CUYAHOGA METROPOLITAN HOUSING AUTHORITY
CUYAHOGA COUNTY

REGULAR AUDIT AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Metropolitan Authority, Cuyahoga County, prepared by CliftonLarsonAllen LLP, for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2020

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INDEPENDENT AUDITORS' REPORT

Members of the Board
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Cuyahoga Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the blended component units of Quarrytown Redevelopment, LLC, Severance Redevelopment, LLC and Ambleside Redevelopment, LLC. These blended component units represents 5% of assets, -.3% of net position and 3% of revenues of the business-type activities of the Authority. We also did not audit the financial statements of Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly Limited Partnership, Fairfax Intergenerational Housing, L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P. and Carver Park Phase II, L.P., which represent 78% of assets, 92% of net position and 90% of revenues of the discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to conform the presentation of the financial statements of the blended component unit and discretely presented components units, which conform those financial statements to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, 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 audits Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly Limited Partnership, Fairfax Intergenerational Housing, L.P. and Carver Park Phase II, L.P were not performed in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of Error

As described in Note 2 to the financial statements, the Authority restated the beginning balance of net position as a result of the correction of an error regarding the calculation of the contributions subsequent to measurement date for the other post-employment benefits. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of the Authority's proportionate share of the net pension liability, the schedule of the Authority's pension contributions, the schedule of the Authority's proportionate share of the net OPEB liability and the schedule of the Authority's OPEB contributions on pages 60-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
November 12, 2020

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

The following discussion and analysis provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2019, and should be read in conjunction with the Authority's financial statements, which begin on page 10. If you have any questions, please contact Tami Marinella, Chief Financial Officer, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2757.

Overview of the Financial Statements

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

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

The financial statements are prepared on the accrual basis of accounting and present all assets and deferred outflows plus liabilities and deferred inflows of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority's financial condition as of December 31, 2019, and the results of its operations and cash flows for the year then ended.

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

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

2019 Financial Highlights
For the year ended 2019, these unaudited financial statements are presented with Business-Type Activities and Discretely Presented Component units. The financial highlights and related analysis presented in the Management's Discussion and Analysis represents the Business-Type Activities only.

- The Authority's net position increased by $3.6 million (2.4%) during 2019. Net position was $153.3 million and $149.7 million at December 31, 2019 and 2018, respectively.
- Total operating and nonoperating revenues increased by $12.5 million (5.8%) during 2019, and were $228.9 million and $216.4 million for 2019 and 2018, respectively.
- Total operating and nonoperating expenses of all Authority programs increased by $22.8 million (11.6%). Total expenses were $219.7 million and $196.9 million for 2019 and 2018, respectively.
- The Authority's unrestricted net position increased by $7.0 million (38.5%) during 2019, and was $25.2 million and $18.2 million for 2019 and 2018, respectively.

The Authority's Programs

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

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

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

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

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

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

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

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

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Position

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

Table 1 – Condensed Statements of Net Position
(in millions)

	December 31,	
	2019	2018, As Restated
Assets		
Current and Other Assets	$ 175.4	$ 157.3
Net Capital Assets	147.4	157.1
Total Assets	322.8	314.4
Deferred Outflows of Resources	23.3	14.2
Liabilities		
Accounts Payable and Other Current Liabilities	43.8	34.0
Long-term Liabilities:		
Net Pension and OPEB Liability	104.5	75.0
Other Long-Term Liabilities	38.8	57.5
Total Liabilities	187.1	166.5
Deferred Inflows of Resources	5.7	12.4
Net Position		
Net Investment in Capital Assets	119.1	122.5
Restricted	9.0	9.0
Unrestricted	25.2	18.2
Total Net Position	$ 153.3	$ 149.7

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

Major Factors Affecting the Statement of Net Position

Current and Other Assets increased by $18.1 million and current liabilities increased by $9.8 million. The Authority's current ratio decreased to 4.0 in 2019, compared to 4.6 in 2018. There are sufficient current assets (primarily cash, investments, and receivables from HUD) to extinguish current liabilities. Net Capital assets decreased to $147.4 million in 2019 from $157.1 million in 2018. The $9.7 million decrease is attributed to net capital asset additions of $4.5 million offset by depreciation expense of $12.8 million. For additional detail, see "Capital Assets."

Long-term liabilities increased $10.8 million, to $143.3 million in 2019, from $132.5 million in 2018.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Authority, as well as the nonoperating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net position is as follows for the years ended December 31, 2019 and 2018:

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

	December 31, 2019	December 31, 2018
Operating Revenues		
Dwelling Rent from Tenants	$ 17.5	$ 16.2
HUD Operating Subsidies and Grants	191.6	182.4
Grants - Other	0.3	1.4
Other Revenues	11.6	10.4
Total Operating Revenues	221.0	210.4
Operating Expenses		
Housing Assistance Payments	94.3	93.5
Depreciation and Amortization	12.8	14.6
Administrative	32.8	29.1
Building Maintenance	32.2	21.0
Utilities	19.5	20.5
Tenant Services	5.1	3.0
General	13.2	10.3
Protective Services	12.6	7.5
Other	-	0.5
Total Operating Expenses	222.5	200.0
Operating Loss	(1.5)	10.4
Nonoperating Revenues (Expenses)		
Capital Grants from HUD	5.4	5.3
Interest Income	1.4	0.5
Interest Expense	(2.8)	(3.1)
Special Items - Gain/(Loss)	1.1	0.2
Total Nonoperating Revenues - Net	5.1	2.9
Change in Net Position	3.6	13.3
Net Position - Beginning of Year, As Restated	149.7	136.4
Net Position - End of Year	$ 153.3	$ 149.7

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

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

December 31, 2019 compared to December 31, 2018

Operating revenues increased $10.6 million or 5.0% in 2019. Dwelling Rent increased by $1.3 million, HUD Operating Subsidies and Grants increased $9.2 million, and Other Revenues increased by $1.2 million. The overall increase is attributed to increased funding in the Capital Fund and Housing Choice Voucher program.

Operating expenses increased $22.5 million or 11.3% with increases in Administrative Expenses ($3.7 million), Building Maintenance ($11.2 million), Tenant Services ($2.1 million) and Protective Services ($5.1 million). These increases were offset by decreased Depreciation and Amortization ($1.8 million) and Utilities ($1.0). The overall increase is mainly attributed to the Authority's portion of the pension and other post-employment benefits (OPEB) in the Ohio Public Employees Retirement System.

Capital Grants from HUD increased $0.1 million or 1.9%. Interest income increased $0.90 million while Interest expense decreased $0.3 million.

Capital Assets

At December 31, 2019, the Authority had $147.3 million invested in a variety of net capital assets (as reflected in the following schedule), which represents a net decrease of $9.8 million from December 31, 2018.

Table 3 – Capital Assets
(in millions)

	December 31, 2019	December 31, 2018
Land	$ 30.6	$ 30.6
Buildings	684.4	692.6
Equipment - Administrative	7.4	8.8
Equipment - Dwelling	17.7	19.0
Leasehold Improvements	0.4	0.4
Construction in Progress	4.0	4.1
Total	744.5	755.5
Accumulated Deprecation	(597.2)	(598.4)
Capital Assets - Net	$ 147.3	$ 157.1

Capital additions in 2019 were primarily for housing stock improvements. Some of the major projects were:

- Hough Electrical
- Southeast Electrical
- Southeast Roofing
- Eastside Roofing
- Eastside Elevator

Debt Outstanding

As of December 31, 2019, the Authority had $54.8 million in long-term debt and capital lease obligations compared to $62.0 million at December 31, 2018, for a $7.2 million decrease. The following summarizes these obligations:

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

	December 31, 2019	December 31, 2018
Ambleside - Mortgage Note	$ 6.0	$ 6.1
Severance - Mortgage Note	5.4	5.4
Quarrytown - Mortgage Note	3.6	3.7
WRRMC Promissory Note	0.4	0.5
General Revenue Bonds	-	0.6
Refunding Revenue Bond Series 2016	5.4	5.6
Build America Bonds	12.9	12.9
Ohio Bond Financing 2017	7.4	8.2
Modernization Express Loan A	8.6	9.2
Modernization Express Loan B	5.1	5.4
Energy Program - Capital Lease	-	4.4
Total	$ 54.8	$ 62.0

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of HUD.
- Operating subsidy for the Conventional Low-Rent Housing Program was funded at 97.77%. Future years' funding levels were expected to be approximately 96.64% prior to the CARES Act funding. After the CARES Act funding it is expected to be 111.31%. The Administrative fee funding for the Housing Choice Voucher Program was funded at 81.1% and levels are expected to decline to 80.0% in 2020.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance costs continue to rise.
- In March of 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing. Although we anticipate a decrease in tenant collections in fiscal year 2020, we expect an increase in federal funding in connection with the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was signed into law on March 27, 2020.

Contacting the Authority

Questions concerning this report or requests for additional information should be directed to:

Tami Marinella, Chief Financial Officer
8120 Kinsman Road
Cleveland, Ohio 44104.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019

	Business-Type Activities	Discretely Presented Component Units
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 29,613,447	$ 10,784,166
Restricted Cash and Cash Equivalents	9,780,630	6,809,586
Cash - Restricted For Tenant Security Deposits	1,407,935	236,245
Investments	-	37,807,967
Accounts Receivable Tenants, Net	199,903	37,100
Accounts Receivable - HUD	2,004,508	687,591
Accounts Receivable - Other, Net	3,885,936	1,257,320
Notes Receivable	74,997	-
Inventories	204,210	-
Prepaid Expenses	949,774	372,760
Total Current Assets	48,121,340	57,992,735
NONCURRENT ASSETS		
Notes Receivable	90,418,697	-
Capital Assets - Depreciable	112,740,784	184,059,436
Capital Assets - Non-Depreciable	34,645,885	-
Investment in Real Estate Partnerships	12,039,303	-
Prepaid Ground Leases	-	42,537,790
Developer Fees Receivable	20,403,242	-
Other Noncurrent Assets	4,449,486	3,649,651
Total Noncurrent Assets	274,697,397	230,246,877
Total Assets	322,818,737	288,239,612
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	20,635,802	-
Other Post Employment Benefits Related	2,633,046	-
Total Deferred Outflows of Resources	23,268,848	-
Total Assets and Deferred Outflows of Resources	$ 346,087,585	$ 288,239,612

See accompanying Notes to Financial Statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019

