

**CINCINNATI METROPOLITAN
HOUSING AUTHORITY
HAMILTON COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 14, 2014

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**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio, as of and for the year ended June 30, 2013, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cincinnati Metropolitan Housing Authority, as of June 30, 2013, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
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Date: 2014.01.31 14:23:17 -05'00'

January 13, 2014

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

This discussion and analysis provides the reader with a narrative overview and financial analysis of the Cincinnati Metropolitan Housing Authority's (CMHA) financial activities and performance for the year ended June 30, 2013. This section should be read in conjunction with the audited financial statements and accompanying notes.

Financial Highlights

- CMHA's total assets and liabilities were \$350.8 million and \$30.9 million, respectively; therefore, net position was \$319.9 million as of June 30, 2013.
- Total revenues, including capital contributions and total expenses, were \$126.5 million and \$121.0 million, respectively, resulting in a \$5.5 million change in net position for fiscal year 2013.
- Fiscal year 2013 resulted in a net increase in cash and cash equivalents of \$4.1 million, a decrease in investments of \$3.1 million, and an increase of \$4.0 million in capital assets, which includes construction-in-progress.

Overview of the Financial Statements

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

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)**

Overview of the Financial Statements

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

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

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

Choice Neighborhood Grant - In 2011, CMHA applied for a Choice Neighborhood Planning Grant for the Fairmount neighborhood, which included the former English Woods public housing site, as well as the Cincinnati neighborhoods of North and South Fairmount. The awarded grant of \$201,844 supports the development of a comprehensive revitalization plan focused on the following three goals: Housing, People, and Neighborhoods. During the 2013 fiscal year, CMHA and the Community Building Institute, its planning partner, significantly completed most of the activities associated with this plan.

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

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)**

Overview of CMHA's Financial Position and Operations

Net Position

CMHA's total net position increased by \$4.4 million during fiscal year 2013. The combination of cash, cash equivalents, and investments increased by \$1.0 million over fiscal year 2012. The increase in cash and cash equivalents resulted primarily from a reduction of receivables related to the Capital Grant program offset by operating losses from the Low Income Public Housing and Housing Choice Voucher programs.

Total liabilities decreased in fiscal year 2013 by \$1.1 million. This was attributed to the payment of long term debt and the timing of the disbursement of payables.

**Statement of Net Position (in Millions)
(Condensed)**

	2013	2012	Change
<u>ASSETS</u>			
Current Assets	\$ 50.1	\$ 56.2	\$ (6.1)
Other Assets	59.7	53.2	6.5
Capital Assets	241.0	237.0	4.0
TOTAL ASSETS	350.8	346.4	4.4
<u>LIABILITIES AND NET POSITION</u>			
<u>Liabilities</u>			
Current Liabilities	8.1	7.8	0.3
Long-Term Liabilities	22.8	24.2	(1.4)
Total Liabilities	30.9	32.0	(1.1)
<u>Net Position</u>			
Net Investment in Capital Assets	219.0	213.2	5.8
Restricted Net Position	5.8	9.7	(3.9)
Unrestricted Net Position	95.1	91.5	3.6
Total Net Position	319.9	314.4	5.5
TOTAL LIABILITIES AND NET POSITION	\$ 350.8	\$ 346.4	\$ 4.4

Revenues, Expenses, and Changes in Net Position

CMHA's operating revenue for fiscal year 2013 decreased by \$19.7 million due primarily to reduced subsidy for the Low Income Public Housing Program, the Housing Choice Voucher Program, and the Capital Grant programs. Operating expenses were \$4.1 million less than last year primarily due to decreases in administrative expenses along with contracted and operations maintenance. The changes in operating revenues and expenses resulted in a positive net change in net position of \$5.5 million on a consolidated basis.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)**

Statement of Revenues, Expenses, and Change in Net Position (Millions)			
(Condensed)			
	2013	2012	Change
<u>Operating Revenues</u>			
Operating/Other Revenues	\$ 11.5	\$ 13.5	\$ (2.0)
Governmental Revenues	112.7	130.4	(17.7)
Total Operating Revenues	124.2	143.9	(19.7)
<u>Operating Expenses</u>			
Operating Expenses	113.5	117.6	(4.1)
Depreciation Expense	6.7	5.4	1.3
Total Operating Expenses	120.2	123.0	(2.8)
Net Operating Income	4.0	20.9	(16.9)
Total Non-Operating Revenue/Expenses	1.5	1.3	0.2
Change in Net Position	5.5	22.2	(16.7)
Net Position, Beginning of Year	314.4	292.2	22.2
Net Position, End of Year	\$ 319.9	\$ 314.4	\$ 5.5

Capital Assets and Debt Administration

As of June 30, 2013, CMHA's investment in capital assets balance for its Proprietary Fund was \$241.0 million (net of accumulated depreciation). This represents an increase of \$4.0 million over fiscal year 2012.

Major capital assets increased \$15.5 million during the fiscal year. The increase pertained to new construction and construction-in-progress as it relates to CMHA's Capital Fund and Replacement Housing Factor funds. See Note 7 for more information regarding capital assets.

CMHA's long-term portion of debt as of June 30, 2013, was \$20.7 million. The long-term debt decreased \$1.3 million over fiscal year 2012. This reduction in long-term debt was due, in a large part, to payments on existing debt and refraining from incurring additional long-term debt.

See Note 11 for more information regarding outstanding debt.

