,792)
Net cash and cash equivalents used in operating activities	(525,108)
Cash Flows from Capital and Related Financing Activities	
Capital grants	12,525,833
Proceeds from sale of capital assets	1,213,591
Purchase of capital assets	(7,143,092)
Principal and interest paid on capital debt	(4,701,812)
Net cash and cash equivalents provided by capital and related financing activities	1,894,520
Cash Flows Provided by Investing Activities - Interest income	3,058,881
Net Increase in Cash and Cash Equivalents	4,428,293
Cash and Cash Equivalents - Beginning of year	20,950,958
Cash and Cash Equivalents - End of year	**$ 25,379,251**
Classification of Cash and Cash Equivalents	
Cash and investments	$ 19,143,033
Restricted cash	6,236,218
Total cash and cash equivalents	**$ 25,379,251**
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (48,951,856)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	7,790,533
Gain on disposal of capital assets	(1,142,603)
Changes in assets and liabilities:	
Receivables	37,510,215
Unearned revenue	263,813
Prepaid and other assets	179,504
Accounts payable	2,442,544
Security deposits	(26,099)
Net pension liability and deferrals related to pension	2,049,969
Accrued and other liabilities	(641,128)
Total adjustments	48,426,748
Net cash and cash equivalents used in operating activities	**$ (525,108)**

See notes to financial statements.

Combining Statement of Net Position for Discrete Presented Component Units

December 31, 2016

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total
Assets				
Cash and investments	$ 246,050	$ 451,006	$ 210,453	$ 907,509
Receivables	39,594	11,972	15,433	66,999
Prepaid expenses and other assets	28,888	3,197	-	32,085
Cash and cash equivalents - Restricted	927,605	472,040	5,054	1,404,699
Capital assets:				
Assets not subject to depreciation	505,681	1,928,611	279,606	2,713,898
Assets subject to depreciation - Net	8,364,020	8,360,369	6,805,236	23,529,625
Other	182,230	90,421	144,586	417,237
Total assets	10,294,068	11,317,616	7,460,368	29,072,052
Liabilities				
Accounts payable	737,557	211,713	1,177,600	2,126,870
Accrued liabilities and other	2,071,434	209,449	31,263	2,312,146
Unearned revenue	23,073	-	-	23,073
Tenant security deposits	29,372	27,270	5,094	61,736
Long-term debt:				
Due within one year	267,508	-	-	267,508
Due in more than one year	8,042,069	10,870,943	6,275,699	25,188,711
Total liabilities	11,171,013	11,319,375	7,489,656	29,980,044
Net Position				
Net investment in capital assets	(560,124)	581,963	(200,847)	(179,008)
Restricted	(875,160)	(444,770)	40	(1,319,890)
Unrestricted	558,339	(138,952)	171,519	590,906
Total net position	**$ (876,945)**	**$ (1,759)**	**$ (29,288)**	**$ (907,992)**

See notes to financial statements.

Cincinnati Metropolitan Housing Authority

Combining Statement of Activities for Discrete Presented Component Units

Year Ended December 31, 2016

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total
Operating Revenue				
Rental revenue	$ 262,491	$ 340,866	$ 56,230	$ 659,587
Grant and subsidy revenue	336,298	-	-	336,298
Other revenue	1,674	1,298	-	2,972
Total operating revenue	600,463	342,164	56,230	998,857
Operating Expenses				
Administrative expenses	146,764	114,283	104,545	365,592
Utility expenses	61,981	35,739	8,544	106,264
Operating and maintenance	127,438	90,294	1,560	219,292
Insurance and taxes	49,963	36,493	5,060	91,516
Depreciation	454,537	324,788	121,156	900,481
Total operating expenses	840,683	601,597	240,865	1,683,145
Operating Loss	(240,220)	(259,433)	(184,635)	(684,288)
Nonoperating Revenue (Expense)				
Interest income	1,930	747	63	2,740
Interest expense	(337,652)	(12,986)	(32,316)	(382,954)
Total nonoperating expense	(335,722)	(12,239)	(32,253)	(380,214)
Loss - Before contributions	(575,942)	(271,672)	(216,888)	(1,064,502)
Contributions	590,590	-	-	590,590
Change in Net Position	14,648	(271,672)	(216,888)	(473,912)
Net Position - Beginning of year	(891,593)	269,913	187,600	(434,080)
Net Position - End of year	**$ (876,945)**	**$ (1,759)**	**$ (29,288)**	**$ (907,992)**

See notes to financial statements.

Note 1 - Nature of Business

Cincinnati Metropolitan Housing Authority (CMHA or the "Authority") is organized under the laws of the State of Ohio for the purpose of acquiring, developing, leasing, operating, and administering low-rent and other housing-related programs for qualified individuals.

The U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units to make housing assistance payments and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program. Through multiple annual contributions contracts (ACC), HUD has conveyed certain federally built housing units to the Authority for low-rent operations, making CMHA responsible for the administration of Section 8 and low-income federal programs.

The governing body of CMHA is a board of commissioners, which is composed of seven members. The members are appointed as follows: two by the City Manager of Cincinnati, Ohio, one by the Hamilton County Commissioners, one by the Court of Common Pleas, one by the Probate Court, one by the Township Association of Hamilton County, and one by the Municipal League of Hamilton County. The board appoints a chief executive officer to administer the business of CMHA. CMHA is not considered a component unit of the City of Cincinnati, Ohio, as the board independently oversees CMHA's operations and the City of Cincinnati, Ohio is not financially accountable for CMHA.

Reporting Entity

The nucleus of the financial reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, is the primary government. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluation of how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the appointment of a voting majority plus the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. In accordance with GASB Statement Nos. 14, 39, 61, and 80 (which define a primary government and those organizations that should be reported as component units), the Authority has included Springdale Senior, LP, Reserve on South Martin, LP, and Cary Crossing, LLC as discretely presented component units and Touchstone Property Services, Inc. as a blended component unit in the accompanying financial statements.

Blended Component Units - Some component units, despite being legally separate, are so integrated with the primary government that they are in substance part of the primary government. The Authority includes the following component unit, which is controlled by the Authority and for which it is financially accountable:

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

Note 1 - Nature of Business (Continued)

Discretely Presented Component Units - The following component units meet the criteria for discrete component unit presentation and are presented separately from the primary government in the basic financial statements to clearly distinguish the component unit balances and transactions from the primary government. These entities follow all applicable FASB standards, and financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Since they do not follow governmental accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government.

All of the discrete component units have a calendar year end of December 31, which differs from the Authority's year end of June 30, 2017. For reporting purposes, the information reported in the basic financial statements is presented for the 12-month period ended and as of December 31, 2016 for these discrete component units.

Due to fiscal year-end differences between the Authority and the discrete component units, certain related receivables of the Authority do not have offsetting equal liabilities reflected in the discrete component units. Each of the discrete component units is independent of the Authority; however, the Authority has an economic interest in each of the respective properties.

- ***Springdale Senior, LP*** (the "Partnership"), an Ohio limited partnership, was formed under the laws of the State of Ohio to construct, own, and operate Baldwin Grove, a 100-unit apartment community located in Springdale, Ohio. The property is intended to serve seniors with low and moderate income located in Hamilton County, Ohio. The property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.
- ***Reserve on South Martin, LP*** (the "Partnership"), an Ohio limited partnership, was formed under the laws of the State of Ohio, to acquire, rehabilitate, and manage the Reserve on South Martin property, which consists of 60 rental units in Mt. Healthy, Ohio. The property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.
- ***Cary Crossing, LLC*** (the "LLC"), a domestic limited liability company, was formed under the laws of the State of Ohio, to construct, own and operate Cary Crossing, which consists of 36 rental units in Mt. Healthy, Ohio. The property is intended to serve the disabled with low and moderate income located in Hamilton County, Ohio. The property is developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

Note 2 - Significant Accounting Policies

Basis of Accounting and Presentation

The basic financial statements of the Authority have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive one-line look at the Authority’s financial activities. The Authority reports all of its operations as a single business activity in a single enterprise fund. The enterprise fund is a proprietary fund, which distinguishes operating revenue and expenses from nonoperating items. The operating revenue of the Authority consists primarily of rental charges to tenants, operating grants from HUD, and other operating revenue that offsets operating expenses. Operating expenses include the cost of administration, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments. In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Note 2 - Significant Accounting Policies (Continued)

As a proprietary fund, revenue is recorded when earned and expenses are recognized in the period the liability is incurred, regardless of the timing of related cash flows. The Authority's financial activities operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the user of the services.

The Authority considers all grants from HUD as operating revenue, as HUD is the primary revenue source, with the exception of capital grants, which have been recognized within contributions on the statement of activities. The Authority has the following programs:

Low-rent Housing Program - This program is used to account for the components of the low-rent housing programs subsidized by HUD. The Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.

Capital Grant - Substantially all additions to land, structures, and equipment are accomplished through capital grant programs. Capital grant programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. The Authority enters into significant construction contract obligations in relation to this modernization and development activity on an ongoing basis.

Housing Choice Vouchers (Section 8) - Under the Section 8 Housing Program, low-income tenants lease housing units directly from private landlords, rather than from the Authority. HUD contracts with the Authority, which, in turn, contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less.

Notes Receivable

Notes receivable are stated at net of allowance. Collectibility is evaluated annually based on payments received and cash flow of each individual entity. If amounts are deemed to be uncollectible, the Authority establishes an allowance for doubtful accounts. During the year ended June 30, 2017, the Authority established an allowance in the amount of $40,839,985 related to the notes receivable (Note 4) and accrued interest. The expense is recorded in the administrative expenses in the statement of revenue, expenses, and changes in net position.