	Business-Type Activities	Discretely Presented Component Units
LIABILITIES AND DEFERRED INFLOWS		
CURRENT LIABILITIES		
Accounts Payable - Vendors	$ 10,071,421	$ 7,328,067
Accounts Payable - HUD	81,442	-
Accrued Wages/Taxes Payable	3,361,593	-
Accrued Compensated Absences, Current	373,467	-
Accrued Interest Payable	731,002	135,785
Unearned Revenues	2,815,065	-
Accrued Expenses	4,588,034	522,787
Security and Other Deposits	1,407,935	231,039
Current Portion of Long-Term Debt	20,387,048	5,058,948
Total Current Liabilities	43,817,007	13,276,626
NONCURRENT LIABILITIES		
Long-Term Debt - Net of Current Portion	34,408,516	198,578,089
Accrued Compensated Absences	2,402,017	-
Workers' Compensation Liability	978,604	-
Net Pension Liability	70,936,218	-
Net Other Post Employment Benefit Liability	33,574,529	-
Developer Fees Payable	-	20,867,706
Other Noncurrent Liabilities	966,361	2,342,920
Total Noncurrent Liabilities	143,266,245	221,788,715
Total Liabilities	187,083,252	235,065,341
DEFERRED INFLOWS OF RESOURCES		
Pension Related	3,848,382	-
Other Post Employment Benefits Related	1,831,619	-
Total Deferred Inflows of Resources	5,680,001	-
NET POSITION		
NET POSITION		
Net Investment in Capital Assets	119,072,148	46,049,566
Restricted	9,034,459	18,419,621
Unrestricted	25,217,725	(11,294,916)
Total Net Position	153,324,332	53,174,271
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 346,087,585	$ 288,239,612

See accompanying Notes to Financial Statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities	Discretely Presented Component Units
OPERATING REVENUES		
Tenant Revenues	$ 17,536,629	$ 2,146,209
HUD Grants	191,656,462	-
Other Government Grants	287,283	10,317,567
Other Revenues	11,593,810	5,981,180
Total Operating Revenues	221,074,184	18,444,956
OPERATING EXPENSES		
Administrative	32,815,551	3,577,733
Tenant Services	5,071,910	-
Utilities	19,545,343	2,393,175
Ordinary Maintenance and Operations	32,224,029	1,320,752
Protective Services	12,581,911	580,854
Insurance	2,835,207	863,269
General	10,357,274	91,473
Housing Assistance Payments	94,298,957	-
Depreciation and Amortization	12,774,029	6,495,871
Total Operating Expenses	222,504,211	15,323,127
OPERATING INCOME (LOSS)	(1,430,027)	3,121,829
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,439,613	384,697
Interest Expense	(2,816,217)	(2,031,885)
Gain from Sale of Capital Assets	1,075,664	-
Net Nonoperating Expenses	(300,940)	(1,647,188)
INCOME (LOSS) BEFORE CAPITAL GRANTS	(1,730,967)	1,474,641
Capital Grants	5,372,741	-
CHANGE IN NET POSITION	3,641,774	1,474,641
Total Net Position - Beginning of Year, As Restated	149,682,558	51,699,630
TOTAL NET POSITION - END OF YEAR	$ 153,324,332	$ 53,174,271

See accompanying Notes to Financial Statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from HUD	$ 191,444,573
Cash Received from Other Governments	1,728,047
Cash Received from Tenants	16,406,987
Cash Received from Others	4,122,271
Cash Paid to Employees	(50,486,246)
Cash Paid to Vendors	(8,987,242)
Cash Paid for Housing, Operating and Tenant Services	(39,431,953)
Cash Paid for Housing Assistance Payments	(94,298,957)
Net Cash Flows Provided by Operating Activities	20,497,480
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Purchases of Capital Assets	(4,524,238)
Loss from Disposal of Capital Assets	-
Proceeds on Sale of Capital Assets	1,075,664
Interest on Notes and Mortgage Payable	(2,946,393)
Payment on Notes and Mortgage Payable	(7,599,411)
Proceeds from Notes Payable	400,985
Issuance of Notes Receivable	(1,730,538)
Capital Contributions	5,372,741
Net Cash Flows Used by Capital and Related Financing Activities	(9,951,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	1,439,613
Investment in Joint Venture	810
Net Cash Flows Used by Investing Activities	1,440,423
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,986,713
Cash and Cash Equivalents - Beginning of Year	28,815,299
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 40,802,012
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 29,613,447
Restricted Cash and Cash Equivalents	9,780,630
Cash - Restricted For Tenant Security Deposits	1,407,935
Total Cash and Cash Equivalents	$ 40,802,012

See accompanying Notes to Financial Statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
BUSINESS-TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	$ (1,430,027)
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation and Amortization	12,774,029
Loss on Disposal of Capital Assets	1,440,764
Bad Debt	2,491,913
Effects of Changes in Operating Assets, Liabilities, and Deferred Inflows and Outflows of Resources:	
Accounts Receivable - Tenants	(1,149,263)
Accounts Receivable - HUD	(69,374)
Accounts Receivable - Other	(2,574,854)
Prepaid Expenses	1,384,190
Inventory	(23,963)
Developer Fee Receivables	(5,075,293)
Other Assets	630,304
Accounts Payable - Vendors	4,835,730
Accounts Payable - HUD	(142,515)
Accrued Wages	(1,310,213)
Accrued Liabilities	(5,239,967)
Unearned Revenue	182,662
Security and Other Deposits	19,621
Workers Compensation Liability	59,709
Net Pension Liability	11,525,264
Net OPEB Liability	2,185,360
Other Liabilities	(16,597)
Net Cash Provided by Operating Activities	$ 20,497,480

See accompanying Notes to Financial Statements.

NOTE 1 DEFINITION OF THE ENTITY

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

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

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

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

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

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

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

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

NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)

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

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

Other Grants: The Authority received state and local funding under the Community Based Services grant and private donations. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

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

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

Blended Component Units
The Authority has presented one blended component unit consisting of Western Reserve Revitalization and Management Company, Inc. (WRRMC). The statements of WRRMC include the financial activity of Ambleside Redevelopment, LLC, Severance Redevelopment, LLC, Quarrytown Redevelopment, LLC, and 1701 Holdings, LLC, which are all wholly owned subsidiaries of WRRMC. The Authority has two additional not-for-profits, Cuyahoga Metropolitan Housing Charity Fund, Inc. and Cuyahoga Housing and Development which are wholly owned not-for-profits.. The activity of Cuyahoga Metropolitan Housing Charity Fund, Inc. is not material to the overall financial statements. The activity of Cuyahoga Housing and Development, Inc. is presented in the blended component unit statements.

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

NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)

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

Discretely Presented Component Units
The Authority has 12 discretely presented component units consisting of: Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly, L.P., Fairfax Intergenerational Housing L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P., Carver Park Phase II, L.P., and Riverside Park Phase II, L.P.

The Authority has a controlling minority interest in these real estate limited partnerships as of December 31, 2019. The majority interests are held by third parties unrelated to the Authority. CMHA, or a CMHA affiliate, operates as either General Partner, Special General Partner, Class B Limited Partner or Limited Partner in the limited partnerships. As such, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. The subsidiary of the Authority, Western Reserve Revitalization and Management Company, Inc. (WRRMC) is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Additionally, in some cases, WRRMC is legally obligated to fund operating deficits. The Authority also has outstanding loans and net advances to the limited partnerships at December 31, 2019. The limited partnerships do not serve the business-type activities exclusively, or almost exclusively, and therefore, are shown as discretely presented component units.

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

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

NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)

Discretely Presented Component Units (Continued)

Garden Valley Housing Partnership II, L.P. – The Partnership controls a property consisting of 57 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42").The Partnership is 0.0095% owned by the Managing General Partner, 0.0095% owned by the Administrative General Partner, 99.98% owned by the Limited Partner and 0.001% by Garden Valley Redevelopment, LLC, the Class B Limited Partner. Garden Valley Redevelopment LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements. The Partnership has a fiscal year end of November 30. Management believes there are no material transactions that would affect the financial position or results of the Discretely Presented Component Units.

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

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

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

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

NOTE 1 DEFINITION OF THE ENTITY (CONTINUED)

Discretely Presented Component Units (Continued)

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

Bohn Tower Redevelopment, L.P. – The Partnership controls a property consisting of 267 housing units, developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Partnership is 99.99% owned by the limited partners and 0.01% owned by Bohn Tower GP, Inc., the General Partner. Bohn Tower GP, Inc. is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements.

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

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

Riverside Park Phase II, L.P. – The Partnership is 99.9% owned by the limited partners and 0.1% owned by Riverside Park Phase II GP, LLC, the General Partner. Riverside Park Phase II GP, LLC is a wholly owned subsidiary of WRRMC and is reported as a minority interest in those financial statements. This Partnership is under construction.

All of the discretely presented component units listed above, except Riverside Park Phase II, LP, has separate audited financial statements, which may be obtained from the Chief Financial Officer, 8120 Kinsman Road, Cleveland, Ohio 44104 or telephone 216-271-2757.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America, as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's component units report under Financial Accounting Standards Board (FASB) guidance. As such, conversion adjustments to conform the presentation of the financial statements of the blended component unit and discretely presented components units have been made to conform those financial statements to accounting standards issued by the Government Accounting Standards Board. Other than the reclassification as noted, no modifications have been made to the component units' financial information in the Authority's financial reporting entity for any differences.

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

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

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

Cash and Cash Equivalents

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Restricted Cash

Restricted cash is considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, insurance escrows, and repairs or improvements to the building, which extend their useful lives.

Investments

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

Restricted Assets

Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions.

Inter-Program Receivables and Payables

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

Capital Assets

Capital assets (items with an individual cost greater than $5,000, and a useful life exceeding two years), including land, property and equipment, are recorded at historical cost. Property and equipment are depreciated using the straight line method over the estimated useful lives of the assets, which are as follows:

Property	15 to 40 years
Equipment	3 to7 years

Accounts Receivable

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

Mortgage Notes Receivable

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Developer Fees Receivable

Developer fees receivable are stated at the amount management expects to collect on balances outstanding at year end. Developer fees are due based upon terms of the related agreements. Management evaluates collectability based upon several factors, including historical collection experience and review and assessment of the financial condition of the debtor. At December 31, 2019, all amounts were deemed collectible.

Inventory

Inventory is valued using a weighted average costing method.

Compensated Absences

Vacation time may be accrued and carried over from year to year up to a maximum of 240 hours. Earned vacation time is due and payable to employees upon termination of employment. Sick time is accrued up to 120 hours per year and carried over from year to year. Upon retirement, employees can convert accumulated but unused sick time into a cash payment at the rate of one day for every two days accumulated.

Debt Amortization Funds

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

Revenue Recognition

Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which the grants relate. Tenant rental revenues are recognized during the period of occupancy. Receipts from CFP, Urban Revitalization Program and other reimbursement-based grants are recognized when the related expenses are incurred.

Indirect Costs

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

Use of Estimates

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

Pensions

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Other Post-Employment Benefits (OPEB)

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

Budgetary Accounting and Control

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

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pensions and post-employment benefits.

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

Net Position

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Correction of an Error

In 2019, the Authority recorded a restatement to beginning net position as a result of a correction of an error regarding the calculation of the contributions subsequent to measurement date for the other post-employment benefits. This resulted in a restatement of $10,133,346 to beginning net position:

	Business-Type Activities
Net Position at January 1, 2019, as Previously Stated	$ 159,815,904
Correction of Error - Other Post Employment Benefits	(10,133,346)
Net Position at January 1, 2019, as Restated	$ 149,682,558

NOTE 3 DEPOSITS AND INVESTMENTS – BUSINESS-TYPE ACTIVITIES

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy that addresses custodial credit risk. At December 31, 2019, the carrying amount of the Authority's deposits was $40,819,764 and the total balance of bank accounts held by the Authority was $40,306,234. Of the bank balances held in various financial institutions, certain amounts were covered by federal depository insurance and the remainder was covered under the Ohio pooled collateral system.