Authority Budget Information

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)**

Budgetary Considerations for Fiscal Year 2014

The greatest budgetary challenges faced by CMHA involve the ongoing reduction of operating funds due to the pro-ration factors used in the funding calculations by HUD. The following economic factors were considered in preparing CMHA's budget for fiscal year 2014:

- Higher occupancy and utilization, as well as lower tenant rental contributions in association with the economic downturn.
- Reduction of Operating Subsidy due to the completion of the energy savings contract as of December 31, 2012.
- Continued reduction in overall funding resulting from the sequester.
- Change in funding methods, levels, and pro-ration factors for Housing Choice Voucher, Low Income Public Housing, Capital Fund, and Replacement Housing Factor programs.
- Reorganization within CMHA to promote efficiencies and a more effective structure.
- Reduction of administrative expenses, including Early Retirement Incentive and employee furloughs.

Contacting CMHA

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

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 37,391,577
Cash and Cash Equivalents - Restricted	7,758,210
Investments at Fair Value - Unrestricted	1,025,663
Accounts Receivable, Net of Allowance for Doubtful Accounts	1,422,585
Due from Other Governments	1,768,819
Inventory, Net of Allowance of Obsolescence	287,506
Prepaid Expenses	421,538
Total Current Assets	<u>50,075,898</u>

Capital Assets

Non-Depreciable Capital Assets	55,431,200
Depreciable Capital Assets, Net	185,551,142
Total Capital Assets	<u>240,982,342</u>

Other Assets

Notes and Mortgages Receivable	40,302,332
Interest Receivable	19,259,153
Insurance Deposits	175,223
Total Other Assets	<u>59,736,708</u>

TOTAL ASSETS	<u>\$ 350,794,948</u>
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See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013
(CONTINUED)**

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$ 1,693,644
Accrued Wages and Taxes Payable	746,724
Accrued Compensated Absences	226,314
Other Accrued Liabilities	1,953,394
Due to Other Governments	1,088,984
Notes and Bonds Payable - Current Portion	1,295,530
Prepaid Rents	18,086
Payable from Restricted Assets:	
Resident Security Deposits	1,023,054
Total Current Liabilities	8,045,730

Noncurrent Liabilities

Notes Payable, Net of Current Portion	20,724,656
Workers' Compensation Contingency	85,173
Accrued Compensated Absences	1,129,374
Payable from Restricted Assets:	
Family Self-Sufficiency Escrows	881,583
Total Noncurrent Liabilities	22,820,786
Total Liabilities	30,866,516

Net Position

Net Investment in Capital Assets	218,962,156
Restricted Net Position	5,841,862
Unrestricted Net Position	95,124,414
Total Net Position	319,928,432
TOTAL LIABILITIES AND NET POSITION	\$ 350,794,948

See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Operating Revenues</u>	
Rental Revenue	\$ 10,245,747
Governmental Revenue	96,170,146
Other Revenue	1,272,371
Total Operating Revenues	<u>107,688,264</u>
<u>Operating Expenses</u>	
Administrative	18,734,762
Tenant Services	446,094
Utilities	8,315,693
Ordinary Maintenance and Operations	11,450,119
Protective Services	738,424
General Expenses	3,877,403
Housing Assistance Payments	69,894,515
Depreciation	6,671,422
Total Operating Expenses	<u>120,128,432</u>
Operating Loss	<u>(12,440,168)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Gain on Disposal of Capital Assets	18,857
Loss on Disposal of Notes Receivable	(202,583)
Interest Revenue - Unrestricted	2,453,356
Interest Revenue - Restricted	249
Interest Expense	(819,232)
Total Nonoperating Revenues	<u>1,450,647</u>
Change in Net Position Before Capital Grants Revenue	<u>(10,989,521)</u>
Capital Grants Revenue	16,553,330
Net Change in Net Position	<u>5,563,809</u>
Net Position - Beginning of Year, as Reported	<u>314,364,623</u>
Net Position - End of Year	<u>\$ 319,928,432</u>

See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Cash Flows from Operating Activities</u>	
Receipts from Residents and Other Deposits	\$ 10,379,539
Governmental Operating Revenues	97,614,602
Other Receipts	1,071,046
Administrative Expenses	(18,906,036)
Other Operating Expenses	(24,359,500)
Housing Assistance Payments	(69,894,515)
Net Cash Provided by Operating Activities	<u>(4,094,864)</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(15,504,432)
Principal Paid on Capital Debt	(1,769,730)
Cash from Disposal of Assets	784,579
Interest Paid	(813,090)
Capital Grants	22,534,737
Net Cash Provided by Capital and Related Financing Activities	<u>5,232,064</u>
 <u>Cash Flows from Investing Activities</u>	
Investment Proceeds	3,091,088
Investment Income	1,007
Investment in Notes Receivable	(158,798)
Net Cash Used in Accounting Activities	<u>2,933,297</u>
Net Increase in Cash and Cash Equivalents	4,070,497
 Cash and Cash Equivalents - Beginning of Year	 41,079,290
Cash and Cash Equivalents - End of Year	<u>\$ 45,149,787</u>
 <u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Loss	\$ (12,440,168)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	6,671,422
Increase in Tenant Receivables	54,794
Decrease in Due To/From Other Governments	1,063,421
Increase in Other Receivables	(19,235)
Increase in Inventory	56,393
Decrease in Prepaid Expenses	(45,765)
Decrease in Intergovernmental Payable	381,035
Increase in Security Deposits	1,086
Increase in Accounts Payable	(164,987)
Decrease in Compensated Absences	(122,942)
Increase in Accrued Liabilities	478,150
Decrease in Deferred Revenue	360
Decrease in Other Liabilities	(8,428)
Net Cash Provided by Operating Activities	<u>\$ (4,094,864)</u>

A non-cash transaction was made for \$4,098,811 representing an increase in notes receivable and a decrease in capital assets.