Tenant Receivable

Tenant accounts receivable are stated at net rent amounts. Tenants in possession of a unit generally do not have outstanding amounts unless court action is underway. Once a tenant is evicted or voluntarily vacates a unit, collection of outstanding balances is difficult and sporadically realized. Therefore, when a tenant vacates a unit, any balance owed to the Authority is set up as uncollectible in the month the move-out occurred.

Grants Receivable

The Authority receives grants from federal agencies to be used for specific programs. The excess of reimbursable expenditures over cash receipts is included in grants receivable, and any excess of cash receipts over reimbursable expenditures is included in unearned revenue.

Capital Grants

The Authority records grants received for capital outlay as contributions of capital grants.

Note 2 - Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash represents amounts held in escrow, Section 8 funds, tenants' escrows, other escrows, and replacement reserves. Restrictions for use in operations and approval are governed by HUD, lender requirements, or other outside parties.

Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. The Authority capitalizes all building, site improvements, dwelling and nondwelling equipment, and office equipment that has a cost or fair value on the date of acquisition greater than $5,000 and a useful life greater than one year.

Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives as follows:

	Depreciable Life - Years
Buildings	40
Buildings and site improvements	20
Equipment and vehicles	5

When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the statement of revenue, expenses, and changes in net position. If an indicator of impairment is identified and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Authority. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying value or fair value, or written off entirely. During the year ended June 30, 2017, no impairments were recorded.

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized. The Authority had no capitalized construction interest for the year ended June 30, 2017.

Construction in Progress

Construction in progress consists of capital projects in progress funded primarily by capital contributions and grant income.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position has 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.

Deferred Outflows/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, as further explained in Note 8.

Note 2 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows are reported for pension, as further explained in Note 8.

Compensated Absences

The Authority allows employees to accumulate earned sick leave and vacation (annual) pay. Compensated absences are accrued as they are earned by employees, using the vesting method, if the following two conditions are met:

• The employees' rights to receive compensation are attributable to services rendered.

• It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The current portion of accrued compensation absences is included in accrued expenses.

Unearned Revenue

Unearned revenue consists primarily of prepaid subsidy and prepaid tenant rent payments recognized at year end. Amounts are recognized in the period during which the associated use of premises occurs.

Net Position

Net position is composed of three categories: (1) net investment in capital assets, (2) restricted for required reserves, and (3) unrestricted. The Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to first apply restricted resources. Each component of net assets is reported separately on the statement of net position.

• Net Investment in Capital Assets - This category consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

• Restricted for Required Reserves - This category equals the restricted cash of the Authority and consists of net assets restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

• Unrestricted - This category includes all of the remaining net assets that do not meet the definition of the other two categories.

Revenue Recognition

The Authority routinely receives funds from HUD and other grantors. Funds are recognized as revenue in accordance with GASB 33 when all eligibility requirements have been met. Receivables are recorded based upon amounts expensed for a program for which no funds have been received. Tenant rental revenue is recognized during the period of corresponding occupancy. Other receipts are recognized when the related expenses are incurred.

Nonoperating Revenue and Expenses

Nonoperating revenue and expense are derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred, including investment activity.

Note 2 - Significant Accounting Policies (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Authority to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2018.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2021.

Note 3 - Deposits

The State of Ohio statutes classify monies held by the Authority into two categories:

• Active Deposits - These are public deposits necessary to meet current demands for the Authority. Such monies must be maintained either as cash in the Authority's commercial checking accounts or withdrawal-on-demand accounts, including negotiable order-of-withdrawal accounts, or in money market deposit accounts.

• Interim Deposits - These are deposits of interim monies. Interim monies are those that are not needed for immediate use, but that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit (CDs) maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The general depository agreement required by HUD has additional collateral requirements.

Interim deposits are to be deposited or invested in the following securities:

• U.S. Treasury notes, bills, bonds, or other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal or interest by the United States

• Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association; all federal agency securities shall be direct issuances of the federal government agencies or instrumentalities.

• Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days

• Bonds and other obligations of the State of Ohio

• No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions

• The State of Ohio treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio), and STARPLUS

Deposits

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

The Authority's total cash and cash equivalents held with financial institutions was $25,151,949 as of June 30, 2017. Of this balance, $500,000 is covered by federal depository insurance, and the remaining $24,651,949 is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in the Authority's name).

Note 3 - Deposits (Continued)

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

Note 4 - Notes Receivable

Notes receivable at June 30, 2017 are as follows:

Note receivable from Lincoln Court Partnerships Phases I - IV from the periods from 2001 through 2003. Payments are due based on available cash flow with the unpaid balance due on maturity. Maturity dates range from 2041 through 2043. Interest rates range between 0 percent and 6.09 percent accruing monthly. The note is collateralized by the related building and land	$ 25,427,834
Note receivable from Laurel Home Partnerships, Phases I, II, IV, and V from the periods from 2002 through 2006. Payments are due based on available cash flow with the unpaid balance due on maturity. Maturity dates range from 2042 through 2046. Interest rates range between 0 percent and 5.7 percent accruing monthly. The note is collateralized by the related building and land	27,104,301
Note receivable from Reserve on South Martin, due based on available cash flow with the unpaid balance due on maturity, which is in October 2056. Interest accrues monthly at .1 percent. The note is collateralized by the related building and land	10,492,889
Note receivable from Springdale Senior, LP, due based on available cash flow with the unpaid balance due on maturity, which ranges from 2057 to 2081. Interest accrues monthly at rates ranging from 0 percent to .1 percent. The note is collateralized by the related building and land	8,974,017
Note receivable from Cary Crossing, LLC, due based on available cash flow with the unpaid balance due on maturity, which ranges from 2026 to 2051. The note is noninterest bearing and collateralized by the related building and land	1,467,534
Note receivable from Central YMCA, due based on available cash flow with the unpaid balance due on maturity, which is in July 2038. The note is noninterest bearing and collateralized by the related building and land.	1,865,859
Note receivable from Touchstone Property, due based on available cash flow with the unpaid balance due on maturity, which is in May 2047. A note receivable due from Touchstone Property matured during 2017, and the Authority received payments totaling $1,240,781, which represented the full amount due. The note is noninterest bearing and collateralized by the related building and land	239,530
Total notes receivable	75,571,964
Less allowance for doubtful accounts	40,839,985
Net notes receivable	$ 34,731,979

Note 5 - Capital Assets

Capital asset activity of the Authority's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 32,096,531	$ 540,746	$ (1,399,450)	$ 31,237,827
Construction in progress	8,371,910	6,069,700	-	14,441,610
Subtotal	40,468,441	6,610,446	(1,399,450)	45,679,437
Capital assets being depreciated:				
Buildings and improvements	397,301,473	499,321	(6,964,266)	390,836,528
Furniture and equipment	6,824,713	33,325	(77,466)	6,780,572
Infrastructure	30,519,094	-	16,999	30,536,093
Leasehold Improvements	650,580	-	-	650,580
Subtotal	435,295,860	532,646	(7,024,733)	428,803,773
Accumulated depreciation:				
Buildings and improvements	217,726,975	7,790,533	(7,013,215)	218,504,293
Furniture and equipment	5,228,879	-	-	5,228,879
Infrastructure	3,051,909	-	-	3,051,909
Leasehold improvements	98,593	-	-	98,593
Subtotal	226,106,356	7,790,533	(7,013,215)	226,883,674
Net capital assets being depreciated	209,189,504	(7,257,887)	(11,518)	201,920,099
Net governmental activities capital assets	$ 249,657,945	$ (647,441)	$ (1,410,968)	$ 247,599,536

Discretely Presented Component Units

Presented below are summaries of the Authority's discretely presented component units' capital asset balances and a summary of changes in their respective capital asset balances for the year ended December 31, 2016:

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	Total
Land	$ 505,681	$ 1,928,611	$ 279,606	$ 2,713,898
Buildings and improvements	12,390,206	9,255,290	6,735,478	28,380,974
Office furnishings	1,121,564	404,232	190,914	1,716,710
Accumulated depreciation	(5,147,750)	(1,299,151)	(121,158)	(6,568,059)
Total	$ 8,869,701	$ 10,288,982	$ 7,084,840	$ 26,243,523

Note 5 - Capital Assets (Continued)

Discretely Presented Component Units (Continued)

	Beginning Balance	Reclassifications	Additions	Disposals and Adjustments	End of Year Balance
Capital assets not being depreciated:					
Land	$ 2,434,292	$ -	$ 279,606	$ -	$ 2,713,898
Construction in progress	2,719,677	(2,719,677)	-	-	-
Subtotal	5,153,969	(2,719,677)	279,606	-	2,713,898
Capital assets being depreciated:					
Buildings and improvements	20,161,078	2,719,677	4,261,687	-	27,142,442
Furniture and equipment	1,525,796	-	190,914	-	1,716,710
Land improvements	1,238,532	-	-	-	1,238,532
Subtotal	22,925,406	2,719,677	4,452,601	-	30,097,684
Accumulated depreciation	5,667,576	-	908,069	(7,586)	6,568,059
Net capital assets being depreciated	17,257,830	2,719,677	3,544,532	7,586	23,529,625
Net capital assets	$ 22,411,799	$ -	$ 3,824,138	$ 7,586	$ 26,243,523

Note 6 - Accrued Compensated Absences

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

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

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

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

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

At June 30, 2017, total compensated absences liability is $950,157, of which $138,673 is current and $811,484 is long term.

