CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON COUNTY

REGULAR AND SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Cincinnati Metropolitan Housing Authority
1635 Western Ave
Cincinnati, OH 45214

We have reviewed the *Independent Auditor's Report* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2020 through June 30, 2021. 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.

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2022

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Cincinnati Metropolitan Housing Authority

Financial Report
with Supplemental Information
June 30, 2021

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Independent Auditor's Report

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Cincinnati Metropolitan Housing Authority (the "Authority") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Cincinnati Metropolitan Housing Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Springdale Senior, LP; Reserve on South Martin, LP; West Union Square, LLC; Cary Crossing, LLC; and Sutter View, LLC, which represent 66 percent of the assets, 68 percent of the net position, and 70 percent of the revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Springdale Senior, LP; Reserve on South Martin, LP; West Union Square, LLC; Cary Crossing, LLC; and Sutter View, LLC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Springdale Senior, LP; Reserve on South Martin, LP; West Union Square, LLC; Cary Crossing, LLC; and Sutter View, LLC were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Cincinnati Metropolitan Housing Authority as of June 30, 2021 and the respective changes in its financial position and its business-type activities cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Other Matters

Required Supplemental Information

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

Other Information

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

The financial data schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and 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 October 19, 2022 on our consideration of Cincinnati Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Metropolitan Housing Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 19, 2022

This discussion and analysis provide the reader with a narrative overview and financial analysis of the Cincinnati Metropolitan Housing Authority's ("CMHA" or the "Authority") financial activities and performance for the year ended June 30, 2021. This section should be read in conjunction with the unaudited financial statements and accompanying notes.

Financial Highlights

- CMHA's total assets and liabilities were $334.7 million and $83.7 million, respectively; therefore, net position was $251.0 million as of June 30, 2021.

- Total revenues, including capital contributions and total expenses were $151.2 million and $140.0 million, respectively, resulting in a $11.2 million increase in net position for fiscal year 2021.

Overview of the Financial Statements

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

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

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

The Authority's Programs

CMHA has many programs that are consolidated into a single enterprise fund. The major 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 the CMHA's properties. The formula funding methodology used is based upon the number of units, including the bedroom sizes and the age of the buildings/units.

Choice Neighborhood Grant - In 2011, Cincinnati Metropolitan Housing Authority applied for a Choice Neighborhood Planning Grant for the Fairmount neighborhood, which included the former English Woods public housing site, as well as the Cincinnati neighborhoods of North and South Fairmount. The awarded grant of $201,844 supports the development of a comprehensive revitalization plan focused on the following three goals: Housing, People and Neighborhoods. As of the end of fiscal year 2016, CMHA and the Community Building Institute, its planning partner, significantly completed most of the activities associated with this plan.

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

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

Component Units

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government.

The Authority has established nine component unit entities as of June 30, 2021. Two of the entities are wholly-owned by the Authority and, as such, are considered non-profit Blended Component Units. The other component units are considered Discreet Component Units of the Authority and are comprised of mixed-finance and/or RAD conversion entities. Regarding the Discreet Component Units, two entities are limited partnerships and five entities are limited liability companies. The Authority has 0.1% or less ownership interest in these six organizations. Therefore, these organizations are considered discreet component units of the Authority. For purposes of this report, mixed-finance organizations report financials at calendar year end 12/31/20, rather than fiscal year ending 6/30/21

Blended Component Unit

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

- Park Eden Evanston, LLC, an Ohio corporation, was established by the Authority as a wholly-owned subsidiary. Park Eden Evanston, LLC is a 100 – unit apartment complex that was rehabbed for a three million FHA loan. The property provides housing for the low-income families under the Project Based Rental Assistance Program (PBRA).

Discretely Presented Component Units

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

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

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

- West Union Square, LLC (the "LLC"), a Domestic Limited Liability Company, was formed under the laws of the state of Ohio, to construct, own and operate West Union Square, (the "Property"), which will consist of a 70-unit apartment community located in Colerain Township, Ohio. The Property will be intended to serve seniors with low and moderate income located in Hamilton County, Ohio. The property is being developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code.