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

All deposits were fully collateralized as of December 31, 2019 with the exception of $1,388,438 related to the consolidated entities of WRRMC which were not insured or collateralized above the FDIC threshold.

NOTE 3 DEPOSITS AND INVESTMENTS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

Investments

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

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

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

The Authority is also prohibited from investing in reverse purchase agreements. Investments held by the Authority at December 31, 2019 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature within one year.

Interest Rate Risk

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

As of December 31, 2019, the value and maturities for these assets were as follows:

Assets	Value	Maturities (in Years) Less Than 1
Cash and Cash Equivalents:		
Cash and Cash Equivalents	$ 33,761,376	$ 33,761,376
CD's	2,210,836	2,210,836
Investment type:		
Money Market Funds	4,829,800	4,829,800
Total	$ 40,802,012	$ 40,802,012

NOTE 3 DEPOSITS AND INVESTMENTS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

Credit Risk

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

Concentration of Credit Risk

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

Description	Total Fair Value/ Carrying Value	Credit Quality Rating
FDIC Certificates of Deposit	$ 2,210,836	FDIC
Money Market Funds	4,829,800	AAA
Total Business-Type Activities Investments	$ 7,040,636	

- Rating offered by Standard & Poor's

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2019 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	$ 29,613,447
Cash - Restricted	11,188,565
Total	$ 40,802,012
Carrying Amount of Deposits	$ 33,761,376
Carrying Amount of Investments	7,040,636
Total	$ 40,802,012

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2019, The Authority had investments in certificates of deposit and money market funds. Certificates of deposit and money market funds are recorded at amortized cost and are therefore not included within the fair value hierarchy established by generally accepted accounting principles.

NOTE 4 RESTRICTED CASH AND INVESTMENTS – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS

At December 31, 2019, the Authority had cash and investments, which was restricted under the terms of various grant programs, debt obligations, and other requirements as follows:

Conventional Low-Rent Program:	
Tenant Security Deposits	$ 1,281,382
Industrial Commission of Ohio Escrow Fund	1,382,827
FSS Escrow Deposits	138,232
Housing Choice Voucher Restricted HAP:	
FSS Escrow Deposits	496,250
Mainstream Voucher	
Restricted HAP	210,207
Section 8 Moderate Rehabilitation	
Restricted HAP	235,863
Ohio Bond Financing:	
Debt Service Reserve	564,605
Capital Fund Revenue Loan A:	
Net Proceeds	1,570
Debt Service Reserve	1,185,178
Capital Fund Revenue Loan B:	
Debt Service Reserve	706,235
Business Activity:	
Local Advisory Council	368,692
Western Reserve Revitalization and Management Company, Inc.:	
Pledge Reserve	506,716
Pledge ACC Reserve	181,120
Pledge Operating Reserve	402,579
Euclid-Lee Pledged Lease-Up Reserve	79,261
Riverside Homes Operating Reserve	393,083
Carver Park I Pledged Reserve	338,538
Ambleside Redevelopment, LLC:	
Tenant Security Deposits	39,480
Replacement Escrow	976,804
Insurance Escrow	14,145
MIP Escrow	14,670
Severance Redevelopment, LLC:	
Tenant Security Deposits	41,793
Replacement Escrow	726,078
Insurance Escrow	7,568
MIP Escrow	10,895
Quarrytown Redevelopment, LLC:	
Tenant Security Deposits	42,817
Replacement Escrow	821,264
Insurance Escrow	6,584
MIP Escrow	7,422
Woody Woods:	
Tenant Security Deposits	6,707
Total	$ 11,188,565

NOTE 4 RESTRICTED CASH AND INVESTMENTS – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

At December 31, 2019, the Discretely Presented Component Units had cash and investments, which was restricted under the terms of various regulatory and loan requirements, and other requirements as follows:

Partnership Name	Tenant Security Deposits	Funded Reserves	Investments	Total
Riverside Park Homes, LP	$ 26,978	$ 735,025	$ -	$ 762,003
Garden Valley Housing Partnership I, LP	16,609	1,283,340	-	1,299,949
Garden Valley Housing Partnership II, LP	10,107	721,110	-	731,217
Garden Valley Housing Partnership III, LP	15,913	677,767	-	693,680
Garden Valley Housing Partnership IV, LP	9,287	667,372	-	676,659
Euclid-Lee Senior, LP	21,087	112,192	-	133,279
Miles Pointe Elderly, LP	11,394	68,369	-	79,763
Fairfax Intergenerational Housing, LP	3,531	343,971	-	347,502
Bohn Towers Redevelopment LP	46,790	865,767	-	912,557
Carver Park Phase I	46,611	892,753	-	939,364
Carver Park Phase II	9,867	139,498	11,604,829	11,754,194
Riverside Park Phase II, LP	18,071	302,422	26,203,138	26,523,631
Total	$ 236,245	$ 6,809,586	$ 37,807,967	$ 44,853,798

The Investments held by Carver Park Phase II, LP and Riverside Park Phase II, LP are money market funds and fixed income bond funds that are considered Level I for fair value measurement at December 31, 2019.

NOTE 5 CAPITAL ASSETS

Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2019:

	January 1, 2019	Additions	Reclass	Deletions	December 31, 2019
Capital Assets Not Being Depreciated:					
Land	$ 30,630,453	$ -	$ -	$ -	$ 30,630,453
Construction in Progress	4,079,451	3,547,637	(2,161,211)	(1,450,445)	4,015,432
Total Capital Assets Not Being Depreciated	34,709,904	3,547,637	(2,161,211)	(1,450,445)	34,645,885
Capital Assets Being Depreciated:					
Buildings and Improvements	692,623,104	423,473	(8,641,673)	-	684,404,904
Equipment - Dwelling	18,939,889	2,724	(184,088)	(1,062,678)	17,695,847
Equipment - Administrative	8,785,018	550,404	(3,324)	(1,894,265)	7,437,833
Leasehold Improvements	392,296	-	-	-	392,296
Total Capital Assets Being Depreciated	720,740,307	976,601	(8,829,085)	(2,956,943)	709,930,880
Accumulated Depreciation					
Buildings and Improvements	(578,620,684)	(12,088,169)	10,672,028	9,781	(580,027,044)
Equipment - Dwelling	(14,358,161)	(461,303)	223,937	1,062,578	(13,532,949)
Equipment - Administrative	(5,001,846)	(224,557)	94,331	1,894,265	(3,237,807)
Leashold Improvements	(392,296)	-	-	-	(392,296)
Total Accumulated Depreciation	(598,372,987)	(12,774,029)	10,990,296	2,966,624	(597,190,096)
Depreciable Assets - Net	122,367,320	(11,797,428)	2,161,211	9,681	112,740,784
Total Capital Assets - Net	$ 157,077,224	$ (8,249,791)	$ -	$ (1,440,764)	$ 147,386,669

NOTE 5 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2019:

	January 1, 2019	Additions	Reclass	Deletions	December 31, 2019
Capital Assets Not Being Depreciated:					
Construction in Progress	$ 7,560,577	$10,654,226	$ -	$ -	$ 18,214,803
Total Capital Assets Not Being Depreciated	7,560,577	10,654,226	-	-	18,214,803
Capital Assets Being Depreciated:					
Buildings and Improvements	166,894,122	16,861,347	-	-	183,755,469
Equipment - Dwelling	2,444,268	134,917	-	-	2,579,185
Leasehold Improvements	16,374,465	224,620	-	-	16,599,085
Total Capital Assets Being Depreciated	185,712,855	17,220,884	-	-	202,933,739
Accumulated Depreciation					
Buildings and Improvements	(29,156,302)	(6,248,555)	-	-	(35,404,857)
Equipment - Dwelling	(1,563,727)	(120,522)	-	-	(1,684,249)
Total Accumulated Depreciation	(30,720,029)	(6,369,077)	-	-	(37,089,106)
Depreciable Assets - Net	154,992,826	10,851,807	-	-	165,844,633
Total Capital Assets - Net	$ 162,553,403	$ 21,506,033	$ -	$ -	$ 184,059,436

NOTE 6 NOTES RECEIVABLE AND GROUND LEASES – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS

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

Allowances - At December 31, 2019, Notes and Mortgages Receivable totaled $100.5 million (before eliminations) and related accrued interest totals $2.7 million. The balance includes amounts for construction loans. All notes and mortgages are collateralized by the respective properties. These loans are due at maturity ranging from 40 to 50 years. Allowances have been established for funds loaned from WRRMC to Cleveland Housing Network, Inc. and for some funds loaned from the Authority to other Partnerships, as these loans may be satisfied by transfer of property to the Authority.

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

NOTE 6 NOTES RECEIVABLE – BUSINESS-TYPE ACTIVITIES AND GROUND LEASES – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Notes and mortgages receivable at December 31, 2019 consisted of the following:

Loaned To	Loaned From	Origination Date	Maturity Date	Original Balance	Interest Rate	12/31/19 Balance
Western Reserve (Bldg Lease)	COCC	9/18/09	8/31/39	$ 14,368,802	0.000%	$ 10,003,059
Bohn Tower Redevelopment, LP	BUSA	2/1/15	2/1/57	2,543,000	7.000%	2,543,000
Cedar I (RAD)	BUSA	11/24/15	11/24/65	8,512,041	1.000%	7,494,877
Cedar I (RAD)	BUSA	11/24/15	11/24/33	-	0.000%	15,313
Cedar II (RAD)	BUSA	2/4/16	2/4/56	4,633,943	2.250%	4,633,943
Garden Valley Housing Prtshp IV, LP	BUSA	12/21/15	12/21/55	3,870,234	2.750%	3,870,234
Carver Park II (RAD)	BUSA	5/1/18	5/1/63	1,157,551	1.000%	1,157,551
Cedar I (RAD)	Public Housing	11/24/15	11/24/65	8,512,041	1.000%	478,885
Cedar I (RAD)	Public Housing	11/24/15	11/24/65	8,512,041	1.000%	538,279
Repayment Agreements	Public Housing	various	various	various	various	123,110
Valleyview I (Tremont Point)	Public Housing	12/22/06	12/31/52	7,273,213	0.250%	7,273,213
Valleyview I (Tremont Point)	Public Housing	12/22/06	12/21/46	500,000	4.900%	500,000
Valleyview II (Tremont Point II)	Public Housing	9/17/08	12/31/60	3,350,273	1.750%	3,350,276
Valleyview II (Tremont Point II)	Public Housing	9/7/08	12/31/16	1,500,000	1.750%	1,500,000
Garden Valley Housing Prtshp I, LP	Public Housing	11/18/09	4/1/62	11,700,000	0.200%	11,700,000
Garden Valley Housing Prtshp I, LP	Public Housing	11/18/09	4/1/62	1,750,593	0.200%	1,750,592
Garden Valley Housing Prtshp II, LP	Public Housing	3/17/10	12/31/60	10,209,408	0.000%	10,209,408
Garden Valley Housing Prtshp III, LP	Public Housing	9/16/10	1/16/62	14,953,185	0.500%	14,953,185
Euclid Lee Senior, LP	Public Housing	11/4/11	11/5/56	6,059,163	0.100%	5,962,955
Euclid Lee Senior, LP	Public Housing	11/4/11	11/5/56	6,338,023	0.100%	6,338,023
Miles Pointe Elderly, LP	Public Housing	8/16/12	8/16/57	300,000	0.250%	3,000,000
Fairfax International Housing, LP	MF Property Disposition	10/22/12	10/22/62	1,400,000	0.250%	1,400,000
Carver Park II (RAD)	BCU	5/1/18	5/1/63	2,485,263	1.000%	1,700,850
					Total Notes Receivables	100,496,753
					Elimination of Building Lease	(10,003,059)
					Less: Current Portion	(74,997)
					Net Loans Receivable - Noncurrent	$ 90,418,697

WRRMC loaned funds to various Partnerships. As of December 31, 2019, the notes receivable terms are summarized as follows:

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

No principal and interest payments are received on the notes receivable until each note's maturity date. The notes are secured by a mortgage on each respective Partnership. During 2016, the notes receivable were placed on nonaccrual status.