See accompanying notes to the financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Organization

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

B. Reporting Entity

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

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

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

C. Summary of HUD Programs

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

C. Summary of HUD Programs (Continued)

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

a. **Low Rent Public Housing**

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

b. **Modernization and Development**

Substantially all additions to land, buildings, and equipment are accomplished through the HOPE VI Program, Capital Fund Program, and grants funded under the American Recovery and Reinvestment Act. These programs add to, replace, or materially upgrade deteriorated portions of CMHA's housing units. Funding is provided through programs established by HUD.

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

Housing Choice Vouchers and Moderate Rehabilitation

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

D. Basis of Presentation of Accounting

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

D. Basis of Presentation of Accounting (Continued)

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

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

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

E. Budgets

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

F. Revenue Recognition

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

G. Cash Equivalents

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

H. Restricted Cash and Cash Equivalents

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

I. Receivables /Bad Debts

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

J. Interprogram Receivables and Payables

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

K. Investments

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

L. Inventories

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

M. Prepaid Items

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

N. Restricted Assets

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

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

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

O. Use of Estimates

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

P. Fair Value of Financial Instrument

CMHA's financial instruments at June 30, 2013, including cash, investments, accounts receivable, and accounts payable, closely approximate fair value.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

Q. Capital Assets

Book Value

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

Land values were derived from development closeout documents.

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

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

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

Depreciation

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

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

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

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

Maintenance and Repairs Expenditures

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

R. Compensated Absences

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

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

S. Equity Transfers

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

T. Annual Contribution Contracts

Annual contribution contracts provide that HUD shall audit and examine the records of public housing authorities. Accordingly, final determination of CMHA's financing and contribution status for the annual contribution contracts is the responsibility of HUD based upon financial reports submitted by CMHA.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

A. Deposits

At year end, the carrying amount of CMHA's deposits was \$45,149,787 (including \$7,758,210 of restricted funds and \$1,735 of petty cash) and the bank balance was \$45,999,650. Of the bank balance, \$568,650 was covered by federal depository insurance and \$45,431,000 was covered by collateral held by Fifth Third Bank party trustees, pursuant to Section 135.181 of the Ohio Revised Code, in collateral pools serving all public funds on deposit with specific depository institutions.

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

B. Investments

CMHA's investments at June 30, 2013 are summarized below:

<u>Investment</u>	<u>Maturity Year</u>	<u>Amount</u>	<u>Credit Rating Moody's/S&P</u>
Fifth Third Inst. Gov't MMkt.		\$ 1,025,663	AAA
Total		\$ 1,025,663	

Custodial Credit Risk

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

Interest Rate Risk

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

B. Investments

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

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

C. Restricted Cash and Investments

Restricted Cash and Investments - Section 8 Programs	\$ 4,201,416
Security Deposit Cash Held in Escrow	1,023,054
Cash of the CFFP Program	1,652,157
Family Self-Sufficiency Program Escrows	881,583
Total Restricted Cash and Investments at June 30, 2013	<u><u>\$ 7,758,210</u></u>

NOTE 3: **ACCOUNTS RECEIVABLE**

Tenants Accounts Receivable	\$ 256,872
The Affiliates/Project Monitoring; Other Receivables	1,165,713
Total Accounts Receivable	<u><u>\$ 1,422,585</u></u>

NOTE 4: **INTERPROGRAM TRANSFERS**

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

NOTE 5: **DUE FROM OTHER GOVERNMENTS**

U.S. Department of Housing and Urban Development	<u><u>\$1,768,819</u></u>
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**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 6: NOTES/OTHER RECEIVABLES

Notes Receivable

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

<u>Amount</u>	<u>Maker</u>	<u>Date of Note</u>	<u>Interest</u>	<u>Maturity Date</u>
\$ 10,406,323	Lincoln Court Partnerships	LCI - 3/20/01 LCII - 3/20/01 LCIII - 2/28/02 LCIV - 08/26/03	AFR	40 Years
13,945,677	Laurel Home Partnerships	LHI - 10/24/02 LHII - 12/15/03 LHIV - 01/22/02 LHIV - 11/01/04 LHV - 9/30/06	AFR	40 Years
9,213,520	Reserve on South Martin Ltd. Partnership	10/1/2011	AFR	45 Years
3,035,000	Springdale Senior Ltd. Partnership RHF/Capital Funds	3/27/2007	3.50%	50 Years
1,260,987	Springdale Senior Ltd. Partnership Project Based Section 8 Reserve	3/27/2007	AFR	50 Years
885,000	Springdale Senior Ltd. Partnership	3/27/2007	0.00%	50 years
580,000	Springdale Senior Ltd. Partnership Developer Fee	3/27/2007	0/0%	50 years
510,000	Springdale Senior Ltd. Partnership Ground Lease	5/10/2006	4.79%	75 years
<u>\$ 39,836,507</u>				
465,825	Other Receivables			
<u>\$ 40,302,332</u>	Total Notes/Other Receivables			