Note 7 - Long-term Debt

A summary of long-term debt at June 30, 2017 is as follows:

	Interest Rate	Principal Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Hamilton County, Ohio	2.00%	01/1996	$ 500,000	$ -	$ (100,000)	$ 400,000	$ 100,000
Hamilton County, Ohio	2.00%	03/1998	713,072	-	(101,868)	611,204	101,868
Hamilton County, Ohio	2.00%	11/1998	960,000	-	(120,000)	840,000	120,000
Hamilton County, Ohio	2.00%	10/1999	810,000	-	(90,000)	720,000	90,000
Hamilton County, Ohio	2.00%	06/2002	1,150,000	-	-	1,150,000	115,000
Bank loans	5.25%	12/1998	286,631	-	(127,168)	159,463	90,571
Bank loans	5.10%	05/2014	995,000	-	(55,000)	940,000	40,000
Capital Fund Financing	4.55%	11/2006	12,569,675	-	(985,158)	11,584,517	1,030,926
HUD EPC Repayment	0.00%	08/2014	22,285,714	-	(1,954,285)	20,331,429	1,714,286
HOPE VI Repayment	0.00%	07/2015	3,649,764	-	(456,222)	3,193,542	456,220
Total long-term debt			$ 43,919,856	$ -	$ (3,989,701)	$ 39,930,155	$ 3,858,871

Hamilton County, Ohio (HOME and CDBG) Loans

Hamilton County, Ohio provided HOME and CDBG funds for the development of low-rent housing units in Hamilton County. These loans (and interest of 2 percent per annum) will be forgiven at the rate of 10 percent annually commencing in the 16th year, provided the units are preserved as low-income housing and there are no plans to convert the units to market rate.

Bank Loans

These loans were acquired to expand affordable housing program using locally available funds.

Capital Fund Financing

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

HUD EPC Repayment

The Authority entered into the repayment agreement as a result of overpayment of operating subsidy through an energy performance contract with the Low Income Public Housing Program.

HOPE VI Repayment

The Authority entered into the repayment agreement as result of an overpayment of the operating subsidy through an energy performance contract with Low Income Public Housing Program.

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

Years Ending	Principal Amount	Interest Amount	Total
2018	$ 3,858,871	$ 562,575	$ 4,421,446
2019	3,885,091	507,703	4,392,794
2020	3,866,322	454,252	4,320,574
2021	3,918,774	400,000	4,318,774
2022	3,878,663	343,311	4,221,974
Thereafter	20,522,434	891,554	21,413,988
Total	$ 39,930,155	$ 3,159,395	$ 43,089,550

Note 7 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Springdale Senior, LP:					
Mortgage note - Fifth Third Bank	$ 1,232,956	$ -	$ (61,217)	$ 1,171,739	$ 267,508
Mortgage note - CMHA	5,985,273	-	-	5,985,273	-
Ground lease	510,000	-	-	510,000	-
Bridge loan	642,565	-	-	642,565	-
Reserve on South Martin, LP -					
Mortgage - CMHA	10,870,943	-	-	10,870,943	-
Cary Crossing, LLC -					
Bridge loan - CMHA	1,202,000	-	-	1,202,000	-
Key Bank	1,573,699	-	-	1,573,699	-
OHFA note	3,500,000	-	-	3,500,000	-
Total principal outstanding	$ 25,517,436	$ -	$ (61,217)	$ 25,456,219	$ 267,508

Springdale Senior, LP Mortgage Note - Fifth Third Bank

Springdale Senior, LP held two notes payable (Note A and B) to Fifth Third Bank in the amount of $1,557,000 and $5,943,000, respectively. Monthly interest accrues and is added to the principal balance. Interest is adjustable at LIBOR plus 2.15 percent (2.32 percent at December 31, 2016) through 2024. The loan is secured by the rental property. Accrued interest totaled $6,317 at December 31, 2016.

Springdale Senior, LP Mortgage Note - CMHA

Mortgage note payable to the Authority, the first ($3,035,000) bearing interest at 3.5 percent, the second ($1,260,987) bearing interest at the AFR (3.32 percent at December 31, 2016), the third ($885,000) bearing 0 percent interest, the fourth ($358,481) bearing interest at 3.5 percent, and the fifth ($445,805) bearing interest at the AFR, secured by the rental property. The loans are due during 2057 and are payable as income and cash flow permit, as defined in the Partnership Agreement. Interest is compounded annually. Accrued but unpaid interest was $1,555,026 at December 31, 2016.

Springdale Senior, LP Ground Lease and Bridge Loan

Ground lease payable to CMHA, bearing interest at 4.79 percent, payable at final closing of permanent financing. The ground lease is for a period of 75 years. Accrued interest was $295,092.

Bridge loan payable to OHFA. This loan bears interest at 2 percent, payable annually. Accrued interest amounted to $8,262 at December 31, 2016.

Reserve on South Martin, LP Mortgage and Note - CMHA

The Partnership has a commitment to enter into a mortgage payable with CMHA totaling $10,308,550 and bearing interest at .10 percent per annum. The entire unpaid principal balance and all accrued interest are due and payable 45 years after the commencement of the permanent loan. The mortgage is collateralized by the real estate and assignment of rents and security. As of December 31, 2016, accrued interest for the mortgage payable amounted to $30,957.

The Partnership entered into a note payable with CMHA totaling $797,524 bearing interest at 0.0 percent per annum. As of December 31, 2016, the outstanding balance was $562,393. The entire unpaid principal balance and all accrued interest are due and payable in October 2056.

Note 7 - Long-term Debt (Continued)

Cary Crossing - Bridge loan

Cary Crossing, LLC entered into a bridge loan agreement with CMHA. This amount is due at the completion of construction of the project. The bridge loan will convert a CMHA loan with an interest rate of .25 percent, per annum compounding, which will be due on July 9, 2050.

Key Bank

The construction loan payable to Key Bank National Association was guaranteed by CMHA. Interest-only payments at a rate of the greater of 3.25 percent or the Lender's Prime Rate, as defined, are required until maturity. The Lender's Prime Rate at December 31, 2016 was 3.75 percent. The construction loan was paid in full on April 7, 2017.

OHFA Note

During August 2015, the Authority entered into a promissory note with Ohio Housing Finance Agency (OHFA) in the amount of $3,500,000. The note is unsecured and is noninterest bearing for the first two years (the initial period). The interest rate will be 2 percent after the initial period. Eight annual principal and interest payments of $474,932 are due commencing on April 15, 2018. Note payment dates correspond to the collection dates for the remaining member capital contributions. No payments on this note have been made.

Years Ending	Principal	Interest	Total
2017	$ 267,508	$ 345,098	$ 612,606
2018	711,287	354,669	1,065,956
2019	705,361	364,016	1,069,377
2020	499,986	376,574	876,560
2021	513,528	389,667	903,195
Thereafter	22,758,549	14,932,550	37,691,099
Total	$ 25,456,219	$ 16,762,574	$ 42,218,793

Note 8 - Pension Plan

Plan Description

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

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplemental information, and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Benefits Provided

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

Note 8 - Pension Plan (Continued)

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

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

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

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

Age and Service Defined Benefits - Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary, and service credit. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343:

Group Member	Age and Service Requirement	Retirement Formula
Group A	Age 60 with 5 years of service credit or age 55 with 25 or more years of service credit	2.2% of FAS for the first 30 years and a factor of 2.5% for the years of service in excess of 30
Group B	Age 60 with 5 years of service credit or age 55 with 25 or more years of service credit	2.2% of FAS for the first 30 years and a factor of 2.5% for the years of service in excess of 30
Group C	Age 57 with 25 years of service or at age 62 with 5 years of service	2.2% of FAS for the first 35 years and a factor of 2.5% for the years of service in excess of 35

The FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Note 8 - Pension Plan (Continued)

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0 percent to the member's final average salary for the first 30 years of service. A factor of 1.25 percent is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0 percent to the member's final average salary for the first 35 years of service and a factor of 1.25 percent is applies to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

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

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

Additional information on other benefits available can be found in the OPERS CAFR.

Funding Policy

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended June 30, 2017. Plan members were required to contribute 10 percent of covered payroll. The Authority's contribution rate was 14 percent of covered payroll.

The Authority's contractually required contributions to OPERS were $1,120,426 for the year ended June 30, 2017.

Net Pension Liability

The net pension liability was measured as of December 31, 2016, 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 $17,018,192 as its proportionate share. The Authority's proportion was 0.0752600 percent for the Traditional Plan and 0.1280970 percent for the Combined Plan.

Note 8 - Pension Plan (Continued)

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

For the year ended June 30, 2017, the Authority recognized pension expense of $2,112,407.

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows) Outflows of Resources
Differences between expected and actual experience	$ 32,759	$ (139,832)	$ (107,073)
Changes in assumptions	2,728,979	-	2,728,979
Net difference between projected and actual investment earnings	2,563,201	-	2,563,201
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	5,206	(378,010)	(372,804)
Employer contributions subsequent to measurement date	647,712	-	647,712
Total	$ 5,977,857	$ (517,842)	$ 5,460,015

The amount of $647,712 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Pension Expense
2018	$ 1,860,588
2019	2,132,765
2020	907,565
2021	(87,888)
2022	(1,249)
Thereafter	522
Total	$ 4,812,303

Actuarial Assumptions

Total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2016
Actuarial cost method	Individual entry age
Cost-of-living adjustments	3.00%
Salary increases, including inflation	3.25% - 10.75%
Inflation	3.25%
Investment rate of return	7.50%
Experience study date	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Healthy Annuitant Mortality Table

Note 8 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The allocation of investment assets within the defined benefit portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

Best estimates of arithmetic real rates of return as of the December 31, 2016 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92

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

The following table represents the Authority's proportionate share of net pension liability at the 8 percent discount rate as well as the sensitivity to a 1 percent increase and a 1 percent decrease in the current discount rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Proportionate share of the net pension liability	$ 26,116,195	$ 17,018,192	$ 9,442,046

Assumption Changes

During the current measurement period, the OPERS board adopted certain assumption changes, which impacted its annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent, which increased CMHA's respective net pension liability.