NOTE 6 NOTES RECEIVABLE – BUSINESS-TYPE ACTIVITIES AND GROUND LEASES – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

CMHA loaned funds to various Partnerships. As of December 31, 2019, the notes receivable terms are summarized as follows:

Partnership Name	Original Date of Loan	*Maturity Date	Original Balance of Loan	**Balance at 12/31/2019	Interest Rate
East Side Neighborhood Homes LP	11/15/2004	11/15/2050	$ 8,450,000	$ 8,760,808	0.25%
OCDS LP	9/16/2004	9/16/2049	2,040,000	4,322,030	5.03%
OCDS LP	9/16/2004	9/16/2049	261,480	271,007	0.25%
Gordon Square LP	12/22/2005	3/31/2047	1,670,000	3,044,760	4.79%
Gordon Square LP	12/22/2005	3/31/2047	800,000	826,050	0.25%
Total Notes Receivable, Including Deferred Interest				17,224,655	
Allowance for Notes Receivable, Including Deferred Interest				(17,224,655)	
Notes Receivable, Net				$ -	

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

** Balance includes accrued interest

CMHA loaned funds to various partnerships related to ground leases of CMHA land. As of December 31, 2019, the following ground lease notes receivable have been offset against the corresponding unearned deferred ground lease revenue as summarized as follows:

Partnership Name	Original Date of Loan	Maturity Date	Ground Lease Notes Receivable 12/31/2019
Carver Park Phase I	9/8/2016	9/7/2061	$ 21,010,000
Carver Park Phase II	5/1/2018	5/1/2063	5,390,000
Bohn Towers GP	2/1/2015	1/31/2047	1,800,000
Riverside Park II	3/26/2019	3/26/2064	12,950,000
Total Notes Receivable			41,150,000
Unearned Ground Lease Revenue			(41,150,000)
Amount Reported on Financial Statements			$ -

NOTE 6 NOTES RECEIVABLE – BUSINESS-TYPE ACTIVITIES AND GROUND LEASES – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Certain discretely presented component units entered into ground lease agreements with CMHA and are bound by responsibilities and obligations set forth in their respective ground lease agreements. The following amounts are reported as Prepaid Ground Leases at December 31, 2019:

Partnership Name	Annual Rent	Term (Years)	Prepaid Land and Ground Lease 12/31/2019
Garden Valley Housing Partnership I, LP	$10	95	$ 418,434
Garden Valley Housing Partnership II, LP	10	95	269,612
Garden Valley Housing Partnership III, LP	10	95	384,443
Euclid-Lee Senior, LP	1	98	-
Miles Pointe Elderly, LP	1	98	-
Fairfax Intergenerational Housing, LP	0	98	149,701
Garden Valley Housing Partnership IV, LP	0	70	165,600
Carver Park Phase I	N/A	72	21,010,000
Carver Park Phase II	N/A	75	5,390,000
Bohn Towers Redevelopment LP	N/A	75	1,800,000
Riverside Park II	N/A	75	12,950,000
Total Prepaid Land and Ground Lease			$ 42,537,790

NOTE 7 DEVELOPER FEES RECEIVABLE – BUSINESS-TYPE ACTIVITIES

In connection with the development of various mixed finance projects, the Authority has development fees receivable from the discretely presented component units totaling $20.4 million. These receivables are payable based upon the respective partnership agreements and are due to WRRMC.

NOTE 8 INVESTMENT IN REAL ESTATE PARTNERSHIPS – BUSINESS-TYPE ACTIVITIES

The Authority's blended component unit, WRRMC, includes investments in real estate partnerships as follows:

Riverside Park Homes, LP	$ 10,751,848
Fairfax Intergenerational, LP	657,907
Garden Valley Housing Partnership II, LP	404,038
Bohn Tower Redevelopment, L.P.	225,510
Total Investment in Real Estate Partnerships	$ 12,039,303

NOTE 9 ACCRUED EXPENSES – BUSINESS-TYPE ACTIVITIES

Current accrued expenses at December 31, 2019 consist of the following items:

Workers' Compensation - Current Portion	$ 400,000
Litigation Reserves	931,698
Accrued Utilities	842,340
Accrued Benefits	133,433
Contract Retentions	813,781
Lease Liability	118,762
Tenant Credits	33,100
Insurance Premium	195,836
Professional Service Fees	727,453
Software Charges	226,044
Other	165,587
Total	$ 4,588,034

NOTE 10 DEBT AND LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES

A summary of the Authority's long-term debt and capital lease consisted of the following as of December 31, 2019:

	January 1, 2019	Increase	Decrease	December 31, 2019	Due Within One Year
Ambleside - Mortgage Note	$ 6,091,434	$ -	$ (90,197)	$ 6,001,237	$ 102,784
Severance - Mortgage Note	5,442,162	-	(78,783)	5,363,379	90,200
Quarrytown - Mortgage Note	3,685,388	-	(52,958)	3,632,430	61,444
Western Reserve	510,000	396,128	(510,000)	396,128	-
General Revenue Bonds	570,000	-	(570,000)	-	-
Refunding Revenue Bond Series 2016	5,575,000	-	(130,000)	5,445,000	5,445,000
Unamortized Discount - Bond	(4,857)	4,857	-	-	-
Build America Bonds (2009B)	12,855,000	-	-	12,855,000	12,855,000
Ohio Bond Financing 2017	8,225,000	-	(790,000)	7,435,000	820,000
Modernization Express Loan A	9,159,900	-	(595,770)	8,564,130	634,520
Modernization Express Loan B	5,458,270	-	(355,010)	5,103,260	378,100
Energy Program - Capital Lease	4,426,693	-	(4,426,693)	-	-
Total	$ 61,993,990	$ 400,985	$ (7,599,411)	$ 54,795,564	$ 20,387,048

NOTE 10 DEBT AND LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

First Mortgage Note – Ambleside

On July 1, 2014, Ambleside Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $6,720,000, with an interest rate at 4.50%, maturing August 1, 2049. Principal and interest payments are made monthly. At December 31, 2019, $6,001,237 in debt remained outstanding. Obligations under the agreement are as follows:

	Principal	Interest	Balance
2020	$ 102,784	$ 278,850	$ 381,634
2021	107,506	274,128	381,634
2022	112,445	269,189	381,634
2023	117,610	264,024	381,634
2024	123,013	258,621	381,634
2025-2029	705,208	1,202,962	1,908,170
2030-2034	882,779	1,025,393	1,908,172
2035-2039	1,105,058	803,113	1,908,171
2040-2044	1,383,307	524,864	1,908,171
2045-2049	1,361,527	177,271	1,538,798
Total	$ 6,001,237	$ 5,078,415	$ 11,079,652

First Mortgage Note – Severance

On October 1, 2014, Severance Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $5,989,900 with an interest rate of 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2019, $5,363,379 in debt remained outstanding. Obligations under the agreement are as follows:

	Principal	Interest	Balance
2020	$ 90,200	$ 252,200	$ 342,400
2021	94,391	248,009	342,400
2022	98,776	243,624	342,400
2023	103,366	239,035	342,401
2024	108,168	234,232	342,400
2025-2029	621,061	1,090,941	1,712,002
2030-2034	779,380	932,622	1,712,002
2035-2039	978,058	733,945	1,712,003
2040-2044	1,227,382	484,621	1,712,003
2045-2049	1,262,597	171,848	1,434,445
Total	$ 5,363,379	$ 4,631,077	$ 9,994,456

NOTE 10 DEBT AND LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

First Mortgage Note – Quarrytown

On September 1, 2014, Quarrytown Redevelopment, LLC established a first mortgage note to pay for property improvements with Bellwether Enterprise Real Estate Capital LLC in the amount of $4,080,300 with an interest rate at 4.55%, maturing October 1, 2049. Principal and interest payments are made monthly. At December 31, 2019, $3,632,430 in debt remained outstanding. Obligations under the agreement are as follows:

	Principal	Interest	Balance
2020	$ 61,444	$ 171,798	$ 233,242
2021	64,299	168,943	233,242
2022	67,286	165,956	233,242
2023	70,412	162,830	233,242
2024	73,684	159,558	233,242
2025-2029	423,064	743,146	1,166,210
2030-2034	530,910	635,300	1,166,210
2035-2039	666,249	499,961	1,166,210
2040-2044	836,087	330,123	1,166,210
2045-2049	838,995	117,063	956,058
Total	$ 3,632,430	$ 3,154,678	$ 6,787,108

Series 2009A and 2009B Administrative Campus Financing

On September 18, 2009, the Authority issued Series 2009A Tax Exempt General Revenue Bonds in the amount of $3,145,000 and Series B Build America Bonds in the amount of $12,855,000. The net proceeds from the bonds were used to build the consolidated Administrative Campus. The Series A Bonds were paid in full during 2019.

The Build America Bonds, Series 2009B, is a type of bond created under The American Recovery and Reinvestment Act of 2009. This type of bond is taxable and allows government entities to offer bonds in the market at competitive rates, thereby widening the pool of potential buyers. The Build America Bonds mature as follows: September 1, 2029 - $4,835,000 at 7.88% and September 1, 2039 - $8,020,000 at 8.13%. Under the Build America Program, the Authority will be reimbursed by the IRS 35% of the interest paid, thus lowering the actual interest rate the Authority will pay. At December 31, 2019, $12,855,000 in debt remained outstanding under the 2009B bonds respectively. Subsequent to yearend, the Build America Bonds were refunded and paid off. Obligations under the agreement are as follows:

	Principal	Interest	Balance
2020	$ 12,855,000	$ 1,025,341	$ 13,880,341

NOTE 10 DEBT AND LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

General Revenue Refunding Bonds, Series 2016
On March 1, 2016, the Authority issued General Revenue Refunding Bonds, Series 2016 in the amount of $5,900,000. The bonds will bear interest from March 1, 2016, payable on March 1 and September 1 of each year, beginning September 1, 2016. The interest rate is 1.75%, with a maturity at March 1, 2020. At December 31, 2019, $5,445,000 in debt remained outstanding along with accrued interest of $31,763. The $5,445,000 principal matures on March 1, 2020.