Ground Lease

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

Other Receivables

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 7: CAPITAL ASSETS

	Balance June 30, 2012	Additions	Reclass	Deletions	Balance June 30, 2013
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 28,297,519	\$ 0	\$ 1,764,211	\$ 0	\$ 30,061,730
Construction in Progress	19,282,018	15,481,034	(4,529,087)	(4,864,495)	25,369,470
<i>Total Capital Assets Not Being Depreciated</i>	<u>47,579,537</u>	<u>15,481,034</u>	<u>(2,764,876)</u>	<u>(4,864,495)</u>	<u>55,431,200</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	351,726,481	10,864	2,673,103	(35)	354,410,413
Furniture, Equipment, and Machinery	6,119,247	0	91,773	(162,964)	6,048,056
Leasehold Improvements	113,842	12,534	0	0	126,376
Infrastructure	30,519,094	0	0	0	30,519,094
<i>Subtotal Capital Assets Being Depreciated</i>	<u>388,478,664</u>	<u>23,398</u>	<u>2,764,876</u>	<u>(162,999)</u>	<u>391,103,939</u>
Accumulated Depreciation -					
Buildings and Improvements	(194,731,792)	(5,530,690)	0	0	(200,262,482)
Furniture and Equipment	(3,702,162)	(505,078)	0	162,964	(4,044,276)
Leasehold Improvements	0	(25,275)	0	0	(25,275)
Infrastructure	(610,382)	(610,382)	0	0	(1,220,764)
<i>Subtotal Accumulated Depreciation</i>	<u>(199,044,336)</u>	<u>(6,671,425)</u>	<u>0</u>	<u>162,964</u>	<u>(205,552,797)</u>
Depreciable Assets, Net	189,434,328	(6,648,027)	2,764,876	(35)	185,551,142
Total Capital Assets, Net	<u>\$ 237,013,865</u>	<u>\$ 8,833,007</u>	<u>\$ 0</u>	<u>\$ (4,864,530)</u>	<u>\$ 240,982,342</u>

Of the deletions for construction-in-progress above, \$4,098,811 is not truly a disposal but is a transfer of NSP2 related assets to the Reserve on South Martin Limited Partnership. The transfer is also reflected in the notes receivable in Note 6 above.

NOTE 8: COMPENSATED ABSENCES PAYABLE

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

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 8: COMPENSATED ABSENCES PAYABLE (Continued)

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

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

At June 30, 2013, total compensated absences liability is \$1,355,688, of which \$226,314 is current and \$1,129,374 is long-term.

Schedule of Change in Compensated Absences					
June 30, 2012					
Current Portion	Long-Term Portion	Total	Additions	Reductions	June 30, 2013
\$ 221,521	\$ 1,257,109	\$ 1,478,630	\$ 658,060	\$ 781,002	\$ 1,355,688

NOTE 9: OTHER ACCRUED LIABILITIES

Accrued Workers' Compensation - Current Portion	\$ 145,917
Contract Retainage	531,810
Accrued Liabilities	834,807
Accrued Reserve on South Martin Construction Liability	150,000
Other	290,860
Total Other Accrued Liabilities	\$ 1,953,394

NOTE 10: DUE TO OTHER GOVERNMENTS

U.S. Department of Housing and Urban Development	\$ 400,350
Payment in Lieu of Taxes (PILOT)	688,634
Total Due to Other Governments	\$ 1,088,984

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 11: NOTES PAYABLE

Authority Program	Principal Balance	Current Portion	Long-Term Portion	Payee	Interest Rate	Note Date
Hamilton County	\$ 800,000	\$ 100,000	\$ 700,000	HOME	2.00%	01/1996
Hamilton County	1,018,676	101,868	916,808	CDBG	2.00%	03/1998
Hamilton County	1,200,000	0	1,200,000	HOME	2.00%	11/1998
Hamilton County	900,000	0	900,000	HOME	2.00%	10/1999
Hamilton County	1,150,000	0	1,150,000	HOME	2.00%	06/2002
Hamilton County	1,040,910	35,041	1,005,869	Fifth Third Bank	4.95%	12/2001
Hamilton County	512,669	71,399	441,270	US Bank	5.25%	12/1998
Low Rent Public Housing	127,545	127,545	0	Siemens Financial	5.10%	08/2001
Capital Fund Financing	15,270,386	859,677	14,410,709	Deutsche Bank	4.55%	11/2006
Total All Programs	\$ 22,020,186	\$ 1,295,530	\$ 20,724,656			

Hamilton County (HOME & CDBG) Loans (Items 1-5)

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

Bank Loans (Items 6-7)

These loans were acquired to expand the affordable housing program using locally available funds. There is no capitalized interest.

Siemens Financial (Item 8)

This loan is in the form of a lease-purchase agreement between CMHA and Siemens Financial. Proceeds of the loan were used to purchase equipment which reduces energy cost. The savings from the conservation will exceed the cost of the loan.

Capital Fund Financing (Item 9)

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 11: NOTES PAYABLE (Continued)

Maturity Date	Principal Amount	Interest Amount	Total
2014	\$ 1,295,530	\$ 754,290	\$ 2,049,820
2015	1,333,579	708,039	2,041,618
2016	1,471,327	660,291	2,131,618
2017	1,521,291	610,327	2,131,618
2018	1,688,705	557,913	2,246,618
2019-2023	8,716,498	1,949,280	10,665,778
2024-2028	5,712,132	471,030	6,183,162
2029-2032	281,124	26,247	307,371
Total	\$ 22,020,186	\$ 5,737,417	\$ 27,757,603

NOTE 12: CHANGES IN LONG-TERM LIABILITIES

	Balance June 30, 2012			Payments	Additions	Balance June 30, 2013		
	Current	Noncurrent	Total			Total	Current	Noncurrent
Notes Payable	\$ 1,769,731	\$ 22,020,185	\$ 23,789,916	\$ (1,769,730)	\$ 0	\$ 22,020,186	\$ 1,295,530	\$ 20,724,656
Workers' Comp Contingency	134,226	99,499	233,725	(460,027)	457,392	231,090	145,917	85,173
Compensated Absences	221,521	1,257,109	1,478,630	(776,462)	653,520	1,355,688	226,314	1,129,374
Family Self-Sufficiency Funds	0	875,685	875,685	(462,124)	468,022	881,583	0	881,583
Total	\$ 2,125,478	\$ 24,252,478	\$ 26,377,956	\$ (3,468,343)	\$ 1,578,934	\$ 24,488,547	\$ 1,667,761	\$ 22,820,786

NOTE 13: DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

All full-time CMHA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

Ohio Public Employees Retirement System (Continued)

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

OPERS provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, by calling (614) 222-5601 or 1-800-222-7377, or by using the OPERS website at <http://www.opers.org/investments/cafr.shtml>.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10 percent of their annual covered salaries to fund pension obligations. The employer pension contribution rate for CMHA was 14 percent of covered payroll. CMHA's required contributions to OPERS for the years ended June 30, 2013, 2012, and 2011, were \$1,828,746, \$1,967,444, and \$1,873,697, respectively. One hundred percent of CMHA's required contribution was made for the years ended 2013, 2012, and 2011.