- Sutter View, LLC (the "LLC"), a Domestic Limited Liability Company, was formed under the laws of the state of Ohio, to construct, own and operate Sutter View, (the "Property"), which consists of a 114-unit apartment community located in North Fairmount, Ohio. The Property has been developed and is operating under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code. On June 26, 2019, the LLC purchased the Property from the Authority in exchange for a seller note in the amount of
  $5,097,000 and cash proceeds to pay down a portion of the EPC note payable. The Property will be developed using proceeds from a mortgage insured by the U.S. Department of Housing and Urban Development (HUD) under Section 221(d)(4) of the National Housing Act.

- Pinecrest RAD, LLC (the "LLC"), a Domestic Limited Liability Company, was formed under the laws of the state of Ohio, to construct, own and operate Pinecrest, (the "Property"), which consists of a 190-unit apartment community located in West Price Hill, Ohio. The Property is being developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code. On June 29, 2020, the LLC purchased the Property from the Authority in exchange for a seller note in the amount of $9,080,000. The Property will be developed using proceeds from a mortgage insured by the U.S. Department of Housing and Urban Development (HUD) under Section 221(d)(4) of the National Housing Act.

- Park Eden Apartments, LLC (the "LLC"), a Domestic Limited Liability Company, was formed under the laws of the state of Ohio, to construct, own and operate Pinecrest, (the "Property"), which consists of a 176-unit apartment community located in Walnut Hills, Ohio. The Property is being developed and operated under the low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code. On August 18, 2020, the LLC purchased the Property from the Authority in exchange for a seller note in the amount of $8,412,629 and cash proceeds to pay down a portion of the EPC note payable. The Property will be developed using proceeds from a mortgage insured by the U.S. Department of Housing and Urban Development (HUD) under Section 221(d)(4) of the National Housing Act.

For purposes of this report, the discretely presented component units report financials at calendar year end December 31, 2020, rather than fiscal year ending June 30, 2021.

Overview of the Authority's Financial Position and Operations

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

	2021	2020	Change
Assets and Deferred Outflows of Resources			
Current Assets	$ 31.7	$ 29.4	$ 2.3
Other Assets	76.7	61.1	15.6
Capital Assets - Net	224.1	231.9	(7.8)
Deferred Outflows of Resources	2.2	3.3	(1.1)
Total Assets and Deferred Outflows of Resources	**334.7**	**325.7**	**9.0**
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities	$ 37.4	$ 27.9	$ 9.5
Long-term Liabilities	27.5	30.3	(2.8)
Net Pension (and OPEB Liability in 2020)	9.9	23.1	(13.2)
Deferred Inflows of Resources	8.9	4.6	4.3
Total Liabilities and Deferred Inflows of Resources	**83.7**	**85.9**	**(2.2)**
Net Investment in Capital Assets	$ 211.6	$ 217.6	$ (6.0)
Restricted Net Position	8.2	6.7	1.5
Unrestricted Net Position	31.2	15.5	15.7
Total Net Position	**251.0**	**239.8**	**11.2**
Total Liabilities, Deferred Inflows of Resources, and Net Position	**334.7**	**325.7**	**9.0**

Statement of Net Position, Discussion

CMHA's total assets and deferred outflows increased by $9.0 million during fiscal year 2021 mainly due to the net effect of making additional advances on the Authority's notes receivable to its RAD converted partnerships, and the disposal of underlying capital assets associated with Park Eden Apartments.

Total liabilities and Deferred Inflow of Resources decreased in fiscal year 2021 by $2.2 million. This was primarily attributed to a decrease in OPEB and net pension liabilities.