Note 9 - Other Postemployment Benefits

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the traditional pension plan and the combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend healthcare coverage is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar year 2016, state and local employers contributed at a rate of 14 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS’ Postemployment Healthcare Plan was established under, and is administered in accordance with, Internal Revenue Code (IRC) Section 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare. The portion of employer contributions allocated to healthcare for members in the traditional pension and combined plans was 2 percent during calendar year 2016. The OPERS board of trustees is also authorized to establish rules for the retiree or the retiree's 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 portion of actual authority contributions for the years ended June 30, 2017, 2016, and 2015, which were used by OPERS to fund postemployment benefits, was $0, $202,192, and $215,524, respectively.

Note 10 - Risk Management - Primary Government

CMHA maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. CMHA also maintains employee major medical, vision, and dental coverage with private carriers.

CMHA is a member in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk-sharing and purchasing pool composed of three Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is a member).

Note 10 - Risk Management - Primary Government (Continued)

OHAPCI is a corporation governed by a board of trustees, consisting of a representative appointed by each of the member housing authorities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. There were no changes to the policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage. The following is a summary of insurance coverage at year end:

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

Note 11 - Commitments and Contingencies

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

The Authority received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2017.

Note 12 - Blended Component Units

A condensed statement of net position for the Authority's blended component unit as of June 30, 2017 is presented as follows:

	Touchstone Property Services
Assets	
Current assets	$ 459,703
Noncurrent assets	7,414
Total assets	467,117
Liabilities	
Current liabilities	544,721
Noncurrent liabilities	251,788
Total liabilities	796,509
Net Position	$ (329,392)

Note 12 - Blended Component Units (Continued)

A condensed statement of activities for the Authority's blended component unit as of June 30, 2017 is presented as follows:

	Touchstone Property Services
Operating Revenue	$ 92,834
Operating Expense	431,644
Operating Loss	(338,810)
Change in Net Position	(338,810)
Net Position - Beginning of year	9,418
Net Position - End of year	$ (329,392)

A condensed statement of cash flows for the Authority's blended component units as of June 30, 2017 is presented as follows:

	Touchstone Property Services
Cash Flows Used in Operating Activities - Receipts from customers	$ (263,823)
Cash Flows Used in Financing Activities	(1,001,679)
Cash Flows Provided by Investing Activities	1,271,647
Net Increase in Cash	6,145
Cash and Cash Equivalents - Beginning of year	158,295
Cash and Cash Equivalents - End of year	$ 164,440
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (338,810)
Adjustments to reconcile operating loss to net cash from operating activities -	
Changes in assets and liabilities	74,987
Net cash used in operating activities	$ (263,823)

Required Supplemental Information

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

Last Three Fiscal Years

For the Plan Years Ended June 30

	2017	2016	2015
The Authority's proportion of the net pension liability	0.07526 %	0.07649 %	0.08286 %
The Authority's proportionate share of the net pension liability, net	$ 17,018,192	$ 13,186,934	$ 9,938,479
The Authority's covered employee payroll	$ 11,199,235	$ 11,057,371	$ 11,430,100
The Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	151.96 %	119.26 %	86.95 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability - Traditional Plan	77.39 %	81.20 %	86.50 %

Required Supplemental Information
Schedule of the Authority's Contributions
Ohio Public Employees Retirement System

Last Three Fiscal Years

Years Ended June 30

	2017	2016	2015
Contractually required contribution	$ 1,567,893	$ 1,548,032	$ 1,600,214
Contributions in relation to the contractually required contribution	1,567,893	1,548,032	1,600,214
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**
Authority's Covered Employee Payroll	$ 11,199,235	$ 11,057,371	$ 11,430,100
Contributions as a Percentage of Covered Employee Payroll	14.00 %	14.00 %	14.00 %

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

There were no changes in methods and assumptions used in the calculation of actuarially determined contributions for 2014-2016. For 2017, the most significant changes of assumptions that affected the net pension liability include a reduction in the investment rate of return from 8.00 percent to 7.50 percent, a decrease in the wage inflation from 3.75 percent to 3.25 percent, and a change in the future salary increase from a range of 4.25 percent to 10.05 percent to a range of 3.25 percent to 10.75 percent.

Other Supplemental Information

Cincinnati Metropolitan Housing Authority
Entity Wide Balance Sheet Summary
June 30, 2017

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	97.109 Disaster Housing Assistance Grant	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$12,104,284	$164,640	$0	$1,654,216	$845,722	$221,390	$0	$47,801	$0	$1,423,342		$232,213	$3,369,186	$20,062,794		$20,062,794
112 Cash - Restricted - Modernization and Development	$261,675	$0	$0	$0	$0		$0	$0	$0	$0		$0	$481,249	$742,924		$742,924
113 Cash - Other Restricted	$1,564,411	$0	$0	$0	$1,404,700		$42,786	$52,708	$0	$1,721,817		$0	$0	$4,786,422		$4,786,422
114 Cash - Tenant Security Deposits	$926,261	$0	$0	$10,606	$61,786		$0	$70,254	$0	$0		$0	$0	$1,068,907		$1,068,907
115 Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
100 Total Cash	$14,856,631	$164,640	$0	$1,664,822	$2,312,208	$221,390	$42,786	$170,763	$0	$3,145,159	$0	$232,213	$3,850,435	$26,661,047	$0	$26,661,047
121 Accounts Receivable - PHA Projects	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
122 Accounts Receivable - HUD Other Projects	$787,914	$0	$0	$0	$0	$807	$0	$0	$0	$0	$4,223	$846	$0	$793,790		$793,790
124 Accounts Receivable - Other Government	$83,743	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$83,743		$83,743
125 Accounts Receivable - Miscellaneous	$1,017,563	$295,064	$0	$2,224,442	$1,118,231		$0	$44,836	$0	$0	$143,839	$0	$855,937	$5,699,912	-$1,364,807	$4,335,105
126 Accounts Receivable - Tenants	$361,728		$0	$65,443	$5,782		$0	$0	$0	$0		$0	$0	$432,953		$432,953
126.1 Allowance for Doubtful Accounts -Tenants	$0		$0	$0	$0		$0	-$7,504	$0	$0	$0	$0	$0	-$7,504		-$7,504
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
128 Fraud Recovery	$91,998	$0	$0	$0	$0		$0	$0	$0	$759,417		$0	$0	$851,415		$851,415
128.1 Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0		$0	$0	$0	-$759,417		$0	$0	-$759,417		-$759,417
129 Accrued Interest Receivable	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$352,927	$352,927		$352,927
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,342,946	$295,064	$0	$2,289,885	$1,124,013	$807	$0	$37,332	$0	$0	$148,062	$846	$1,208,864	$7,447,819	-$1,364,807	$6,083,012
131 Investments - Unrestricted	$1,030,653	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$1,030,653		$1,030,653
132 Investments - Restricted	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
135 Investments - Restricted for Payment of Current Liability	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
142 Prepaid Expenses and Other Assets	$235,798	$0	$0		$32,085		$0	$0	$0	$16,862		$0	$252,709	$537,454		$537,454
143 Inventories	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$113,321	$113,321		$113,321
143.1 Allowance for Obsolete Inventories	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
144 Inter Program Due From	$82,478	$0	$0	$778	$0		$0		$0	$0	$1,932	$0	$65,891	$151,079	-$101,031	$50,048
145 Assets Held for Sale	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
150 Total Current Assets	$18,548,506	$459,704	$0	$3,955,485	$3,468,306	$222,197	$42,786	$208,095	$0	$3,162,021	$149,994	$233,059	$5,491,220	$35,941,373	-$1,465,838	$34,475,535
161 Land	$28,295,280	$0	$0	$177,960	$2,713,898		$0	$1,578,043	$559,524	$0		$0	$361,275	$33,685,980		$33,685,980
162 Buildings	$355,087,510	$0	$0	$207,778	$28,380,974		$0	$6,364,821	$0	$360,668		$0	$28,316,425	$418,718,176		$418,718,176
163 Furniture, Equipment & Machinery - Dwellings	$0	$16,748	$0	$0	$1,716,710		$0	$0	$0	$0		$0	$0	$1,733,458		$1,733,458
164 Furniture, Equipment & Machinery - Administration	$3,840,779	$0	$0	$36,425	$0		$0	$0	$0	$497,018		$0	$2,389,594	$6,763,816		$6,763,816
165 Leasehold Improvements	$0	$0	$0	$505,679	$0		$0	$0	$0	$0		$0	$650,581	$1,156,260		$1,156,260
166 Accumulated Depreciation	-$197,214,170	-$9,334		-$58,117	-$6,568,057		$0	-$2,714,095	$0	-$577,115	-$3,662,291	$0	-$22,654,901	-$233,458,080		-$233,458,080
167 Construction in Progress	$13,341,873	$0	$0	$271,048	$0		$0	$0	$0	$0		$0	$68,373	$13,681,294		$13,681,294
168 Infrastructure	$0	$0		$0	$0		$0	$0	$0	$0	$30,536,094	$0	$0	$30,536,094		$30,536,094
160 Total Capital Assets, Net of Accumulated Depreciation	$203,351,272	$7,414	$0	$1,140,773	$26,243,525	$0	$0	$5,228,769	$559,524	$280,571	$26,873,803	$0	$9,131,347	$272,816,998	$0	$272,816,998
171 Notes, Loans and Mortgages Receivable - Non-Current	$9,396,796	$0	$0	$1,264,724	$0		$0		$10,355,020	$885,000	$9,961,161	$0	$2,990,015	$34,852,716	-$239,530	$34,613,186
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	$0	$0	$0	$0	$0		$0		$0	$0		$0	$0	$0		$0
173 Grants Receivable - Non Current	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
174 Other Assets	$0	$0	$0	$0	$254,785		$0	$24,358	$0	$14,829		$0	$190,553	$484,525		$484,525
176 Investments in Joint Ventures	$0	$0	$0	$0	$0		$0		$0	$0		$0	$0	$0		$0
180 Total Non-Current Assets	$212,748,068	$7,414	$0	$2,405,497	$26,498,310	$0	$0	$5,253,127	$10,914,544	$1,180,400	$36,834,964	$0	$12,311,915	$308,154,239	-$239,530	$307,914,709
200 Deferred Outflow of Resources	$3,041,125	$0	$0	$0	$0		$0	$0	$0	$1,385,758		$0	$1,678,455	$6,105,338	$0	$6,105,338
290 Total Assets and Deferred Outflow of Resources	$234,337,699	$467,118	$0	$6,360,982	$29,966,616	$222,197	$42,786	$5,461,222	$10,914,544	$5,728,179	$36,984,958	$233,059	$19,481,590	$350,200,950	-$1,705,368	$348,495,582