NOTE 14: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

A. **Plan Description** (Continued)

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, by calling 614-222-5601 or 1-800-222-7377, or by using the OPERS website at <http://www.opers.org/investments/cafr.shtml>

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In the fiscal year ending June 30, 2013, CMHA contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

A. **Funding Policy** (Continued)

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For the period July 1, 2012 through December 31, 2012, the employer contribution allocated to health care was 4.0 percent, and for the period January 1, 2013 through June 30, 2013, the employer contribution allocated to health care was 1.0 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual CMHA contributions for the years ended June 30, 2013, 2012, and 2011, which were used to fund post-employment benefits were \$326,562, \$562,099, and \$602,260, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCCP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 15: **RISK MANAGEMENT**

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 15: **RISK MANAGEMENT** (Continued)

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

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

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

NOTE 16: **COMMITMENTS**

CMHA is engaged in modernization programs funded by HUD. CMHA has entered into construction-type contracts with approximately \$6,561,667 remaining until completion.

NOTE 17: **CONTINGENCIES**

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

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 18: RESTRICTED NET POSITION

Section 8 Programs HAP Equity	\$ 4,189,705
CFFP Equity	1,652,157
Total Restricted Net Position	\$ 5,841,862

NOTE 19: LEASING ACTIVITIES (AS LESSOR)

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

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

NOTE 20: GASB STATEMENT IMPLEMENTATION

For 2013, the Authority implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

The objective of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements Nos. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 20: **GASB STATEMENT IMPLEMENTATION** (Continued)

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the Authority; however, there was no effect on beginning net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority; however, there was no effect on the financial statements of the Authority.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
STATEMENT OF MODERNIZATION COSTS - COMPLETED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Modernization Project Number	<u>OH10P00450105</u>	<u>OH10P00450106</u>	<u>OH10P00450107</u>	<u>OH10P00450108</u>	<u>OH10R00450104</u>
Funds Approved	\$ 11,678,793	\$ 12,319,032	\$ 12,102,419	\$ 13,164,514	\$ 513,862
Funds Expended	<u>11,678,793</u>	<u>12,319,032</u>	<u>12,102,419</u>	<u>13,164,514</u>	<u>513,862</u>
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced	\$ 11,678,793	\$ 12,319,032	\$ 12,102,419	\$ 13,164,514	\$ 513,862
Funds Expended	<u>11,678,793</u>	<u>12,319,032</u>	<u>12,102,419</u>	<u>13,164,514</u>	<u>513,862</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Modernization Project Number	<u>OH10R00450105</u>	<u>OH10R00450106</u>	<u>OH10R00450204</u>	<u>OH10R00450205</u>
Funds Approved	\$ 1,141,457	\$ 1,042,944	\$ 2,709,937	\$ 2,780,459
Funds Expended	<u>1,141,457</u>	<u>1,042,944</u>	<u>2,709,937</u>	<u>2,780,459</u>
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced	\$ 1,141,457	\$ 1,042,944	\$ 2,709,937	\$ 2,780,459
Funds Expended	<u>1,141,457</u>	<u>1,042,944</u>	<u>2,709,937</u>	<u>2,780,459</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.

3. There are no discharged mechanics, laborers, contractors, or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.889 Choice Neighborhoods Implementation Grants	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted			231,988	8,221,848	37,391,577		37,391,577
113 Cash - Other Restricted			6,331		6,735,156		6,735,156
114 Cash - Tenant Security Deposits			-		1,023,054		1,023,054
100 Total Cash	-	-	238,319	8,221,848	45,149,787	-	45,149,787
122 Accounts Receivable - HUD Other Projects		836	18,028	458,615	1,768,819		1,768,819
125 Accounts Receivable - Miscellaneous			-	359,284	1,165,713		1,165,713
126 Accounts Receivable - Tenants			-		178,960		178,960
128 Fraud Recovery			-		594,598		594,598
128.1 Allowance for Doubtful Accounts - Fraud			-		-516,686		-516,686
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	836	18,028	817,899	3,191,404	-	3,191,404
131 Investments - Unrestricted			-		1,025,663		1,025,663
142 Prepaid Expenses and Other Assets			214	122,648	421,538		421,538
143 Inventories			-	305,627	305,627		305,627
143.1 Allowance for Obsolete Inventories			-	-18,121	-18,121		-18,121
144 Inter Program Due From	3,067		8,398	505,907	1,019,707	-1,019,707	-
150 Total Current Assets	3,067	836	264,959	9,955,808	51,095,605	-1,019,707	50,075,898
161 Land			-		30,061,730		30,061,730
162 Buildings	1,569,611		-	86,275	354,410,413		354,410,413
163 Furniture, Equipment & Machinery - Dwellings			-	32,603,736	825		825
164 Furniture, Equipment & Machinery - Administration			-	2,265,253	6,047,231		6,047,231
165 Leasehold Improvements			-	126,376	126,376		126,376
166 Accumulated Depreciation			-	-28,723,999	-205,552,797		-205,552,797
167 Construction in Progress			-	9,140,986	25,369,470		25,369,470
168 Infrastructure			-		30,519,094		30,519,094
160 Total Capital Assets, Net of Accumulated Depreciation	1,569,611	-	-	15,498,627	240,982,342	-	240,982,342
171 Notes, Loans and Mortgages Receivable - Non-Current			-	1,282,748	59,561,485		59,561,485
174 Other Assets	9,218,674		-	175,223	175,223		175,223
180 Total Non-Current Assets	10,788,285	-	-	16,956,598	300,719,050	-	300,719,050
190 Total Assets	10,791,352	836	264,959	26,912,406	351,814,655	-1,019,707	350,794,948