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

	2021	2020	Change
Operating Revenues			
Rental Revenue	$ 10.9	$ 11.0	$ (0.1)
Governmental Revenue	120.1	114.3	5.8
Other Revenue	5.2	3.1	2.1
Total Operating Revenue	**136.2**	**128.4**	**7.8**
Operating Expenses			
Administrative	$ 5.9	$ 17.0	$ (11.1)
Utilities	7.8	$ 8.3	(0.5)
Operating and Maintenance	15.4	$ 15.7	(0.3)
Insurance and Taxes	1.1	$ 1.0	0.1
Tenant Services	0.6	$ 0.5	0.1
Protective Services	2.9	$ 2.2	0.7
Other general expenses	10.1	$ 8.3	1.8
Housing Assistance Payments	82.2	$ 80.4	1.8
Depreciation Expense	12.4	$ 8.8	3.6
Total Operating Expenses	**138.4**	**142.3**	**(3.9)**
Net Operating Income	**(2.2)**	**(13.9)**	**11.7**
Nonoperating Revenue (Expenses)			
Investment income	4.7	3.9	0.8
Net loss on sale of assets	(1.1)	(2.4)	1.3
Interest expense	(0.5)	(0.5)	-
Total nonoperating revenue (expense)	**3.1**	**1.0**	**2.1**
Gain (Loss) - Before capital grants	**0.9**	**(12.9)**	**13.8**
Capital grants	10.3	12.3	(2.0)
Change in Net Position	**11.2**	**(0.6)**	**11.8**
Net Position, Beginning of Year	$ 239.8	$ 240.4	$ (0.6)
Net Position, End of Year	**$ 251.0**	**$ 239.8**	**$ 11.2**

Revenues Expenses and Changes in Net Position, Discussion

CMHA's operating revenues for fiscal year 2021 increased by $7.8 million. Operating expenses decreased by $3.9 million, non-operating income increased by $2.1 million, and capital grants decreased by $2.0 million from prior year. The changes in operating revenues and expenses resulted in a positive net change in net position of $11.8 million on a consolidated basis.

Operating expenses included $5.9 million in administration expenses, $7.8 million in utilities, $15.4 million in operating maintenance expenses, $1.1 million in insurance and taxes, $0.6 million in tenant services, $.2.9 in protective services, $10.1 in other general expenses, $82.2 million housing assistance payments and $12.4 million depreciation expense.

Capital Assets and Debt Administration

As of June 30, 2021, CMHA's investment in capital assets balance for its Proprietary Fund was $211.6 million (net of accumulated depreciation and related debt). This represents a decrease of $6 million over fiscal year 2020.

CMHA's long-term portion of debt as of June 30, 2021 was $25 million. The long-term debt decreased by $3.5 million over fiscal year 2021.

See Note 5 for more information regarding capital assets and Note 7 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 the Authority.

Budgetary Considerations for FY 2021

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 the Authority's budget for FY 2021:

- Maintaining occupancy and utilization in the Housing Choice Voucher Program, after the forced reduction of utilized vouchers due to sequestration, many housing authorities are struggling to maintain 98% utilization
- Change in funding methods, levels, and pro-ration factors for Housing Choice Voucher, Low Income Public Housing, Capital Fund, and Replacement Housing Factor programs
- Rental Assistance Demonstration (RAD) - CMHA was awarded six Commitments to enter into a Housing Assistance Payments Contract (CHAPS)
- Aging properties

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, and 1627 Western Avenue, Cincinnati, Ohio 45214.

Statement of Net Position

June 30, 2021

	CMHA	Discretely Presented Component Units
Assets		
Current assets:		
Cash and investments	$ 19,362,192	$ 1,973,813
Accounts receivables - Tenant, grant, and other	3,785,912	748,196
Due from component units	642,452	5,846
Due from primary government	-	38,465
Prepaid expenses and other assets	1,274,917	9,742
Cash and cash equivalents - Restricted	6,613,646	6,563,689
Total current assets	31,679,119	9,339,751
Noncurrent assets:		
Net OPEB asset (Note 9)	1,343,668	-
Capital assets:		
Assets not subject to depreciation (Note 5)	43,605,171	57,331,946
Assets subject to depreciation - Net (Note 5)	180,498,690	36,713,285
Investment in real estate	382,423	-
Other	333,889	1,285,486
Notes receivable - Net of allowance (Note 4)	72,153,047	-
Cash and cash equivalents - Bonds - Restricted	2,548,972	77,709
Total noncurrent assets	300,865,860	95,408,426
Total assets	332,544,979	104,748,177
Deferred Outflows of Resources		
Deferred pension costs (Note 8)	1,262,575	-
Deferred OPEB costs (Note 9)	944,282	-
Total deferred outflows of resources	2,206,857	-
Liabilities		
Current liabilities:		
Accounts payable	4,541,897	366,900
Due to component units	42,590	-
Due to primary government	-	11,389,338
Accrued liabilities and other	2,294,211	6,011,946
Unearned revenue	26,128,766	111,247
Tenant security deposits	940,645	187,001
Accrued compensated absences (Note 6)	255,748	-
Current portion of long-term debt (Note 7)	3,209,628	5,708,219
Total current liabilities	37,413,485	23,774,651
Noncurrent liabilities:		
Accrued compensated absences (Note 6)	1,149,312	-
Net pension liability (Note 8)	9,958,454	-
Long-term debt - Net of current portion (Note 7)	24,971,103	65,558,057
Other noncurrent liabilities	1,344,281	-
Total noncurrent liabilities	37,423,150	65,558,057
Total liabilities	74,836,635	89,332,708
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 8)	4,823,006	-
Deferred OPEB cost reductions (Note 9)	4,107,359	-
Total deferred inflows of resources	8,930,365	-
Net Position		
Net investment in capital assets	211,593,710	15,788,788
Restricted	8,221,973	6,376,688
Unrestricted	31,169,153	(6,750,007)
Total net position	**$ 250,984,836**	**$ 15,415,469**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2021