Cincinnati Metropolitan Housing Authority
Entity Wide Balance Sheet Summary
June 30, 2017

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	97.109 Disaster Housing Assistance Grant	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
312 Accounts Payable <= 90 Days	$457,621	$370,259	$0	$3,734	$825,206		$0	$284,272	$0	$87,212		$0	$1,546,465	$3,574,769	-$1,364,807	$2,209,962
313 Accounts Payable >90 Days Past Due	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
321 Accrued Wage/Payroll Taxes Payable	$101,432	$0	$0	$0	$0	$203	$0	$0	$0	$42,946		$213	$0	$144,794		$144,794
322 Accrued Compensated Absences - Current Portion	$57,212	$0	$0	$0	$0	$93	$0	$0	$0	$32,983		$98	$112,482	$202,868		$202,868
324 Accrued Contingency Liability	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
325 Accrued Interest Payable	$0	$0	$0	$0	$1,954,858		$0	$957,341	$0	$0		$0	$0	$2,912,199		$2,912,199
331 Accounts Payable - HUD PHA Programs	$0	$0	$0	$0	$0	$5,083	$0	$0	$0	$106,779		$5,331	$0	$117,193		$117,193
332 Account Payable - PHA Projects	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
333 Accounts Payable - Other Government	$729,815	$0	$0	$0	$0		$0	$0	$0	$0		$0	$62,149	$791,964		$791,964
341 Tenant Security Deposits	$926,261	$0	$0	$10,668	$61,786		$0	$56,257	$0	$0		$0	$0	$1,054,972		$1,054,972
342 Unearned Revenue	$28,735	$0	$0	$500	$23,073		$0	$9,480	$0	$0		$0	$284,130	$345,918		$345,918
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$1,075,802	$0	$0	$0	$262,530		$0	$813,142	$0	$0		$0	$456,221	$2,607,695		$2,607,695
344 Current Portion of Long-term Debt - Operating Borrowings	$1,919,581	$0	$0	$0	$267,508		$0	$0	$0	$0		$0	$0	$2,187,089		$2,187,089
345 Other Current Liabilities	$816,148	$171,462	$0	$0	$168,153		$0	$516,021	$0	$0		$0	$371,000	$2,042,784		$2,042,784
346 Accrued Liabilities - Other	$1,524,254	$0	$0	$5,374	$367,455		$0	$2,183	$0	$20,601		$0	$170,177	$2,090,044		$2,090,044
347 Inter Program - Due To	$159,838	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$159,838	-$101,031	$58,807
348 Loan Liability - Current	$0	$0	$0	$0	$0		$0		$0	$0		$0	$0	$0		$0
310 Total Current Liabilities	$7,796,699	$541,721	$0	$20,276	$3,930,569	$5,379	$0	$2,638,696	$0	$290,521	$0	$5,642	$3,002,624	$18,232,127	-$1,465,838	$16,766,289
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$10,526,200	$0	$0	$0	$24,763,730		$0	$4,165,585	$0	$0		$0	$2,737,322	$42,192,837		$42,192,837
352 Long-term Debt, Net of Current - Operating Borrowings	$19,785,198	$254,788	$0	$0	$0		$0	$0	$0	$0		$0	$0	$20,039,986	-$239,530	$19,800,456
353 Non-current Liabilities - Other	$0	$0	$0	$0	$1,123,296		$0	$0	$0	$1,116,519		$0	$0	$2,239,815		$2,239,815
354 Accrued Compensated Absences - Non Current	$228,859	$0	$0	$0	$0	$374	$0	$0	$0	$131,931		$392	$449,927	$811,483		$811,483
355 Loan Liability - Non Current	$0	$0	$0	$0	$102,367		$0		$0	$0		$0	$0	$102,367		$102,367
356 FASB 5 Liabilities	$0	$0	$0	$0	$0		$0	$0	$0	$0		$0	$0	$0		$0
357 Accrued Pension and OPEB Liabilities	$8,512,174	$0	$0	$0	$0		$0	$0	$0	$3,907,523		$0	$4,629,264	$17,048,961		$17,048,961
350 Total Non-Current Liabilities	$39,052,431	$254,788	$0	$0	$25,989,393	$374	$0	$4,165,585	$0	$5,155,973	$0	$392	$7,816,513	$82,435,449	-$239,530	$82,195,919
300 Total Liabilities	$46,849,130	$796,509	$0	$20,276	$29,919,962	$5,753	$0	$6,804,281	$0	$5,446,494	$0	$6,034	$10,819,137	$100,667,576	-$1,705,368	$98,962,208
400 Deferred Inflow of Resources	$341,036	$0	$0	$0	$0		$0	$0	$0	$163,239		$0	$141,047	$645,322	$0	$645,322
508.3 Nonspendable Fund Balance												$0				
508.4 Net Investment in Capital Assets	$191,749,270	$9,419		$1,140,773	$1,217,265		$0	$250,042	$559,524	$280,571	$26,856,803	$0	$5,937,804	$228,001,471		$228,001,471
509.3 Restricted Fund Balance												$0				
510.3 Committed Fund Balance												$0				
511.3 Assigned Fund Balance												$0				
511.4 Restricted Net Position	$1,564,411	$0	$0	$0	$975,459	$0	$42,786	$52,708	$0	$599,302	$0	$0	$481,249	$3,715,915		$3,715,915
512.3 Unassigned Fund Balance												$0				
512.4 Unrestricted Net Position	-$6,166,148	-$338,810	$0	$5,199,933	-$2,146,070	$216,444	$0	-$1,645,809	$10,355,020	-$761,427	$10,128,155	$227,025	$2,102,353	$17,170,666		$17,170,666
513 Total Equity - Net Assets / Position	$187,147,533	-$329,391	$0	$6,340,706	$46,654	$216,444	$42,786	-$1,343,059	$10,914,544	$118,446	$36,984,958	$227,025	$8,521,406	$248,888,052	$0	$248,888,052
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$234,337,699	$467,118	$0	$6,360,982	$29,966,616	$222,197	$42,786	$5,461,222	$10,914,544	$5,728,179	$36,984,958	$233,059	$19,481,590	$350,200,950	-$1,705,368	$348,495,582

Cincinnati Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
For year ended June 30, 2017