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	Project Total	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,871 Housing Choice Vouchers	14,866 Revitalization of Severely Distressed Public Housing	14,239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	Business Activities
312 Accounts Payable <= 90 Days	1,018,858		55,985		214,299		769
321 Accrued Wage/Payroll Taxes Payable	260,278	1,276	157,553				
322 Accrued Compensated Absences - Current Portion	82,877	239	24,596				
325 Accrued Interest Payable					7,751		
331 Accounts Payable - HUD PHA Programs	278,666	20,700	76,625				
333 Accounts Payable - Other Government	607,520						
341 Tenant Security Deposits	935,724				51,523		35,807
342 Deferred Revenues	9,990				3,842		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	987,222						
345 Other Current Liabilities	491,341				308,308		
346 Accrued Liabilities - Other	923,024	169	30,955	5,118			11
347 Inter Program - Due To	656,801		55,460				
310 Total Current Liabilities	6,252,301	22,384	401,174	5,118	585,723	-	36,587
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	14,410,709						
353 Non-current Liabilities - Other	30,401	82	899,230		6,313,947		
354 Accrued Compensated Absences - Non Current	316,561	1,355	139,378				
350 Total Non-Current Liabilities	14,757,671	1,437	1,038,608	-	6,313,947	-	-
300 Total Liabilities	21,009,972	23,821	1,439,782	5,118	6,899,670	-	36,587
508.1 Invested In Capital Assets, Net of Related Debt	171,685,627		237,576	29,298,330	-702,426		1,374,811
511.1 Restricted Net Assets	1,652,157		4,146,919			42,786	
512.1 Unrestricted Net Assets	26,150,407	201,348	1,450,257	43,075,587	-58,363	-	5,875,136
513 Total Equity/Net Assets	199,488,191	201,348	5,834,752	72,373,917	-760,789	42,786	7,249,947
600 Total Liabilities and Equity/Net Assets	220,498,163	225,169	7,274,534	72,379,035	6,138,881	42,786	7,286,534

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.889 Choice Neighborhoods Implementation Grants	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days			-	403,733	1,693,644		1,693,644
321 Accrued Wage/Payroll Taxes Payable			1,498	326,119	746,724		746,724
322 Accrued Compensated Absences - Current Portion			281	118,321	226,314		226,314
325 Accrued Interest Payable			-		7,751		7,751
331 Accounts Payable - HUD PHA Programs			24,359		400,350		400,350
333 Accounts Payable - Other Government			-	81,114	688,634		688,634
341 Tenant Security Deposits			-		1,023,054		1,023,054
342 Deferred Revenues			-	4,254	18,086		18,086
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			-		1,295,530		1,295,530
345 Other Current Liabilities			-	1,644	492,985		492,985
346 Accrued Liabilities - Other			200	493,181	1,452,658		1,452,658
347 Inter Program - Due To		836	-	306,610	1,019,707	-1,019,707	-
310 Total Current Liabilities	-	836	26,338	1,734,976	9,065,437	-1,019,707	8,045,730
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			-		20,724,656		20,724,656
353 Non-current Liabilities - Other			97	36,946	966,756		966,756
354 Accrued Compensated Absences - Non Current			1,594	670,486	1,129,374		1,129,374
350 Total Non-Current Liabilities	-	-	1,691	707,432	22,820,786	-	22,820,786
300 Total Liabilities	-	836	28,029	2,442,408	31,886,223	-1,019,707	30,866,516
508.1 Invested in Capital Assets, Net of Related Debt	1,569,611		-	15,498,627	218,962,156		218,962,156
511.1 Restricted Net Assets			-		5,841,862		5,841,862
512.1 Unrestricted Net Assets	9,221,741	-	236,930	8,971,371	95,124,414		95,124,414
513 Total Equity/Net Assets	10,791,352	-	236,930	24,469,998	319,928,432	-	319,928,432
600 Total Liabilities and Equity/Net Assets	10,791,352	836	264,959	26,912,406	351,814,655	-1,019,707	350,794,948

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	Business Activities
70300 Net Tenant Rental Revenue	9,270,087				804,399		178,185
70400 Tenant Revenue - Other	-30,190				22,735		531
70500 Total Tenant Revenue	9,239,897	-	-	-	827,134	-	178,716
70600 HUD PHA Operating Grants	23,454,848	102,576	71,681,366	567,713			
70610 Capital Grants	12,451,641						
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70700 Total Fee Revenue	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	497		5	2,249,175	18		198,299
71400 Fraud Recovery			330,590				
71500 Other Revenue	590,667		180,205	35,713	2,263		1,224
71600 Gain or Loss on Sale of Capital Assets	4,519		249				
72000 Investment Income - Restricted							
70000 Total Revenue	45,742,069	102,576	72,192,415	2,852,601	829,415	-	378,239
91100 Administrative Salaries	1,828,223	10,527	2,121,182		85,230		
91200 Auditing Fees	46,472		13,668				
91300 Management Fee	3,699,183		1,010,535				
91310 Book-keeping Fee	422,528		994,703				
91400 Advertising and Marketing	478		1				
91500 Employee Benefit contributions - Administrative	1,681,414	4,275	889,798		13,909		
91600 Office Expenses	555,770		340,934		53,194		
91700 Legal Expense	125,377		22,063				
91800 Travel	153		5,332				
91900 Other	3,340,235		134,937	16,161			2,054
91000 Total Operating - Administrative	11,699,833	14,802	5,533,153	16,161	152,333	-	2,054