Ohio Bond Financing – CFFP
On July 17, 2007, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is $15,315,000 and after providing for a debt service reserve and upfront costs, the Authority will have $14,003,165 to spend on improvements to facilities. The bonds have a 20-year term with interest rates from 3.90% to 4.67%. A bond premium was also received and will be amortized over the life of the bonds on a straight line basis. Payments will be made in April and October starting in October of 2007 and will be made directly from HUD. On March 13, 2018, the debt was re-financed as described below. On March 13, 2018, the Authority issued a Capital Fund backed bond with three other housing authorities. The Authority's debt from the bond issuance is $9,045,000. The bond has a 10-year term with interest rates from 3.00% to 4.00%. Payments will be made in April and October starting in April 2018 and will be made directly from HUD. At December 31, 2019, $7,435,000 in debt remained outstanding. Obligations under the agreement are as follows:

	Principal	Interest	Balance
2020	$ 820,000	$ 239,000	$ 1,059,000
2021	845,000	214,025	1,059,025
2022	870,000	188,300	1,058,300
2023	905,000	157,150	1,062,150
2024	940,000	120,250	1,060,250
2025-2027	3,055,000	144,625	3,199,625
Total	$ 7,435,000	$ 1,063,350	$ 8,498,350

Capital Fund Financing – CFFP 2009
On November 18, 2009, the Authority issued Capital Fund backed debt in the form of two loans (Loans A and B). The Authority's debt for both loans is $20,878,960. Loan A in the amount of $13,082,970 provided $11,700,426 net proceeds after debt service reserves and up-front costs. These proceeds were used for Phase III of the Garden Valley Mixed Finance redevelopment after being loaned to the Garden Valley Housing Partnership I, LP. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.40%. Loan B in the amount of $7,795,990 provided $7,000,256 net proceeds after debt service reserves and up-front costs. These proceeds were used at various Authority properties to fund the implementation of Uniform Federal Accessibility Standards (UFAS) improvements. The maturity date for the loan is October 1, 2029, and it has an interest rate of 6.40%. Payments are made in April and October each year and began in April 2010. The payments are made directly from HUD. At December 31, 2019, $13,667,390 in debt remained outstanding for these two loans. Combined obligations for both loans under the agreements are as follows:

NOTE 10 DEBT AND LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES (CONTINUED)

	Principal	Interest	Balance
2020	$ 1,012,620	$ 858,511	$ 1,871,131
2021	1,078,490	792,650	1,871,140
2022	1,148,640	722,503	1,871,143
2023	1,223,340	647,796	1,871,136
2024	1,302,900	568,228	1,871,128
2025-2029	7,901,400	1,454,269	9,355,669
Total	$ 13,667,390	$ 5,043,957	$ 18,711,347

Capital Lease

On October 10, 2006, the Authority entered into an equipment lease-purchase agreement with PNC Bank to acquire equipment under an energy performance contract to upgrade the heating and energy efficiency of several properties. Principal payments commenced April 10, 2008. Interest from inception to April 10, 2007 in the amount of $707,818 was added to principal. At December 31, 2019, all outstanding debt was paid in full.

Western Reserve Revitalization and Management Company

On April 10, 2017, WRRMC signed a promissory note with Ohio Capital Finance Corporation in the amount of $510,000 for predevelopment costs for the development and rehabilitation of properties located in Cuyahoga County. The maturity date is April 10, 2019. Interest on the unpaid balance will accrue at the greater rate of (a) Prime Rate minus 0.50% and (b) 4.00% per annum. The entire amount was paid off at the maturity date.

On August 28, 2019, WRRMC entered into a note agreement with Enterprise Community Loan Fund, Inc. in the amount of $500,000. The loan bears interest at a fixed rate of 6.25% per annum. Principal and interest payments are deferred until August 28, 2021, the loan maturity date. As of December 31, 2019, $396,129 is outstanding.

NOTE 11 DEBT AND LEASE OBLIGATIONS –DISCRETE COMPONENT UNITS

Debt Summary

A summary of the discrete component unit long-term debt in 2019 follows:

	January 1, 2019	Increase	Decrease	Debt Issuance Costs	December 31, 2019
Bohn Tower Mortgage/Bonds	$ 14,797,966	$ 9,013	$ (112,897)	$ 316,189	$ 15,010,271
Carver Park I Mortgage/Bonds	35,981,731	-	(2,087,597)	590,877	34,485,011
Carver Park II Mortgage/Bonds	24,334,454	4,774,536	-	335,989	29,444,979
Euclid-Lee Mortgages	12,300,978	-	-	-	12,300,978
Fairfax Mortgage/Construction	6,472,789	4,397	(27,536)	30,051	6,479,701
Garden Valley I Mortgages	15,627,695	3,012	-	69,886	15,700,593
Garden Valley II Mortgages	10,139,559	1,648	-	68,201	10,209,408
Garden Valley III Mortgages	15,387,613	3,865	-	161,707	15,553,185
Garden Valley IV Mortgages	8,896,590	4,324	(27,927)	158,190	9,031,177
Miles Pointe Mortgage	2,984,333	1,567	-	14,100	3,000,000
Riverside Park Phase II	-	53,318,337	(896,603)	-	52,421,734
Total	$ 146,923,708	$ 58,120,699	$ (3,152,560)	$ 1,745,190	$ 203,637,037

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

Obligations under the debt agreements are as follows:

	Principal
2020	$ 5,058,948
2021	16,011,057
2022	27,036,239
2023	684,085
2024	708,874
Thereafter	154,137,834
Total	$ 203,637,037

Bohn Tower Redevelopment, L.P.

On February 1, 2015, the Partnership entered into a mortgage loan agreement with Bellwether Enterprise Real Estate Capital, LLC in an amount not to exceed $11,000,000. The maturity date is November 1, 2056. Principal and interest, at 4.40%, are to be paid monthly. At December 31, 2019, $10,667,270 in debt remained outstanding and unamortized debt issuance costs totaled $316,188.

On February 1, 2015, the Partnership entered into an Authority Funds Loan Agreement with the Authority in the amount of $2,543,000. The maturity date shall be 42 years, or February 1, 2057. Interest accrues at 7.00%. At December 31, 2019, $2,543,000 and $868,460 in debt and deferred interest, respectively, remained outstanding.

On February 1, 2015, the Partnership signed a promissory note with the Authority in the amount of $1,800,000 to lease the land and building. The maturity date is January 31, 2047. Interest on the unpaid balance will accrue at the rate of 3.00%. At December 31, 2019, $1,800,000 in debt remained outstanding.

Carver Park Phase I, L.P.

On September 8, 2016, the Partnership signed a Leasehold Acquisition Note in the amount of $14,010,000 with the Authority. The maturity date will be September 7, 2061. Interest will accrue and compound at 1.90% annually. At December 31, 2019, the principal amount of $14,010,000 was outstanding.

On September 8, 2016, the Partnership signed an Authority Funds Note in the amount of $7,000,000 with the Authority. The maturity date will be no later than September 7, 2061. Interest will accrue at 1.90% annually. Interest and principal will be due and payable on the maturity date. At December 31, 2019, the principal amount of $7,000,000 was outstanding.

On September 1, 2016, the Partnership entered into a Leasehold Multifamily Mortgage with Red Mortgage Capital, LLC, in the amount of $13,700,000, interest will accrue at 3.56% annually. The maturity date for this debt is July 1, 2058. At December 31, 2019, the outstanding debt is $13,475,011 and the unamortized debt issuance costs totaled $590,877.

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

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

Carver Park Phase II, L.P.

On May 1, 2018, the Partnership signed an Authority Funds Note for $1,157,551 with the Authority. The maturity date will be no later than April 30, 2063. Interest will accrue at 1.00% annually. Interest and principal will be due and payable on the maturity date. At December 31, 2019, $1,157,551 and $11,575 in debt and deferred interest, respectively, remained outstanding.

On May 1, 2018, the Partnership signed a Leasehold Acquisition Note for $5,390,000 with the Authority. The maturity date will be no later than May 1, 2063. Interest will accrue at 3.04% annually. At December 31, 2019, the amount of $5,390,000 was outstanding.

On May 1, 2018, the Partnership issued Multifamily Housing Revenue Bonds, Series 2018, for $11,500,000. The maturity date is June 1, 2021. The initial interest rate is 2.2%, with interest payable on June 1 and December 1 of each year, commencing December 1, 2018. At December 31, 2019, $11,500,000 was outstanding.

On May 1, 2018, the Partnership signed a Promissory Note for $1,224,000 with OCFC PNC Affordable Housing Loan Fund LLC. The note is to be paid by the Limited Partner's Capital Contribution upon the later of October 1, 2019 or satisfaction of certain conditions. The loan bears interest at a rate equal to the greater of: (a) Prime Rate (5.50% as of December 31, 2019) minus 0.5%, or (b) 3%, per annum. At December 31, 2019, $1,224,000 and $91,154 in debt and deferred interest, respectively, remained outstanding.

On May 1, 2018, the Partnership signed a Promissory Note in the amount of $3,060,000 with OCFC Capital Magnet Loan Pool LLC. The note is to be paid by the Limited Partner's Capital Contribution upon the later of April 25, 2020 or satisfaction of certain conditions. The loan bears interest at a rate of 1.75% per annum. At December 31, 2019, $3,060,000 and $3,421 in debt and deferred interest, respectively, remained outstanding.

On May 1, 2018, the Partnership signed a FHA Loan in the amount not to exceed $5,483,000 from Red Mortgage Capital LLC. The maturity date is October 1, 2059. The loan bears interest at 3.85% per annum. At December 31, 2019, $5,417,433 and $3,882 in debt and deferred interest, respectively, remained outstanding.

On May 1, 2018, the Partnership entered into a pledged fee note in the amount not to exceed $2,485,263 from WRRMC. The maturity date is May 1, 2063. The loan bears interest at 1.00% per annum. At December 31, 2019, $1,695,995 and $4,855 in debt and deferred interest, respectively, remained outstanding.

Euclid-Lee Senior, L.P.

On November 4, 2011, the Partnership entered into a loan Agreement with the Authority in the amount not to exceed $6,059,163. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2019, $5,962,955 and $40,345 in debt and accrued interest payable, respectively, remained outstanding.

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

Euclid-Lee Senior, L.P. (Continued)

On November 4, 2011, the Partnership entered into a promissory note with the Authority in the amount not to exceed $6,338,348. The loan is secured by a mortgage on the rental property and is due on its maturity date of November 5, 2056. Interest accrues at a rate of 0.10% per annum. No principal or interest payments are required until its maturity date. At December 31, 2019, $6,338,023 and $40,680 in debt and accrued interest payable, respectively, remained outstanding.

Fairfax Intergenerational Housing, L.P.

On October 22, 2012, the Partnership entered into a loan agreement with the Authority in the amount of $1,400,000. The loan is secured by a mortgage on the rental property and is due 50 years after construction of the Project has been completed and a final occupancy certificate has been issued. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date on October 24, 2062. At December 31, 2019, $1,400,000 and $21,681 in debt and accrued interest payable, respectively, remained outstanding.