	Primary Government (CMHA)	Discretely Presented Component Units
Operating Revenue		
Rental revenue	$ 10,894,020	$ 3,804,266
Grant and subsidy revenue	120,137,421	-
Other revenue	5,161,630	23,497
Total operating revenue	136,193,071	3,827,763
Operating Expenses		
Administrative expenses	5,831,315	939,114
Utility expenses	7,791,750	629,809
Operating and maintenance	15,411,547	785,357
Insurance	1,082,015	45,720
Tenant services	634,801	7,443
Protective services	2,911,935	129,048
Other general expenses	10,130,765	153,290
HUD subsidy payments	82,194,093	-
Depreciation and amortization (Note 5)	12,406,444	2,043,898
Total operating expenses	138,394,665	4,733,679
Operating Loss	(2,201,594)	(905,916)
Nonoperating Revenue (Expense)		
Investment income	4,778,215	3,372
Net loss on sale of assets (Note 5)	(1,143,997)	-
Interest expense	(489,641)	(1,192,263)
Total nonoperating revenue (expense)	3,144,577	(1,188,891)
Loss (Gain) - Before capital grants and contributions	942,983	(2,094,807)
Capital Grants	10,270,415	-
Contributions	-	7,885,017
Total capital grants and contributions	10,270,415	7,885,017
Change in Net Position	11,213,398	5,790,210
Net Position - Beginning of year	239,771,438	9,625,259
Net Position - End of year	**$ 250,984,836**	**$ 15,415,469**

Statement of Cash Flows

Year Ended June 30, 2021

	Primary Government (CMHA)
Cash Flows from Operating Activities	
Receipts from tenants	$ 9,272,952
Receipts from grants and subsidy payments	122,925,151
Other receipts	2,420,060
Cash payments for administrative expenses	(13,289,835)
Payments for housing assistance	(82,194,093)
Payments for other operating expenses	(36,404,550)
Net cash and cash equivalents provided by operating activities	2,729,685
Cash Flows Used in Noncapital Financing Activities - Advances of notes receivables to DCUs	(3,581,312)
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	10,270,415
Purchase of capital assets	(3,153,926)
Principal and interest paid on capital debt	(3,506,489)
Net cash and cash equivalents provided by capital and related financing activities	3,610,000
Net Increase in Cash and Cash Equivalents	2,758,373
Cash and Cash Equivalents - Beginning of year	25,766,437
Cash and Cash Equivalents - End of year	**$ 28,524,810**
Classification of Cash and Cash Equivalents	
Unrestricted	$ 19,362,192
Restricted (current)	6,613,646
Restricted (noncurrent)	2,548,972
Total cash and cash equivalents	**$ 28,524,810**
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (2,201,594)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation and amortization	12,406,444
Debt forgiveness	(554,928)
Bad debts - Tenant and other	765,688
Changes in assets and liabilities:	
Receivables	(913,909)
Prepaid expenses and other assets	(139,542)
Unearned revenue	(323,170)
Net pension and OPEB liability and deferrals related to pension and OPEB	(7,708,087)
Accounts payable	1,026,803
Security deposits	(12,303)
Deferrals related to pension or OPEB	280,731
Accrued and other liabilities	103,552
Total adjustments	4,931,279
Net cash and cash equivalents provided by operating activities	**$ 2,729,685**

See notes to financial statements.