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	6.1 Component Unit Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	97.109 Disaster Housing Assistance Grant	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$9,737,767		$0	$155,214	$659,588	$0	$0	$1,204,681	$0			$0	$0	$11,757,250		$11,757,250
70400 Tenant Revenue - Other	$247,029		$0	$22,168	$0	$0	$0	$14,563	$0			$0	$3,350	$287,110		$287,110
70500 Total Tenant Revenue	$9,984,796	$0	$0	$177,382	$659,588	$0	$0	$1,219,244	$0	$0	$0	$0	$3,350	$12,044,360	$0	$12,044,360
70600 HUD PHA Operating Grants	$26,222,477		$367,868	$0	$336,298	$104,462	$0	$0	$0	$78,099,463		$109,569	$0	$105,240,137		$105,240,137
70610 Capital Grants	$8,945,569						$0			$0		$0	$0	$8,945,569		$8,945,569
70710 Management Fee												$0	$5,494,073	$5,494,073	-$5,494,073	$0
70720 Asset Management Fee												$0	$634,970	$634,970	-$634,970	$0
70730 Book Keeping Fee												$0	$1,423,223	$1,423,223	-$1,423,223	$0
70740 Front Line Service Fee												$0	$890,776	$890,776	-$890,776	$0
70750 Other Fees				$0								$0	$0	$0		$0
70700 Total Fee Revenue												$0	$8,443,042	$8,443,042	-$8,443,042	$0
70800 Other Government Grants	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
71100 Investment Income - Unrestricted	$6,613		$0	$69,467	$0	$0	$0	$0	$10,345	$405	$2,778,647	$0	$154,260	$3,019,737		$3,019,737
71200 Mortgage Interest Income	$0		$0	$0	$2,740	$0	$0	$0	$0	$0		$0	$0	$2,740		$2,740
71300 Proceeds from Disposition of Assets Held for Sale	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
71310 Cost of Sale of Assets	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
71400 Fraud Recovery	$0		$0	$0	$0	$0	$0	$0	$0	$52,868		$0	$0	$52,868		$52,868
71500 Other Revenue	$640,449	$358,580	$0	$947,812	$33,601	$0	$0	$583,997	$0	$132,528		$0	$484,638	$3,181,605	-$86,510	$3,095,095
71600 Gain or Loss on Sale of Capital Assets	$413,175	-$265,746	$0	$0	$222,807	$0	$0	$0	$0	$0		$0	$900,000	$1,270,236		$1,270,236
72000 Investment Income - Restricted	$0		$0	$0	$0	$0	$0	$0	$0	$405		$0	$0	$405		$405
70000 Total Revenue	$46,213,079	$92,834	$367,868	$1,194,661	$1,255,034	$104,462	$0	$1,803,241	$10,345	$78,285,669	$2,778,647	$109,569	$9,985,290	$142,200,699	-$8,529,552	$133,671,147
91100 Administrative Salaries	$1,237,243	$149,371	$179,403	$0	$60,632	$14,209	$0	$0	$0	$1,780,798	$145,000	$14,902	$3,600,321	$7,181,879		$7,181,879
91200 Auditing Fees	$48,441		$0	$0	$23,100	$1,952	$0	$0	$0	$14,246		$2,048	$4,991	$94,778		$94,778
91300 Management Fee	$3,911,118	$78,816	$0	$0	$89,808	$0	$0	$0	$0	$1,582,956		$0		$5,662,698	-$5,494,073	$168,625
91310 Book-keeping Fee	$433,875		$0	$1,104	$0	$0	$0	$0	$0	$989,348		$0		$1,424,327	-$1,423,223	$1,104
91400 Advertising and Marketing	$0		$0	$0	$5,440	$0	$0	$0	$0	$15,843		$0	$7,116	$28,399		$28,399
91500 Employee Benefit contributions - Administrative	$2,753,714	$33,874	$42,855	$0	$15,158	$4,749	$0	$0	$0	$1,184,968		$4,981	$2,108,545	$6,148,844		$6,148,844
91600 Office Expenses	$639,076	$2,481	$0	$0	$50,506	$0	$0	$65,556	$0	$414,545		$0	$603,691	$1,775,855	-$66,510	$1,709,345
91700 Legal Expense	$160,859		$0	$0	$70,708	$0	$0	$393	$0	$10,169		$0	$237,480	$479,609		$479,609
91800 Travel	$1,250	$711	$0	$0	$0	$0	$0	$1,994	$0	$4,163		$0	$32,218	$40,336		$40,336
91810 Allocated Overhead	$0		$131,722	$0	$0	$0	$0	$0	$0	$0		$0		$131,722		$131,722
91900 Other	$589,259	$603	$0	$14,095	$19,139	$0	$0	$217,113	$0	$344,872		$0	$2,027,336	$3,212,417	-$440,499	$2,771,918
91000 Total Operating - Administrative	$9,774,835	$265,856	$353,980	$15,199	$334,491	$20,910	$0	$285,056	$0	$6,341,908	$145,000	$21,931	$8,621,698	$26,180,864	-$7,424,305	$18,756,559
92000 Asset Management Fee	$634,970		$0	$0	$16,150	$0	$0	$0	$0	$0		$0		$651,120	-$634,970	$16,150
92100 Tenant Services - Salaries	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$47,043	$47,043		$47,043
92200 Relocation Costs	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$57,120	$57,120		$57,120
92300 Employee Benefit Contributions - Tenant Services	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
92400 Tenant Services - Other	$419,243		$0	$0	$8,281	$0	$0	$2,441	$0	$0		$0	$0	$429,965	-$233,792	$196,173
92500 Total Tenant Services	$419,243	$0	$0	$0	$8,281	$0	$0	$2,441	$0	$0	$0	$0	$104,163	$534,128	-$233,792	$300,336
93100 Water	$1,389,558	$3,820	$0	$0	$52,474	$0	$0	$110,318	$0	$0		$0	$14,077	$1,570,247		$1,570,247
93200 Electricity	$1,963,964	$4,842	$0	$2,049	$53,787	$0	$0	$42,655	$0	$0		$0	$98,576	$2,165,873		$2,165,873
93300 Gas	$1,268,352	$280	$0	$0	$0	$0	$0	$31,602	$0	$0		$0	$21,866	$1,322,100		$1,322,100
93400 Fuel	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
93500 Labor	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$11,679	$11,679		$11,679
93600 Sewer	$3,796,298		$0	$0	$0	$0	$0	$0	$0	$0		$0	$37,133	$3,833,431		$3,833,431

Cincinnati Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
For year ended June 30, 2017

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	6.1 Component Unit Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	97.109 Disaster Housing Assistance Grant	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
93800 Other Utilities Expense	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
93000 Total Utilities	$8,418,172	$8,942	$0	$2,049	$106,261	$0	$0	$184,575	$0	$0	$0	$0	$183,331	$8,903,330	$0	$8,903,330
94100 Ordinary Maintenance and Operations - Labor	$2,977,362	$71,570	$0	$0	$0	$0	$0	$92,071	$0	$0		$0	$83,727	$3,224,730		$3,224,730
94200 Ordinary Maintenance and Operations - Materials and Other	$1,410,480	$1,114	$0		$13,654	$0	$0	$178,484	$0	$10,840		$0	$149,770	$1,764,342		$1,764,342
94300 Ordinary Maintenance and Operations Contracts	$4,343,969	$32,307	$0	$21,492	$205,638	$0	$0	$481,789	$0	$150,966		$0	$305,027	$5,541,188	-$236,485	$5,304,703
94500 Employee Benefit Contributions - Ordinary Maintenance	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
94000 Total Maintenance	$8,731,811	$104,991	$0	$21,492	$219,292	$0	$0	$752,344	$0	$161,806	$0	$0	$538,524	$10,530,260	-$236,485	$10,293,775
95100 Protective Services - Labor	$110,781		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$110,781		$110,781
95200 Protective Services - Other Contract Costs	$736,821		$0	$0	$0	$0	$0	$0	$0	$804		$0	$11,825	$749,450		$749,450
95300 Protective Services - Other	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
95500 Employee Benefit Contributions - Protective Services	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
95000 Total Protective Services	$847,602	$0	$0	$0	$0	$0	$0	$0	$0	$804	$0	$0	$11,825	$860,231	$0	$860,231
96110 Property Insurance	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
96120 Liability Insurance	$825,481		$0	$0	$13,048	$0	$0	$45,869	$0	$22,107		$0	$41,436	$947,941		$947,941
96130 Workmen's Compensation	-$50,972		$0	$0	$0	$0	$0	$0	$0	-$20,910		$0	$132,152	$60,270		$60,270
96140 All Other Insurance	$0	$986	$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$986		$986
96100 Total insurance Premiums	$774,509	$986	$0	$0	$13,048	$0	$0	$45,869	$0	$1,197	$0	$0	$173,588	$1,009,197	$0	$1,009,197
96200 Other General Expenses	$1,390,313	$45,670	$0	$0	$0	$0	$0	$6,522	$0	$108,821		$0	$5,286	$1,556,612		$1,556,612
96210 Compensated Absences	$416,125		$14,670	$0	$0	$823	$0	$0	$0	$168,029		$864	$163,447	$763,958		$763,958
96300 Payments in Lieu of Taxes	$1,301,155		$0	$0	$78,468	$0	$0	$729	$0	$0		$0	$0	$1,380,352		$1,380,352
96400 Bad debt - Tenant Rents	$335,172		$0	$0	$6,595	$0	$0	$83,684	$0	$0		$0	$0	$425,451		$425,451
96500 Bad debt - Mortgages	$0		$0	$0	$0	$0	$0	$0	$0	$0	$42,651,898	$0	$0	$42,651,898		$42,651,898
96600 Bad debt - Other	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
96800 Severance Expense	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
96000 Total Other General Expenses	$3,442,765	$45,670	$14,670	$0	$85,063	$823	$0	$90,935	$0	$276,850	$42,651,898	$864	$168,733	$46,778,271	$0	$46,778,271
96710 Interest of Mortgage (or Bonds) Payable	$0		$0	$0	$372,247	$0	$0	$0	$0	$0		$0	$0	$372,247		$372,247
96720 Interest on Notes Payable (Short and Long Term)	$550,651	$549	$0	$0	$0	$0	$0	$115,592	$0	$0		$0	$0	$666,792		$666,792
96730 Amortization of Bond Issue Costs	$0		$0	$0	$10,755	$0	$0		$0	$0		$0	$0	$10,755		$10,755
96700 Total Interest Expense and Amortization Cost	$550,651	$549	$0	$0	$383,002	$0	$0	$115,592	$0	$0	$0	$0	$0	$1,049,794	$0	$1,049,794
96900 Total Operating Expenses	$33,594,558	$426,994	$368,650	$38,740	$1,165,588	$21,733	$0	$1,476,812	$0	$6,782,565	$42,796,898	$22,795	$9,801,862	$96,497,195	-$8,529,552	$87,967,643
97000 Excess of Operating Revenue over Operating Expenses	$12,618,521	-$334,160	-$782	$1,155,921	$89,446	$82,729	$0	$326,429	$10,345	$71,503,104	-$40,018,251	$86,774	$183,428	$45,703,504	$0	$45,703,504
97100 Extraordinary Maintenance	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
97200 Casualty Losses - Non-capitalized	$114,429		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$114,429		$114,429
97300 Housing Assistance Payments	$0		$0	$0	$0	$82,626	$0	$0	$0	$71,029,572		$86,665	$0	$71,198,863		$71,198,863
97350 HAP Portability-In	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
97400 Depreciation Expense	$6,526,058	$4,650	$0	$4,647	$900,481	$0	$0	$242,757	$0	$33,151	$610,382	$0	$371,977	$8,694,103		$8,694,103
97500 Fraud Losses	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
97600 Capital Outlays - Governmental Funds												$0				
97700 Debt Principal Payment - Governmental Funds												$0				
97800 Dwelling Units Rent Expense	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
90000 Total Expenses	$40,235,045	$431,644	$368,650	$43,387	$2,066,069	$104,359	$0	$1,719,569	$0	$77,845,288	$43,407,280	$109,460	$10,173,839	$176,504,590	-$8,529,552	$167,975,038
10010 Operating Transfer In	$5,464		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$5,464	$0	$5,464
10020 Operating transfer Out	-$5,464		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	-$5,464	$0	-$5,464