On October 12, 2012, the Partnership entered into a promissory note with Fairfax Renaissance Development Corporation (FRDC), an affiliate of the General Partner, in the amount of $998,000. The loan is secured by the rental property and bears interest at the rate of 0.25% per annum. No principal or interest payments are required until its maturity date of June 30, 2059. At December 31, 2019, $998,000 and $17,940 in debt and accrued interest payable, respectively, remained outstanding.

On October 12, 2012, the Partnership entered into a loan agreement with FRDC in the amount of $3,202,000. The loan is secured by the rental property and interest accrues at a rate of 0.25%. The term of the loan will be 45 years and the loan term will begin on the date when all construction work has been performed in compliance with the obligations of the Agreement. No principal or interest payments are required until its maturity date. At December 31, 2019, $3,202,000 and $49,709 in debt and accrued interest payable, respectively, remained outstanding.

On October 22, 2012, the Partnership entered into a Construction Loan Agreement with PNC Bank in an amount not to exceed $1,000,000, with the option to convert the loan into a permanent loan not to exceed $1,000,000. Commencing May 1, 2015 the loan bears interest at 3.95% per annum. At December 31, 2019, $879,701 was outstanding. Interest incurred and expensed during 2019 was $35,836. Debt issuance costs were $30,051 at December 31, 2019.

Garden Valley Housing Partnership I, L.P.

On November 18, 2009, the Partnership entered into a loan agreement with the Authority in the amount of $11,700,000. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2019, $11,700,000 and $187,200 in debt and accrued interest payable, respectively, remained outstanding. Unamortized debt issuance costs totaled $69,886 at December 31, 2019.

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

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

On November 18, 2009, the Partnership entered into a promissory note with the Authority in the amount of $1,750,593. The loan is secured by a mortgage on the rental property and is due on its maturity date of April 1, 2062. Interest accrues at a rate of 0.20% per annum. No principal or interest payments are required until its maturity date. At December 31, 2019, $1,750,593 and $28,008 in debt and accrued interest payable, respectively, remained outstanding.

On September 23, 2009, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of $2,250,000. The loan is secured and interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date of December 31, 2060. At December 31, 2019, $2,250,000 and $49,639 in debt and accrued interest payable, respectively, remained outstanding.

Garden Valley Housing Partnership II, L.P.

On March 17, 2010, the Partnership entered into a loan agreement with the Authority in the amount of $10,209,408. The loan is secured by a second mortgage on the rental property and is due on its maturity date of December 31, 2060. The loan is non-interest bearing and no principal payments are required until its maturity date. At November 30, 2019, $10,209,408 in debt remained outstanding. Unamortized debt issuance costs totaled $68,201 at November 30, 2019.

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

Garden Valley Housing Partnership III, L.P.

On September 16, 2010, the Partnership entered into a Capital Competitive Recovery Act Fund Loan Agreement with the Authority in the amount of $14,953,185. The loan is secured by a mortgage on the rental property and is due fifty years after the first day of the month following construction completion, or January 2062. Interest accrues at a rate of 0.50% per annum. No principal or interest payments are required until its maturity date. At December 31, 2019, $14,953,185 and $525,042 in debt and accrued interest payable, respectively, remained outstanding. Unamortized Debt issuance costs totaled $161,707 at December 31, 2019.

On September 16, 2010, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of $600,000. The loan is secured by the rental property and is non-interest bearing unless the Partnership fails to comply with the requirements set forth in the loan agreement, in which case the loan will bear interest at a rate of 10% per annum. No principal or interest payments are required until its maturity date of December 31, 2061. At December 31, 2019, $600,000 in debt remained outstanding.

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

Garden Valley Housing Partnership IV, L.P.

On December 21, 2015, the Partnership entered into an Authority Funds Loan Agreement with the Authority, in the amount not to exceed $3,870,234. The funds will be used for the development of Heritage View Homes IV, which includes 60 units of housing, all of which will be Rental Assistance Demonstration Project-Based units (RAD). Interest will accrue at 2.75% per annum. Principal and interest will be payable December 21, 2057, the maturity date. At December 31, 2019, $3,870,234 and $382,210 in debt and accrued interest, respectively, remained outstanding.

On December 21, 2015, the Partnership entered into a Housing Trust Fund Home Investment Partnership loan agreement with the City of Cleveland in the amount of $600,000. The loan is secured by the rental property and is non-interest bearing unless the Partnership fails to comply with the requirements set forth in the loan agreement, in which case the loan will bear interest at a rate of 2% per annum. No principal or interest payments are required until its maturity date of May 1, 2057. At December 31, 2019, $600,000 and $12,000 in debt and accrued interest, respectively, remained outstanding.

On December 21, 2015, the Partnership entered into a loan agreement with the Ohio Housing Finance Authority in the amount of $1,500,000. The interest rate is 0.0% and payments of $375,000 are due in four installments as outlined in the loan agreement. At December 31, 2019, $1,125,000 in debt remained outstanding.

On December 21, 2015, the Partnership entered into a loan agreement with the Ohio Housing Finance Authority in the amount of $1,000,000. This loan is secured by the Project. The loan bears interest at 2.0%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, December 21, 2055. As of December 31, 2019, the outstanding principal balance was $1,000,000 and deferred interest as of December 31, 2019 was $60,822.

On December 23, 2015, the Partnership entered into a loan agreement with Bellwether Enterprise Real Estate Capital, LLC in an amount not to exceed $2,509,900. The maturity date is March 1, 2057. Principal and interest, at 4.0%, are to be paid monthly, however only interest is paid through March 1, 2017 with principal payments beginning April 1, 2017. At December 31, 2019, $2,435,943 and $8,213 in debt and accrued interest, respectively, remained outstanding, and unamortized debt issuance costs totaled $158,190.

Miles Pointe Elderly, L.P.

On August 16, 2012, the Partnership entered into an Authority Funds Loan Agreement with the Authority in the amount of $3,000,000. The loan is secured by a mortgage on the rental property and is due in 45 years. Interest accrues at a rate of 0.25% per annum. No principal or interest payments are required until its maturity date of August 16, 2057. At December 31, 2019, $3,000,000 and $37,126 in debt and accrued interest payable, respectively, remained outstanding. Unamortized debt issuance costs totaled $14,100 at December 31, 2019.

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

Riverside Park Homes II, L.P.

On March 1, 2019, the Partnership entered into a loan agreement with ORIX Real Estate Capital, LLD in the amount of $13,750,000. This loan is secured by the Project. The loan bears interest at 4.90%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, April 1, 2061. As of December 31, 2019, the outstanding principal balance was $6,296,734.

On March 1, 2019, the Partnership entered into a loan agreement with Huntington National Bank in the amount of $26,000,000. This loan is secured by the Project. The loan bears interest at 2.00%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, April 1, 2022. As of December 31, 2019, the outstanding principal balance was $26,000,000.

On March 26, 2019, the Partnership entered into a loan agreement with the Ohio Housing Finance Authority in the amount of $500,000. This loan is secured by the Project. The loan bears interest at 0.0%. Principal payments are subject to surplus cash and are deferred until its maturity date, March 26, 2059. As of December 31, 2019, the outstanding principal balance was $450,000.

On March 27, 2019 the Partnership entered into a loan agreement with the Ohio Preservation Loan Fund in the amount of $4,545,000. This loan is secured by the Project. The loan bears interest at variable rates. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, March 25, 2064. As of December 31, 2019, the outstanding principal balance was $795,000 and deferred interest as of December 31, 2019 was $1,046.

On March 26, 2019, the Partnership entered into a loan agreement with CMHA in the amount of $12,950,000. This loan is secured by the Project. The loan bears interest at 3.22%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, March 26, 2064. As of December 31, 2019, the outstanding principal balance was $12,950,000.

On March 26, 2019, the Partnership entered into a loan agreement with the Ohio Housing Finance Authority in the amount of $1,000,000. This loan is secured by the Project. The loan bears interest at 2.00%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, March 26, 2059. As of December 31, 2019, the outstanding principal balance was $900,000.

On March 27, 2019, the Partnership entered into a loan agreement with OCFC Capital Magnet Loan Pool LLC in the amount of $3,030,000. This loan is secured by the Project. The loan bears interest at 1.75%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, March 25, 2021. As of December 31, 2019, the outstanding principal balance was $3,030,000 and deferred interest as of December 31, 2019 was $2,357.

On March 25, 2019, the Partnership entered into a loan agreement with the Ohio Housing Finance Authority in the amount of $2,000,000. This loan is secured by the Project. The loan bears interest at 0.00%. Principal and interest payments are subject to surplus cash and are deferred until its maturity date, April 15, 2028. As of December 31, 2019, the outstanding principal balance was $2,000,000.

NOTE 12 LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations for the year ended December 31, 2019 was as follows:

	Business-Type Activities				
	January 1, 2019	Increase	Decrease	December 31, 2019	Due Within One Year
Long-Term Debt Obligations	$ 61,993,990	$ 400,985	$ (7,599,411)	$ 54,795,564	$ 20,387,048
Workers' Compensation Liability	1,231,141	226,784	(79,321)	1,378,604	400,000
Compensated Absences	3,561,842	2,662,287	(3,448,645)	2,775,484	373,467
Other Noncurrent Liabilities	1,031,893	17,950	(83,482)	966,361	-
Total	$ 67,818,866	$ 3,308,006	$ (11,210,859)	$ 59,916,013	$ 21,160,515

	Discretely Presented Component Units				
	January 1, 2019	Increase	Decrease	December 31, 2019	Due Within One Year
Long-Term Debt Obligations	$ 146,923,708	$ 58,120,699	$ (1,407,370)	$ 203,637,037	$ 5,058,948
Other Noncurrent Liabilities	17,958,362	5,252,264	-	23,210,626	-
Total	$ 164,882,070	$ 63,372,963	$ (1,407,370)	$ 226,847,663	$ 5,058,948

NOTE 13 CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2019, CMHA has authorized the issuance of the following Multifamily Housing Revenue Bonds (MHRB) for the Partnerships listed below:

Partnership Name	Original Date of Loan	Bond Name	Balance Outstanding at 12/31/2019
Carver Park Phase I, LP	9/1/2016	MHRB, Series 2016	$ 30,500,000
Carver Park Phase II, LP	5/16/2018	MHRB, Series 2018	11,500,000
Riverside Park Phase II, LP	3/20/2019	MHRB, Series 2019	26,000,000
Riverside Park Phase III, LP **	3/1/2020	MHRB, Series 2020	35,000,000
			$ 103,000,000

** Issued subsequent to year end.

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS

Plan Description

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

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

Benefits Provided

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

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

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Benefits Provided (Continued)

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 A	Group B	Group C
Age and Service Requirements: Age 60 with 60 months of service credit of age 55 with 25 years for service credit	Age and Service Requirements: Age 60 with 60 months of service credit of age 55 with 25 years for service credit	Age and Service Requirements: Age 57 with 25 years of service credit of age 62 with 5 years for service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Benefits Provided (Continued)

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% 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 December 31, 2019. Plan members were required to contribute 10% of covered payroll while the Authority's contribution rate was 14% of covered payroll. The Authority's contractually required contributions to OPERS were $5,169,488 for the year ended December 31, 2019.