Cincinnati Metropolitan Housing Authority

Combining Statement of Net Position for Discretely Presented Component Units

December 31, 2020

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	West Union Square, LLC	Sutter View, LLC	Pinecrest RAD, LLC	Park Eden Apartments, LLC	Total
Assets								
Cash and investments	$ 158,141	$ 379,259	$ 91,882	$ 373,756	$ 45,120	$ 640,422	$ 285,233	$ 1,973,813
Receivables	125,001	21,909	11,979	27,824	523,976	34,992	2,515	748,196
Due from component units	-	-	-	-	-	4,946	900	5,846
Due from primary government	-	35,102	-	3,363	-	-	-	38,465
Prepaid expenses and other assets	3,000	3,046	823	962	962	949	-	9,742
Cash and cash equivalents - Restricted (Note 3)	1,080,992	546,782	174,059	154,288	2,600,396	718,953	1,288,219	6,563,689
Capital assets: (Note 5)								
Assets not subject to depreciation	505,681	1,928,611	279,606	-	22,051,182	18,571,915	13,994,951	57,331,946
Assets subject to depreciation - Net	7,500,590	6,986,810	5,526,809	12,569,023	4,235,637	(60,534)	(45,050)	36,713,285
Other	130,790	58,504	108,086	279,869	708,237	-	-	1,285,486
Cash and cash equivalents - Bonds - Restricted	-	-	-	-	-	30,709	47,000	77,709
Total assets	9,504,195	9,960,023	6,193,244	13,409,085	30,165,510	19,942,352	15,573,768	104,748,177
Liabilities								
Accounts payable	13,689	5,184	4,324	39,611	250,334	38,954	14,804	366,900
Due to primary government	3,803,419	82,757	250,026	262,969	6,990,167	-	-	11,389,338
Accrued liabilities and other	131,303	219,203	120,439	209,745	1,723,173	2,837,417	770,666	6,011,946
Unearned revenue	46,249	11,322	10,913	8,205	34,252	-	306	111,247
Tenant security deposits	29,316	24,673	7,708	37,806	5,416	40,199	41,883	187,001
Noncurrent liabilities:								
Due within one year (Note 7)	83,636	-	429,891	194,692	5,000,000	-	-	5,708,219
Due in more than one year (Note 7)	7,296,440	10,870,943	2,957,206	5,633,958	11,936,121	14,576,072	12,287,317	65,558,057
Total liabilities	11,404,052	11,214,082	3,780,507	6,386,986	25,939,463	17,492,642	13,114,976	89,332,708
Net Position (Deficit)								
Net investment in capital assets	626,195	(1,955,522)	2,419,318	6,740,373	2,360,531	3,935,309	1,662,584	15,788,788
Restricted for required reserves	1,051,676	522,109	166,351	116,482	2,594,980	678,754	1,246,336	6,376,688
Unrestricted	(3,577,728)	179,354	(172,932)	165,244	(729,464)	(2,164,353)	(450,128)	(6,750,007)
Total net position (deficit)	**$ (1,899,857)**	**$ (1,254,059)**	**$ 2,412,737**	**$ 7,022,099**	**$ 4,226,047**	**$ 2,449,710**	**$ 2,458,792**	**$ 15,415,469**

See notes to financial statements.