Cincinnati Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
For year ended June 30, 2017

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	6.1 Component Unit Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	97.109 Disaster Housing Assistance Grant	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
10040 Operating Transfers from/to Component Unit	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
10050 Proceeds from Notes, Loans and Bonds												$0				
10060 Proceeds from Property Sales												$0				
10070 Extraordinary Items, Net Gain/Loss	$0		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0		$0
10080 Special Items (Net Gain/Loss)	$0		$0	$0		$0	$0	$0	$0	$0		$0	$0	$0		$0
10091 Inter Project Excess Cash Transfer In	$0											$0		$0	$0	$0
10092 Inter Project Excess Cash Transfer Out	-$3,800											$0		-$3,800	$0	-$3,800
10093 Transfers between Program and Project - In	$3,510,000		$0	$0	$1,424,796	$0	$0	$0	$0	$0		$0	$0	$4,934,796		$4,934,796
10094 Transfers between Project and Program - Out	-$4,932,896		$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	-$4,932,896		-$4,932,896
10100 Total Other financing Sources (Uses)	-$1,426,696	$0	$0	$0	$1,424,796	$0	$0	$0	$0	$0	$0	$0	$0	-$1,900	$0	-$1,900
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$4,551,338	-$338,810	-$782	$1,151,274	$613,761	$103	$0	$83,672	$10,345	$440,381	-$40,628,633	$109	-$188,549	-$34,305,791	$0	-$34,305,791
11020 Required Annual Debt Principal Payments	$2,699,444	$5,225	$0	$0	$262,530	$0	$0	$530,497	$0	$0	$0	$0	$456,221	$3,953,917		$3,953,917
11030 Beginning Equity	$185,348,619	$9,419	$0	$6,988,423	$2,932,893	$198,322	$42,786	-$213,760	$10,904,199	-$321,153	$77,613,591	$244,935	$7,254,403	$291,002,677		$291,002,677
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$2,714,024		$782	-$1,798,991	-$3,500,000	$18,019	$0	-$1,212,971	$0	-$782		-$18,019	$1,455,552	-$7,770,434		-$7,770,434
11050 Changes in Compensated Absence Balance												$0				
11060 Changes in Contingent Liability Balance												$0				
11070 Changes in Unrecognized Pension Transition Liability												$0				
11080 Changes in Special Term/Severance Benefits Liability												$0				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												$0				
11100 Changes in Allowance for Doubtful Accounts - Other												$0				
11170 Administrative Fee Equity										-$480,856		$0		-$480,856		-$480,856
11180 Housing Assistance Payments Equity										$599,302		$0		$599,302		$599,302
11190 Unit Months Available	64080		0	0	2064	240	0	1359	0	140151		336	0	208230		208230
11210 Number of Unit Months Leased	63127		0	0	2000	225	0	1289	0	131913		236	0	198790		198790
11270 Excess Cash	$6,248,545											$0		$6,248,545		$6,248,545
11610 Land Purchases	$0											$0	$0	$0		$0
11620 Building Purchases	$8,653,721											$0	$0	$8,653,721		$8,653,721
11630 Furniture & Equipment - Dwelling Purchases	$0											$0	$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0											$0	$0	$0		$0
11650 Leasehold Improvements Purchases	$0											$0	$0	$0		$0
11660 Infrastructure Purchases	$0											$0	$0	$0		$0
13510 CFFP Debt Service Payments	$0											$0	$0	$0		$0
13901 Replacement Housing Factor Funds	$0											$0	$0	$0		$0

REAC Supplemental Information Requirement

As required by HUD for REAC reporting purposes, the Authority prepares its financial data schedules in accordance with HUD requirements in a prescribed format. The HUD prescribed format differs from the required classification of several balances under accounting principles generally accepted in the United States of America as follows: (1) depreciation expense and housing assistance payments are excluded from operating activities; (2) gain (loss) on sales of capital assets, interest income, and capital grants are included in operating activities; (3) tenant receivable and allowance for doubtful accounts are reflected separately; and (4) the blended component unit activities are presented in the “other business activities” column, which is included in total programs.

In addition, the financial data schedules prepared by the Authority include minor differences from the statement of net position and the statement of revenue, expenses, and changes in net position that management has determined to be immaterial. The primary difference between the Discretely Presented Component Unit relates to a $1,118,291 accounts receivable recorded on the FDS which relates to a transaction subsequent to the December 31, 2016 audited financial statements.

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*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Cincinnati Metropolitan Housing Authority

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component units of Cincinnati Metropolitan Housing Authority (the "Authority") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Authority's financial statements and have issued our report thereon dated March 30, 2018. Our report includes a reference to other auditors who audited the financial statements of Cary Crossing, LLC, Reserve on South Martin, LP, and Springdale Senior, LP, which represent 100 percent of the assets and revenue of the aggregate discretely presented component units, as described in our report on Cincinnati Metropolitan Housing Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Cary Crossing, LLC, Reserve on South Martin, LP, and Springdale Senior, LP 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 Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. The deficiency has been described in the accompanying schedule of findings and questioned costs as Finding 2017-001.

Compliance and Other Matters

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

To Management and the Board of Commissioners
Cincinnati Metropolitan Housing Authority

The Authority's Response to the Finding

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

Purpose of this Report

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

Plante & Moran, PLLC

March 30, 2018

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Cincinnati Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of three discretely presented component units - Cary Crossing, LLC, Reserve on South Martin, LP, and Springdale Senior - which are not included in the Authority's schedule of expenditures of federal awards during the year ended June 30, 2017 because these component units engaged the use of other auditors to perform separate audits.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2017-002, that we consider to be a significant deficiency.

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

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.

Plante & Moran, PLLC

March 30, 2018

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Section 8 Project-based Cluster:			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	$ -	$ 109,569
Single Room Occupancy Program - Section 8 Moderate Rehabilitation	14.249	-	104,462
Section 8 Project-based Cluster Total		-	214,031
Housing Voucher Cluster - Section 8 Housing Choice Vouchers	14.871	-	78,099,463
Public Housing Capital Fund Program	14.872	-	11,865,485
Public and Indian Housing - Low-income Public Housing	14.850	-	22,795,678
Family Self Sufficiency Program	14.896	-	367,868
Total federal awards		**$ -**	**$ 113,342,525**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Cincinnati Metropolitan Housing Authority (the "Authority") under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribe Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	X Yes	____ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X Yes	____ None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	X Yes	____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.872	Public Housing Capital Fund Program	Unmodified
14.850	Public and Indian Housing	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	**Finding Type** - Material weakness

Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over the general ledger.

Condition - We identified multiple instances of deficiencies in internal controls during our testing of the general ledger, and when viewed in aggregate, we determined a material weakness over the general ledger. The general ledger is not maintained by the Authority for current activity, but rather the Authority maintains FDS schedules for the purpose of interim financial statements. There were several versions of the general ledger and workpaper reconciliations that were provided during the audit process due to the significance of required journal entries. These journal entries identified include the following: Beginning general ledger balances for property, plant, and equipment did not agree to the prior year audited financial statements, which resulted in an audit entry ($19M); management was unable to produce support for the allowance for loans receivable on the general ledger, and in addition, does not perform an analysis of the allowance on an annual basis, which resulted in an audit entry ($40M); the income statement included revenue and expenses related to prior years, which resulted in an audit entry ($13M); the net assets recorded in the general ledger did not agree to the prior year audited net assets, which resulted in an audit entry; construction in progress was not properly tracked in the general ledger and contained completed projects, and in addition, depreciation associated with these closed projects was not recorded, which resulted in an audit entry ($39M); accrued interest on debt was not recorded, which resulted in an audit entry ($1.2M).

Context - There were several material adjustments to the general ledger to properly reflect the net position of the Authority.

Cause - These deficiencies were caused due to an overall lack of controls and monitoring over the general ledger and the transaction cycles affected.

Effect - Management of the Authority has not established effective internal controls over the general ledger.

Recommendation - We recommend that management review their current controls over the general ledger in order to identify and implement the necessary changes to ensure that controls are in place and the balances are properly recorded.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-001 (Cont.)	**Views of Responsible Officials and Corrective Action Plan** - The Plante & Moran, PLLC audit team has issued a "material weakness" finding regarding deficiencies in internal controls over the general ledger during FY 2017. The primary assertions are not performing an annual review for allowances prior to 2017, maintaining effective controls over the general ledger, concern regarding methodology of recording grant activity, and audit entries for unrecorded transactions.

1. "Beginning general ledger balances for property plant, and equipment did not agree to the prior year audited financial statements." CMHA agrees that staff typed in the wrong year when posting 2016 audit entries. This posting error was detected during the preparation of the annual roll-forward of notes, debt, and fixed assets. Correction was completed during the audit visit and provided to the auditor. CMHA's finance department has instituted a review against the final audited trial balance to guard against issues of this type reoccurring.