Net Pension Liability

The net pension liability was measured as of December 31, 2018, 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.

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Net Pension Liability (Continued)

The Authority reported a net pension liability of $70,936,218 as its proportionate share of the Traditional Plan and a net pension asset of $360,752 as its proportionate share for the Combined Plan. The Authority's proportion was 0.259005% for the Traditional Plan and 0.322611% for the Combined Plan.

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

For the year ended December 31, 2019, the Authority recognized pension expense of $16,585,934. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference Between Expected and Actual Experience	$ -	$ (1,124,848)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,125,646	-
Change in Assumptions	6,340,668	-
Contributions Subsequent to Measurements Date	5,169,488	-
Change in Proportionate Share	-	(2,723,534)
Total	$ 20,635,802	$ (3,848,382)

(1) - Information provided by OPERS

The $5,169,488 reported deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. 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 December 31,	Pension Expense
2020	$ 5,178,721
2021	1,396,984
2022	548,600
2023	4,494,812
2024	(7,593)
Thereafter	6,408
Total	$ 11,617,932

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Actuarial Assumptions

Total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	December 31, 2018
Actuarial cost method:	Individual entry age
Cost-of-living adjustments:	3.00% through 2018, then 2.15%
Wage Inflation:	3.25%
Investment rate of return:	7.20%
Experience study date:	Period of 5 years ended December 31, 2015
Mortality basis:	RP-2014 Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. 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.

NOTE 14 RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Investment Rate of Return (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return as of the December 31, 20198 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the table below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.79%
Domestic Equities	19.00	6.21%
Real Estate	10.00	4.90%
Private Equity	10.00	10.81%
International Equities	20.00	7.83%
Other Investments	18.00	5.50%
Total	100.00 %	5.95%

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

The following table represents the Authority's proportionate share of net pension liability at the 7.20% discount rate as well as the sensitivity to a 1.00% increase and a 1.00% decrease in the current discount rate:

		1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Plan	Authority's Proportionate Share of the Net Pension Liability	$ 104,793,423	$ 70,936,218	$ 42,800,576
Combined and Member-Directed Plan	Authority's Proportionate Share of the Net Pension Asset	(119,366)	(360,752)	(535,344)

Source: OPERS 2018 CAFR multiplied by Authority's proportionate share

Assumption Changes

During the current measurement period, the OPERS board adopted certain assumption changes, which impacted its annual actuarial valuation prepared as of December 31, 2017. The most significant change is a reduction in the discount rate from 7.50% to 7.20%, which increased the Authority's respective net pension liability.

NOTE 15 POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

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

NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

With the assistance of the System's actuary and Board approval, a portion of each employer's contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0% for 2018. The employer contribution as a percent of covered payroll deposited for RMA participants in the Member-Directed Plan for 2018 was 4.0%.

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

As of December 31, 2019, the Authority reported a liability of $33,574,529 for its proportionate share of the net OPEB liability. The net OPEB was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. At December 31, 2018, the Authority's proportion was 0.25752% of the total net OPEB liability.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference Between Expected and Actual Experience	$ 11,369	$ (91,098)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,082,483	-
Change in Assumptions	1,539,194	-
Change in Proportionate Share	-	(1,740,521)
	$ 2,633,046	$ (1,831,619)

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

Year Ended December 31,	
2020	$ 389,188
2021	(613,677)
2022	205,194
2023	820,722
Total	$ 801,427

NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Valuation date:	December 31, 2018
Actuarial cost method:	Individual entry age
Wage Inflation :	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029
Investment rate of return:	6.00%
Experience study date:	Period of 5 years ended December 31, 2015
Mortality basis:	RP-2014 Healthy Annuitant Mortality Table

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

The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The table below displays the approved asset allocation for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00 %	2.42%
Domestic Equities	21.00	6.21%
REIT's	6.00	5.98%
International Equities	22.00	7.83%
Other Investments	17.00	5.57%
Total	100.00 %	5.16%

NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The single discount rate used to measure the total OPEB liability was 3.96%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.96%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Net OPEB Liability	$ 42,954,336	$ 33,574,529	$ 26,115,103

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Net OPEB Liability	$ 32,272,406	$ 33,574,529	$ 35,074,224

NOTE 15 POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position

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

NOTE 16 INSURANCE COVERAGE AND RISK RETENTION

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

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

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

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

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

Workers' Compensation Benefits—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than $500,000 per individual occurrence with a $10,000,000 limit in the aggregate. The Authority has recorded a $1,378,604 liability for self-insured workers' compensation claims in its Central Office Cost Center and is fully funded at December 31, 2019.

NOTE 16 INSURANCE COVERAGE AND RISK RETENTION (CONTINUED)

The changes in the Authority's self-insured funds' unpaid claims liability in fiscal years 2019, 2018 and 2017 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payouts	End of Year	Expected Amount Due Within One Year
2019	$ 1,231,141	$ 226,784	$ (79,321)	$ 1,378,604	$ 400,000
2018	1,949,300	(128,615)	(401,790)	1,418,895	800,000
2017	2,070,167	412,032	(532,899)	1,949,300	800,000

The liabilities above represent the Authority's best estimates based upon available information and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic factors. The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self-inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs, and the establishment of an accident and incident investigation program. During 2019, there were no significant reductions in the Authority's insurance coverage.

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

NOTE 17 CONTINGENCIES

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

NOTE 18 COMMITMENTS – BUSINESS-TYPE ACTIVITIES

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

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

Construction Commitments

Project Type	
Elevators	$ 909,000
Fire Alarms	1,252,876
Total Construction Commitments	$ 2,161,876

NOTE 19 RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS

Below is a summary of restricted net position at December 31, 2019:

	Business-Type Activities	Discretely Presented Component Units
Nonroutine Maintenance and Debt Service Reserves	$ 4,490,971	$ -
Restricted Reserves and Deposits	-	6,814,792
Bond Restricted Funds for Collateral	-	11,604,829
Restricted Funds Held by Third Party	2,457,588	-
Mainstream Voucher Restricted Reserves	210,207	-
Section 8 Moderate Rehabilitation Reserves	168,203	-
Investments and Bond Funds	1,382,827	-
Other	324,663	-
Total Restricted Net Position at December 31, 2019	$ 9,034,459	$ 18,419,621

NOTE 20 SUBSEQUENT EVENTS

The spread of novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on residents, employees and vendors, all of which are uncertain and cannot be determined at this time.

On February 20, 2020, CMHA issued $16,320,000 in General Revenue Refunding Bonds, Series 2020, to refund the 2009B Build American Bonds and 2016 CMHA Headquarters Project Bonds.

On June 4, 2020, the Authority sold the Market Rate Property – Woody Woods as referenced in Note 1 – Definition of the Entity.

NOTE 21 FUTURE ACCOUNTING PRONOUNCEMENTS

GASB routinely issues standard that will become effective in future years. The following is a list of standards that have been issued that management has determined may have an impact on future financial statements of the Authority. Management is currently evaluating the specific impact of these Standards.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Authority is evaluating the potential impacts of the following postponed GASB statements on its accounting practices and financial statements:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 87, *Leases*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- GASB Statement No. 91, *Conduit Debt Obligations*

NOTE 22 BLENDED COMBINING SCHEDULE

	Western Reserve Revitalization and Management Company, Inc.								
	Western Reserve Revitalization and Management Company, Inc.	1701 Holdings, LLC	Severance Redevelopment LLC	Ambleside Redevelopment LLC	Quarrytown Redevelopment LLC	Cuyahoga Housing and Development, Inc.	Eliminations	Primary Government	Total
ASSETS AND DEFERRED OUTFLOWS									
Current Assets	$ 7,196,611	$ 17,072	$ 1,278,555	$ 1,529,381	$ 1,015,500	$ -	$ (508,630)	$ 37,592,851	$ 48,121,340
Capital Assets	11,609,433	534,277	5,079,487	3,488,637	4,197,889	-	-	122,476,946	147,386,669
Other Assets	36,248,585	-	-	-	-	7,773,213	(9,494,429)	92,783,359	127,310,728
Deferred Outflow of Resources	-	-	-	-	-	-	-	23,268,848	23,268,848
Total Assets and Deferred Outflows	$ 55,054,629	$ 551,349	$ 6,358,042	$ 5,018,018	$ 5,213,389	$ 7,773,213	$ (10,003,059)	$ 276,122,004	$ 346,087,585
LIABILITIES, DEFERRED INFLOWS AND NET POSITION									
Current Liabilities	$ 3,700,172	$ 458,567	$ 347,189	$ 398,737	$ 303,445	$ -	$ (508,630)	$ 39,117,527	$ 43,817,007
Noncurrent Liabilities	9,890,558	-	5,273,179	5,898,453	3,570,986	-	(9,494,429)	128,127,498	143,266,245
Deferred Inflows of Resources	-	-	-	-	-	-	-	5,680,001	5,680,001
Net Position	41,463,899	92,782	737,674	(1,279,172)	1,338,958	7,773,213	-	103,196,978	153,324,332
Total Liabilities, Deferred Inflows & Net Position	$ 55,054,629	$ 551,349	$ 6,358,042	$ 5,018,018	$ 5,213,389	$ 7,773,213	$ (10,003,059)	$ 276,122,004	$ 346,087,585
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION									
Operating Revenues	$ 7,770,744	$ 264,466	$ 2,182,470	$ 2,361,864	$ 1,537,774	$ -	$ -	$ 206,956,866	$ 221,074,184
Operating Expenses	(1,044,468)	(153,260)	(1,322,887)	(1,611,795)	(1,282,671)	-	-	(217,089,130)	(222,504,211)
Operating Income (Loss)	6,726,276	111,206	859,583	750,069	255,103		-	(10,132,264)	(1,430,027)
Nonoperating Revenues	524,894	-	2,283	1,729	1,082	-	-	7,358,030	7,888,018
Nonoperating Expenses	(551,439)	(18,424)	(514,388)	(433,625)	(400,042)	-	-	(898,299)	(2,816,217)
Change in Net Position	6,699,731	92,782	347,478	318,173	(143,857)		-	(3,672,533)	3,641,774
Beginning Net Position, As Restated	33,964,168	-	910,196	(1,317,345)	1,482,815	-	-	114,642,724	149,682,558
Capital Contributions (Distributions)	800,000	-	(520,000)	(280,000)	-	-	-	-	-
Prior Period Adjustment/Equity Transfer	-	-	-	-	-	7,773,213	-	(7,773,213)	-
Ending Net Position	$ 41,463,899	$ 92,782	$ 737,674	$ (1,279,172)	$ 1,338,958	$ 7,773,213	$ -	$ 103,196,978	$ 153,324,332
CASH FLOWS									
Net Cash Provided (Used) By									
Operating Activities	$ 1,683,134	$ 17,072	$ 564,949	$ 425,913	$ 77,573	$ -	$ -	$ 17,728,839	$ 20,497,480
Investing Activities	(8,685)	-	-	(2,724)	-	-	-	1,451,832	1,440,423
Financing Activities	1,083,273	-	(606,195)	(378,269)	(58,716)	-	-	(9,991,283)	(9,951,190)
Net Increase (Decrease) in Cash	2,757,722	17,072	(41,246)	44,920	18,857	-	-	9,189,388	11,986,713
Cash and Cash Equivalents - Beginning of Year	2,159,209	-	1,277,975	1,446,277	963,967	-	-	21,065,417	26,912,845
Cash and Cash Equivalents - End of Year	$ 4,916,931	$ 17,072	$ 1,236,729	$ 1,491,197	$ 982,824	$ -	$ -	$ 30,254,805	$ 38,899,558