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.889 Choice Neighborhoods Implementation Grants	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			-		10,252,671		10,252,671
70400 Tenant Revenue - Other			-		-6,924		-6,924
70500 Total Tenant Revenue			-		10,245,747		10,245,747
70600 HUD PHA Operating Grants	174,683	68,257	120,703		96,170,146		96,170,146
70610 Capital Grants	4,101,689				16,553,330		16,553,330
70710 Management Fee				4,771,102	4,771,102	-4,709,718	61,384
70720 Asset Management Fee				594,371	594,371	-594,371	-
70730 Book Keeping Fee				1,430,831	1,430,831	-1,417,231	13,600
70740 Front Line Service Fee				5,175,818	5,175,818	-5,169,183	6,635
70700 Total Fee Revenue				11,972,122	11,972,122	-11,890,503	81,619
71100 Investment Income - Unrestricted	5,155			207	2,453,356		2,453,356
71400 Fraud Recovery					330,590		330,590
71500 Other Revenue				206,209	1,016,281	-156,119	860,162
71600 Gain or Loss on Sale of Capital Assets				-188,245	-183,726		-183,726
72000 Investment Income - Restricted					249		249
70000 Total Revenue	4,281,527	68,257	120,703	11,990,293	138,558,095	-12,046,622	126,511,473
91100 Administrative Salaries					7,719,641		7,719,641
91200 Auditing Fees			12,385	3,662,094	69,520		69,520
91300 Management Fee				9,380	4,709,718	-4,709,718	-
91310 Book-keeping Fee					1,417,231	-1,417,231	-
91400 Advertising and Marketing				26,377	26,856		26,856
91500 Employee Benefit contributions - Administrative			5,033	2,152,591	4,747,020		4,747,020
91600 Office Expenses				689,646	1,639,544	-72,119	1,567,425
91700 Legal Expense				118,738	266,178		266,178
91800 Travel				84,833	90,318		90,318
91900 Other	174,466	68,257		511,694	4,247,804		4,247,804
91000 Total Operating - Administrative	174,466	68,257	17,418	7,255,353	24,933,830	-6,199,068	18,734,762

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	Business Activities
92000 Asset Management Fee	594,371						
92100 Tenant Services - Salaries	283,852						
92200 Relocation Costs	5,598						
92400 Tenant Services - Other	155,647						
92500 Total Tenant Services	445,097	-	-	-	-	-	-
93100 Water	970,415				70,943		7,592
93200 Electricity	2,161,639				37,358		18,605
93300 Gas	1,439,473						41,986
93500 Labor							
93600 Sewer	2,925,286				146		31,232
93000 Total Utilities	7,496,813	-	-	-	108,447	-	99,415
94100 Ordinary Maintenance and Operations - Labor	1,434,184				65,549		
94200 Ordinary Maintenance and Operations - Materials and Other	2,055,759		16,228		40,348		4,412
94300 Ordinary Maintenance and Operations Contracts	9,330,034		309,580		168,441		47,844
94000 Total Maintenance	12,819,977	-	325,808	-	274,338	-	52,256
95100 Protective Services - Labor	222,736						
95200 Protective Services - Other Contract Costs	481,349						
95000 Total Protective Services	704,085	-	-	-	-	-	-
96120 Liability Insurance	775,801		42,544				5,076
96130 Workmen's Compensation	116,357	418	68,262		4,001		
96100 Total Insurance Premiums	892,158	418	110,806	-	4,001	-	5,076
96200 Other General Expenses	10,359		179,164				71,587
96210 Compensated Absences	372,654	1,304	181,542				
96300 Payments in Lieu of Taxes	607,520						
96400 Bad debt - Tenant Rents	275,839				7,703		2,964
96500 Bad debt - Mortgages				44,995			
96800 Severance Expense	7,968	6	757				
96000 Total Other General Expenses	1,274,340	1,310	361,463	44,995	7,703	-	74,551

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.889 Choice Neighborhoods Implementation Grants	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee					594,371	-594,371	-
92100 Tenant Services - Salaries				-65	283,787		283,787
92200 Relocation Costs				1,062	6,660		6,660
92400 Tenant Services - Other					155,647		155,647
92500 Total Tenant Services				997	446,094	-	446,094
93100 Water				10,949	1,059,899		1,059,899
93200 Electricity				142,726	2,360,328		2,360,328
93300 Gas				31,754	1,513,213		1,513,213
93500 Labor				392,699	392,699		392,699
93600 Sewer				32,890	2,989,554		2,989,554
93000 Total Utilities				611,018	8,315,693	-	8,315,693
94100 Ordinary Maintenance and Operations - Labor				2,310,218	3,809,951		3,809,951
94200 Ordinary Maintenance and Operations - Materials and Other				448,979	2,565,726		2,565,726
94300 Ordinary Maintenance and Operations Contracts				471,726	10,327,625	-5,253,183	5,074,442
94000 Total Maintenance				3,230,923	16,703,302	-5,253,183	11,450,119
95100 Protective Services - Labor					222,736		222,736
95200 Protective Services - Other Contract Costs				34,339	515,688		515,688
95000 Total Protective Services				34,339	738,424	-	738,424
96120 Liability Insurance				167,631	991,052		991,052
96130 Workmen's Compensation				140,387	329,914		329,914
96100 Total Insurance Premiums				308,018	1,320,966	-	1,320,966
96200 Other General Expenses				206,873	467,983		467,983
96210 Compensated Absences				533,315	1,090,350		1,090,350
96300 Payments in Lieu of Taxes					607,520		607,520
96400 Bad debt - Tenant Rents					286,506		286,506
96500 Bad debt - Mortgages					44,995		44,995
96800 Severance Expense				7,605	16,343		16,343
96000 Total Other General Expenses				747,793	2,513,697	-	2,513,697