2. "Management was unable to produce support for the allowance for loans receivable on the general ledger, and in addition, does not perform an analysis of the allowance on an annual basis." CMHA does not believe this factor should be a part of the aggregate consideration for the outcome of material weakness finding over internal controls on general ledger. CMHA does review the collectibility of all of its long and short receivables annually. In previous years, CMHA had determined no allowance was required to be recorded, and this had passed four other audit firms' reviews. All loans on mixed finance projects are planned to be satisfied as part of a purchase of the properties at the end of the 15-year tax credit period under the Right of First Refusal provision. It was not until RAD CHAP and RCC issuance in FY2017 that it became apparent that CMHA may not exercise its right of first refusal on each of the properties. This knowledge came as a subsequent event prior to the issuance of the final audit. Therefore, CMHA completed an analysis in order to propose an allowance for fiscal 2017. Other mixed finance projects are early in the 15-year timeline and will continue to be reviewed annually.

3. "The income statement included revenue and expenses related to prior years," "the net assets recorded in the general ledger did not agree to the prior year audited net assets" CMHA provided the auditors with a trial balance that reflects current year activity and ending balances as well as Crosswalk spreadsheets that it used as a subsidiary ledger. CMHA managed its grants' general ledger to keep record of the open grants activities life-to-date. CMHA's system is set so that grants do not close annually due to the multi-year nature of the grant life cycle. The other financial ledgers are used to reflect annual activity for reporting purposes and close annually rolling retained earnings to net assets.

The reference to the ledger not reflecting annual net asset relates to the fact that grant funds do not systemically close annual P&L accounts to retained earnings into the net assets. CMHA used its Crosswalk spreadsheets to accomplish this mechanism for tracking annual P&L activity and net assets. Gaining an understanding of how CMHA uses its general ledger and subsidiary ledgers would have avoided this being interpreted as a control issue.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-001 (Cont.)	4. "Construction in progress was not properly tracked and contained completed projects" and "accrued interest on debt was not recorded." In both cases, CMHA agrees that late analysis occurred for both the completion of projects and recording accrued interest for one year on a HCAH Home loan. This impacted timely recognition of depreciation and interest. In addition to scheduled reconciliation review of all balance sheet accounts, preparation of interim rollfoward schedules of debt, notes receivable, and fixed assets will assist in monitoring completeness of financials. In the past 15 years, CMHA has engaged four other audit firms to review the general ledger with the current grant accounting methodology without any issues, comments, or findings being raised. The overall engagement was lacking in gaining an understanding how the general ledger was structured and translated via cross-walks into the annual FDS reporting. This understanding would have assisted in better interpretation of how to utilize the trial balance in generating financials.

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2017-002	**CFDA Number, Federal Agency, and Program Name** - U.S. Department of Housing and Urban Development - Direct programs - Public and Indian Housing - Low Income Public Housing - 14.850	None

Federal Award Identification Number and Year - Not applicable

Pass-through Entity - Not applicable

Finding Type - Significant deficiency

Repeat Finding - No

Criteria - 24 CFR sections 960.202 - 960.206: The Authority must establish and adopt written policies for admission of tenants. The Authority's tenant selection policies must include requirements for applications and waiting lists, description of the policies for selection of applicants from the waiting lists, and policies for verification and documentation of information relevant to acceptance or rejections of an applicant.

Condition - Some of the tenants were not properly selected from the waitlist.

Questioned Costs - None

Identification of How Questioned Costs Were Computed - Not applicable

Context - A total of 2 out of 40 move-ins tested identified errors where the waitlist applicants were not considered based on application date in accordance with the tenant selection procedures. The errors were due to an IT issue in which the waitlist generated at the time of consideration did not sort the applicants by the appropriate application date and time. This resulted in applicants being selected in an inappropriate order.

Cause and Effect - Controls in place have not resulted in the Authority consistently following procedures to ensure proper compliance to appropriately select tenants from the waitlist.

Recommendation - The Authority should follow established procedures to ensure participant selection from the waitlist is properly supported.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2017-002 (Cont.)	**Views of Responsible Officials and Corrective Action Plan** - There was a request for several documents as part of your audit of Cincinnati Metropolitan Housing Authority waitlist. In responding to this request, our asset management team identified several issues with the selected pool of applicant files. Therefore, CMHA is engaging the following corrective actions to ensure compliance with its policy and standard operating procedures. Archiving Wait List Documentation: It was identified that the methodology for storing and documenting site waitlist pulls for eligible applicants varied among the property management offices. In so recognizing, the asset management department is taking the necessary steps to establish a centralized electronic filing system to ensure that all documentation associated with eligible applicants draws from the site-based waitlist is archived and easily referenced. This filing system will be in place no later than Monday September 25, 2017. File Reviews and Approvals: The documentation required for housing offer approvals will be standardized to ensure consistency and the needed oversight. This will provide a snapshot in time of the waitlist at the time of the housing offer. A supervisory approval system is being put into place to ensure that housing offers are made in compliance with CMHA's Admissions and Continued Occupancy Policy. The property manager and/or PIC coordinator will be required to review all housing offer documentation prior to leasing the unit. The asset management standard operating procedures will be updated to reflect this change. File Audits and Training: A weekly file audit procedure for all new admissions will be implemented to quickly identify compliance and training issues. Any findings will be documented and reported to the director of asset management department for immediate corrective action. Findings will be reviewed at the mandatory monthly waitlist training meetings to highlight risk areas and eliminate future errors.	

CMHA

March 30, 2018

Federal Audit Clearinghouse
RE: Cincinnati Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Fiscal Year Ended: June 30, 2016

Prior Year Finding Number: 2016-001
Fiscal Year in Which the Finding Initially Occurred: June 30, 2016
Federal Program, CFDA Number and Name: N/A
Original Finding Description:
During the audit, we noted that the final reconciled balances of the bank reconciliations for the fiscal year 2016 did not agree with the cash balances reported on the financial statements, with a total difference of $515,474. We noted that for certain accounts, the general ledger balance per the bank reconciliation did not agree with the balance per the trial balances. We noted reconciliations included or excluded items that were incorrect, including deposits in transit. We also noted that reconciliations were not performed in a timely manner.

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

Status/Partial Corrective Action (as applicable): Fully corrected

Planned Corrective Action: N/A

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Equal Opportunity Employer, Equal Housing Opportunities

CMHA

CMHA response to the FY2017 Audit Material Weakness Finding

<u>Deficiencies in internal controls over general ledger</u>

The Plante Moran Audit team has issued a "material weakness" finding regarding deficiencies in internal controls over the general ledger during FY2017. The primary assertions are not performing an annual review for allowances prior to 2017, maintaining effective controls over the general ledger, concern regarding methodology of recording grant activity and audit entries for unrecorded transactions.

1. "*Beginning general ledger balances for property plant, and equipment did not agree to the prior year audited financial statements."*
   CMHA agrees that staff typed in the wrong year when posting 2016 audit entries. This posting error was detected during the preparation of the annual roll forward of notes, debt and fixed assets. Correction was completed during the audit visit and provided to the auditor. CMHA's finance department has instituted a review against the final audited trial balance to guard against issues of this type reoccurring.

2. *"Management was unable to produce support for the allowance for loans receivable on the general ledger, and in addition, does not perform an analysis of the allowance on an annual basis".*
   CMHA does not believe this factor should be a part of the aggregate consideration for the outcome of material weakness finding over internal controls on general ledger. CMHA does review the collectability of all of its long and short receivables annually. In previous years, CMHA had determined no allowance was required to be recorded and this had passed four other audit firms reviews.

   All loans on mixed finance projects are planned to be satisfied as part of a purchase of the properties at the end of the 15-year tax credit period under the Right of First Refusal provision. It wasn't until RAD CHAP and RCC issuance in FY2017 that it became apparent that CMHA may not exercise their right of first refusal on each of the properties. This knowledge came as a subsequent event prior to the issuance of the final audit. Therefore, CMHA completed an analysis in order to propose an allowance for fiscal 2017. Other mixed finance projects are early in the 15-year timeline and will continue to be reviewed annually.

3. *"The income statement included revenues and expenses related to prior years," "the net assets recorded in the general ledger did not agree to the prior year audited net assets"*
   CMHA provided the auditors with a trial balance that reflects current year activity and ending balances as well as Crosswalk spreadsheets that it used as a subsidiary ledger. CMHA managed their grants general ledger to keep record of the open grants activities life-to-date. CMHA's system is set so that grants do not close annually due to the multi-year nature of the grant life cycle. The other financial ledgers are used to reflect annual activity for reporting purposes and close annually rolling retained earnings to Net Assets.

   The reference to the ledger not reflecting annual net asset relates to the fact that Grant Funds do not systemically close annual P&L accounts to retained earnings into the Net Assets. CMHA used its Crosswalk spreadsheets to accomplish this mechanism for tracking annual P&L activity and Net Assets. Gaining an understanding of how CMHA uses its general ledger and subsidiary ledgers would have avoided this being interpreted as a control issue.

CMHA

4. *“Construction in progress was not properly tracked and contained completed projects” and accrued interest on debt was not recorded”.*
   In both cases CMHA agrees that late analysis occurred for both the completion of projects and recording accrued interest for one year on a HCAH Home loan. This impacted timely recognition of depreciation and interest. In addition to scheduled reconciliation review of all balance sheet accounts, preparation of interim rollfoward schedules of debt, notes receivable and fixed assets will assist in monitoring completeness of financials.

In the past 15 years, CMHA has engaged four other audit firms to review the general ledger with the current grant accounting methodology without any issues, comments or findings being raised. The overall engagement was lacking in gaining an understanding how the general ledger was structured and translated via cross-walks into the annual FDS Reporting. This understanding would have assisted in better interpretation of how to utilize the trial balance in generating financials.

CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018