NOTE 23 DISCRETELY PRESENTED COMBINING SCHEDULE

	Riverside Park Homes, LP	Garden Valley Housing Partnership I, LP	Garden Valley Housing Partnership II, LP	Garden Valley Housing Partnership III, LP	Garden Valley Housing Partnership IV, LP	Euclid-Lee Senior, LP
ASSETS						
Current Assets	$ 957,089	$ 1,410,355	$ 812,374	$ 841,620	$ 804,489	$ 506,339
Capital Assets	11,359,525	14,725,451	8,974,919	15,779,273	11,022,022	15,230,874
Other Assets	621,595	559,215	408,530	596,714	532,751	57,370
Total Assets	$ 12,938,209	$ 16,695,021	$ 10,195,823	$ 17,217,607	$ 12,359,262	$ 15,794,583
Current Liabilities	$ 685,591	$ 222,284	$ 80,536	$ 85,785	$ 492,071	$ 391,732
Noncurrent Liabilities	-	16,819,780	10,209,408	16,786,304	9,222,784	13,366,992
Total Liabilities	685,591	17,042,064	10,289,944	16,872,089	9,714,855	13,758,724
Net Position	12,252,618	(347,043)	(94,121)	345,518	2,644,407	2,035,859
Total Liabilities & Net Position	$ 12,938,209	$ 16,695,021	$ 10,195,823	$ 17,217,607	$ 12,359,262	$ 15,794,583
Operating Revenues	$ 709,575	$ 800,055	$ 423,035	$ 586,853	$ 558,603	$ 563,010
Operating Expenses	(1,150,754)	(1,314,297)	(1,033,262)	(1,257,051)	(729,922)	(1,152,948)
Operating Income (Loss)	$ (441,179)	$ (514,242)	$ (610,227)	$ (670,198)	$ (171,319)	$ (589,938)
Nonoperating Revenues	$ 150	$ 6,986	$ 1,148	$ 1,663	$ 1,105	$ 1,944
Nonoperating Expenses	-	(8,636)	(1,648)	(3,865)	(206,282)	-
Income (Loss) Before Capital Contributions	(441,029)	(515,892)	(610,727)	(672,400)	(376,496)	(587,994)
Capital Contributions/Syndication Costs	-	-	(71,439)	-	-	30,000
Beginning Net Position	12,693,647	168,849	588,045	1,017,918	3,020,903	2,593,853
Ending Net Position	$ 12,252,618	$ (347,043)	$ (94,121)	$ 345,518	$ 2,644,407	$ 2,035,859

NOTE 23 DISCRETELY PRESENTED COMBINING SCHEDULE (CONTINUED)

	Miles Point Elderly, LP	Fairfax Intergenerational Housing, LP	Bohn tower Redevelopment, LP	Carver Park I, LP	Carver Park II	Riverside Park Phase II, LP	Total
ASSETS							
Current Assets	$ 218,519	$ 483,241	$ 1,191,244	$ 5,503,555	$ 12,618,869	$ 32,645,041	$ 57,992,735
Capital Assets	7,995,841	10,060,757	21,376,959	32,824,006	16,614,909	18,094,900	184,059,436
Other Assets	64,363	222,616	2,349,891	21,945,850	5,878,546	12,950,000	46,187,441
Total Assets	$ 8,278,723	$ 10,766,614	$ 24,918,094	$ 60,273,411	$ 35,112,324	$ 63,689,941	$ 288,239,612
Current Liabilities	$ 452,960	$ 341,072	$ 624,884	$ 1,179,833	$ 5,066,276	$ 3,653,602	$ 13,276,626
Noncurrent Liabilities	3,117,226	7,375,382	17,818,922	42,301,936	28,958,608	55,811,373	221,788,715
Total Liabilities	3,570,186	7,716,454	18,443,806	43,481,769	34,024,884	59,464,975	235,065,341
Net Position	4,708,537	3,050,160	6,474,288	16,791,642	1,087,440	4,224,966	53,174,271
Total Liabilities & Net Position	$ 8,278,723	$ 10,766,614	$ 24,918,094	$ 60,273,411	$ 35,112,324	$ 63,689,941	$ 288,239,612
Operating Revenues	$ 303,598	$ 442,393	$ 2,612,101	$ 3,528,894	$ 848,270	$ 1,174,685	$ 12,551,072
Operating Expenses	(595,686)	(724,821)	(2,386,390)	(3,180,861)	(998,499)	(722,697)	(15,247,188)
Operating Income (Loss)	$ (292,088)	$ (282,428)	$ 225,711	$ 348,033	$ (150,229)	$ 451,988	$ (2,696,116)
Nonoperating Revenues	$ 894	$ 3,179	$ 1,588	$ 13,980	$ 181,265	$ 170,795	$ 384,697
Nonoperating Expenses	(1,567)	(50,876)	(701,937)	(530,992)	(526,082)	-	(2,031,885)
Income (Loss) Before Capital Contributions	(292,761)	(330,125)	(474,638)	(168,979)	(495,046)	622,783	(4,343,304)
Capital Contributions/Syndication Costs	-	-	253,581	1,985,659	17,961	3,602,183	5,817,945
Beginning Net Position	5,001,298	3,380,285	6,695,345	14,974,962	1,564,525	-	51,699,630
Ending Net Position	$ 4,708,537	$ 3,050,160	$ 6,474,288	$ 16,791,642	$ 1,087,440	$ 4,224,966	$ 53,174,271

REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability						
Traditional Plan	0.259005%	0.283163%	0.317163%	0.308500%	0.312972%	0.312972%
Combined Plan	0.322611%	0.362293%	0.404353%	0.427760%	0.377704%	0.377704%
Authority's Proportionate Share of the Net Pension Liability (Asset), Net	$ 70,575,466	$ 43,929,587	$ 71,797,274	$ 53,436,109	$ 37,602,496	$ 36,855,689
Authority's Covered Payroll (3)	$ 37,581,297	$ 40,722,840	$ 44,241,700	$ 40,192,267	$ 39,751,167	$ 40,473,923
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	187.79%	107.87%	162.28%	132.95%	94.59%	91.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability						
Traditional Plan	74.70%	77.25%	77.25%	81.08%	86.45%	86.36%
Combined Plan	126.64%	116.55%	116.55%	116.90%	114.83%	104.56%

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

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

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

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions (2)	$ 5,169,488	$ 5,229,361	$ 5,580,777	$ 5,309,004	$ 4,823,072	$ 4,770,140	$ 5,261,610
Contributions in Relation to the Contractually Required Contributions	(5,169,488)	(5,229,361)	(5,580,777)	(5,309,004)	(4,823,072)	(4,770,140)	(5,261,610)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 37,581,297	$ 43,578,011	$ 46,506,475	$ 44,241,700	$ 40,192,267	$ 39,751,167	$ 40,473,923
Contributions as a Percentage of Covered Payroll	13.76%	12.00%	12.00%	12.00%	12.00%	12.00%	13.00%

Source: Authority's financial records.

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

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

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

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.25752%	0.28142%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ 33,574,529	$ 30,560,105
Authority's Covered-Employee Payroll	$ 37,581,297	$ 37,989,750
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	89.34%	80.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
DECEMBER 31, 2019

	2019	2018
Contractually Required Contributions	$ 41,919	$ 39,675
Contributions in Relation to the Contractually Required Contributions	41,919	39,675
Contribution Deficiency (Excess)	$ -	$ -
Authority Covered-Employee Payroll	$ 37,581,297	$ 37,989,750
Contributions as a Percentage of Covered-Employee Payroll	0.11%	0.10%

Source: OPERS decides on the allocation of contributions to the OPEB plan after contributions are collected from CMHA. This amount was taken from the Schedule of Employer Allocations - Defined Benefit -Pension and is reported in the Contributions Subsequent to Measurement Date for the Pension Plan.

NOTE 1 PRESENTATION

Ohio Public Employees Retirement System (OPERS) Net Pension Liability

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

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

SUPPLEMENTARY INFORMATION

See accompanying Notes to Financial Statements.

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

Members of the Board
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Cuyahoga Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 12, 2020. Our report includes a reference to other auditors who audited the financial statements of Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Garden Valley Housing Partnership IV, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly Limited Partnership, Fairfax Intergenerational Housing, L.P., Bohn Tower Redevelopment, L.P., Carver Park Phase I, L.P. and Carver Park Phase II, L.P. as described in our report to the Authority's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The audits Riverside Park Homes, L.P., Garden Valley Housing Partnership I, L.P., Garden Valley Housing Partnership II, L.P., Garden Valley Housing Partnership III, L.P., Euclid-Lee Senior, L.P., Miles Pointe Elderly Limited Partnership, Fairfax Intergenerational Housing, L.P. and Carver Park Phase II, L.P were not performed 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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
November 12, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Cuyahoga Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of the discretely presented component units which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
November 12, 2020

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Direct Awards:				
Public and Indian Housing	14.850	-	$ -	$ 67,116,002
Capital Fund Program	14.872	-	-	20,169,826
Jobs Plus Pilot Initiative	14.895	-	-	1,040,735
Resident Opportunity and Supportive Services	14.870	-	-	492,934
Choice Neighborhood Planning Grant	14.889	-	-	169,264
Section 8 Project-Based Cluster				
Moderate Rehabilitation	14.856	-	-	624,314
New Construction and Substantial Rehabilitation	14.182	-	-	4,252,930
Total Section 8 Project-Based Cluster				4,877,244
Housing Voucher Cluster:				
Mainstream Vouchers	14.879	-	-	644,061
Housing Choice Vouchers	14.871	-	-	104,517,509
Total Housing Voucher Cluster				105,161,570
Total Expenditures of Federal Awards				$ 199,027,575

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs of the Cuyahoga Metropolitan Housing Authority (the Authority) for the year ended December 31, 2019. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.871/14.879	Housing Voucher Cluster

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 Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

CMHA
ENRICHING LIVES SINCE 1933
CUYAHOGA METROPOLITAN HOUSING AUTHORITY

EXECUTIVE OFFICE
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CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019

U.S. Department of Housing and Urban Development

The Cuyahoga Metropolitan Housing Authority respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2019.

Audit period: January 1, 2019 – December 31, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018-001 Significant Deficiency in Internal Control over Financial Reporting

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

Status: This finding was corrected in FY19.

2018-002 Significant Deficiency in Internal Control over Financial Reporting

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

Status: This finding was corrected in FY19.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018 – 003 Low Rent Public Housing Eligibility

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

Status: This finding was corrected in FY19.

If the U.S. Department of Housing and Urban Development has questions regarding this schedule, please call Tami Marinella at 216-271-2757.

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OHIO AUDITOR OF STATE
KEITH FABER

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/24/2020

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