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.239 HOME Investment Partnerships Program	97.109 Disaster Housing Assistance Grant	Business Activities
96720 Interest on Notes Payable (Short and Long Term)	737,171				82,061		
96700 Total Interest Expense and Amortization Cost	737,171				82,061		
96900 Total Operating Expenses	36,663,845	16,530	6,331,230	61,156	628,883		233,352
97000 Excess of Operating Revenue over Operating Expenses	9,078,224	86,046	65,861,185	2,791,445	200,532		144,887
97200 Casualty Losses - Non-capitalized	42,740						
97300 Housing Assistance Payments		86,046	69,707,215				
97400 Depreciation Expense	5,643,916		22,934	610,382	158,629		2,855
90000 Total Expenses	42,350,501	102,576	76,061,379	671,538	787,512		236,207
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	3,391,568				41,903		142,032
11020 Required Annual Debt Principal Payments	987,222				308,308		
11030 Beginning Equity	197,237,981	190,891	9,703,716	70,192,854	-802,692	42,786	7,646,641
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	2,745,964	10,457					-538,726
11170 Administrative Fee Equity			1,687,833				
11180 Housing Assistance Payments Equity			4,146,919				
11190 Unit Months Available	63,414	240	135,400		1,356		1,108
11210 Number of Unit Months Leased	62,752	232	133,468		1,230		287

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.889 Choice Neighborhoods Implementation Grants	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELJIM	Total
96720 Interest on Notes Payable (Short and Long Term)					819,232		819,232
96700 Total Interest Expense and Amortization Cost	-	-	-	-	819,232	-	819,232
96900 Total Operating Expenses	174,466	68,257	19,449	12,188,441	56,385,609	-12,046,622	44,338,987
97000 Excess of Operating Revenue over Operating Expenses	4,107,061	-	101,254	-198,148	82,172,486	-	82,172,486
97200 Casualty Losses - Non-capitalized					42,740		42,740
97300 Housing Assistance Payments			101,254		69,894,515		69,894,515
97400 Depreciation Expense				232,706	6,671,422		6,671,422
90000 Total Expenses	174,466	68,257	120,703	12,421,147	132,994,286	-12,046,622	120,947,664
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	4,107,061	-	-	-430,854	5,563,809	-	5,563,809
11020 Required Annual Debt Principal Payments					1,295,530		1,295,530
11030 Beginning Equity	6,684,291		247,387	23,220,768	314,364,623		314,364,623
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-10,457	-2,207,238	-		-
11170 Administrative Fee Equity					1,687,833		1,687,833
11180 Housing Assistance Payments Equity					4,146,919		4,146,919
11190 Unit Months Available			336		201,854		201,854
11210 Number of Unit Months Leased			273		198,242		198,242

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Section 8 Project Based Cluster:		
Section 8 Moderate Rehabilitation - Low Income Housing Assistance Program	14.856	\$ 120,703
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	102,576
Total Section 8 Project Based Cluster		<u>223,279</u>
Public Housing Capital Fund Program	14.872	<u>14,310,347</u>
Section 8 Housing Choice Vouchers	14.871	<u>71,681,366</u>
Low Rent Public Housing	14.850	<u>21,596,142</u>
Revitalization of Public Housing Cluster:		
Choice Neighborhood Implementation Grant	14.889	68,257
Revitalization of Severely Distressed Public Housing	14.866	567,713
Total Revitalization of Public Housing Cluster		<u>635,970</u>
<i>Total Direct Programs</i>		<u>108,447,104</u>
<i>Passed Through from Hamilton County:</i>		
ARRA - Neighborhood Stabilization Program-Recovery Act Funded	14.256	<u>4,276,372</u>
<i>Total Pass-Through Programs</i>		<u>4,276,372</u>
Total U.S. Department of Housing and Urban Development		<u>112,723,476</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 112,723,476</u>

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1: **BASIS OF PRESENTATION**

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

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

Certified Public Accountants

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

Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.01.31 14:23:56 -05'00'

January 13, 2014

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati Metropolitan Housing Authority, Hamilton County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cincinnati Metropolitan Housing Authority, Ohio's major federal programs for the year ended June 30, 2013. Cincinnati Metropolitan Housing Authority, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cincinnati Metropolitan Housing Authority, Ohio'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cincinnati Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Cincinnati Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

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

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G.
Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
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January 13, 2014

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

2013(i) Type of Financial Statement Opinion	Unmodified
2013(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v) Type of Major Programs' Compliance Opinion	Unmodified
2013(vi) Are there any reportable findings under §.510(a)?	No
2013(vii) Major Programs (list): <div style="margin-left: 40px;">Section 8 Housing Choice Voucher - CFDA #14.871</div> <div style="margin-left: 40px;">ARRA - Neighborhood Stabilization Program-Recovery Act Funded - CFDA #14.256</div>	
2013(viii) Dollar Threshold: Type A\B Programs	Type A: \$3,000,000 Type B: All Others
2013(ix) Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013**

The prior audit report, as of June 30, 2012, included no citations or instances of noncompliance. There were no management letter recommendations issued with the audit report as of June 30, 2012.

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Dave Yost • Auditor of State

CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2014**