Combining Statement of Activities for Discretely Presented Component Units

Year Ended December 31, 2020

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	West Union Square, LLC	Sutter View, LLC	Pinecrest RAD, LLC	Park Eden Apartments, LLC	Total
Operating Revenue								
Rental revenue	$ 775,258	$ 361,433	$ 279,273	$ 472,229	$ 780,201	$ 680,874	$ 454,998	$ 3,804,266
Other revenue	2,546	55	1,583	2,505	16,808	-	-	23,497
Total operating revenue	777,804	361,488	280,856	474,734	797,009	680,874	454,998	3,827,763
Operating Expenses								
Administrative expenses	230,060	118,034	102,096	127,337	154,681	121,113	85,793	939,114
Utility expenses	64,835	30,109	79,434	43,517	210,062	103,081	98,771	629,809
Operating and maintenance	187,037	127,741	53,348	115,720	141,063	94,534	65,914	785,357
Insurance	11,874	13,400	11,196	6,059	-	3,191	-	45,720
Tenant services	2,589	1,749	(194)	799	-	340	2,160	7,443
Protective services	-	-	-	-	-	80,998	48,050	129,048
Other general expenses	16,937	10,385	3,974	35,423	2,817	49,981	33,773	153,290
Depreciation and amortization	528,504	273,825	331,319	637,417	167,249	60,534	45,050	2,043,898
Total operating expenses	1,041,836	575,243	581,173	966,272	675,872	513,772	379,511	4,733,679
Operating (Loss) Income	(264,032)	(213,755)	(300,317)	(491,538)	121,137	167,102	75,487	(905,916)
Nonoperating Revenue (Expense)								
Investment income	783	844	1,102	-	294	281	68	3,372
Interest expense	(680,924)	(10,362)	(50,932)	(115,793)	-	(274,306)	(59,946)	(1,192,263)
Total nonoperating (expense) revenue	(680,141)	(9,518)	(49,830)	(115,793)	294	(274,025)	(59,878)	(1,188,891)
(Loss) Income - Before contributions	(944,173)	(223,273)	(350,147)	(607,331)	121,431	(106,923)	15,609	(2,094,807)
Capital Contributions	-	-	518,933	776,268	1,590,000	2,556,633	2,443,183	7,885,017
Change in Net Position	(944,173)	(223,273)	168,786	168,937	1,711,431	2,449,710	2,458,792	5,790,210
Net Position (Deficit) - Beginning of year	(955,684)	(1,030,786)	2,243,951	6,853,162	2,514,616	-	-	9,625,259
Net Position (Deficit) - End of year	**$ (1,899,857)**	**$ (1,254,059)**	**$ 2,412,737**	**$ 7,022,099**	**$ 4,226,047**	**$ 2,449,710**	**$ 2,458,792**	**$ 15,415,469**

See notes to financial statements.

Note 1 - Nature of Business

Organization and Reporting Entity

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

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

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

Blended Component Units

Some component units, despite being legally separate, are so integrated with the primary government that they are in substance part of the primary government. The Authority's basic financial statements include the following entities as blended component units in accordance with GASB Statement No. 14, as amended:

- Touchstone Property Services, Inc., an Ohio nonprofit corporation, was established by the Authority as a wholly owned subsidiary. Touchstone Property Services, Inc. was established for public, charitable, and educational purposes to revitalize neighborhoods in Hamilton County and, in particular, the City of Cincinnati, Ohio through planning and rebuilding; to assist the Authority in the planning, undertaking, developing, construction, and operation of housing for families who are low income; to develop, construct, renovate, acquire, own, lease, manage, and sell interest in real and personal property; and to promote and participate in other housing-related or educational activities that assist residents of the Authority.
- Park Eden Evanston, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio by the Authority as sole member of the company. Park Eden Evanston, LLC was established to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease Evanston, a 100-unit apartment community located in Cincinnati, Ohio, in a manner that furthers the purposes of the Authority, by providing decent, safe, sanitary, and affordable housing for low-income persons and families.

Note 1 - Nature of Business (Continued)

The above entities are included in the accompanying basic financial statements as blended component units based on the following factors:

(1) The entity is fiscally dependent upon the Authority because the Authority approves its annual budget.

(2) The Authority is able to impose its will on the entity because the Authority can significantly influence its programs, projects, and activities.

(3) The governing body is substantively the same as the governing body of the Authority.

Park Eden Evanston, LLC has a calendar year end of December 31, which differs from the Authority's year end of June 30, 2021. For reporting purposes, the information reported in the basic financial statements is presented as of and for the 12-month period ended December 31, 2020 for this blended component unit. Touchstone Property Services, Inc has a calendar year end of June 30, which is the same as the Authority's year end of June 30, 2021.

Discretely Presented Component Units

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

All of the discrete component units have a calendar year end of December 31, which differs from the Authority's year end of June 30. For reporting purposes, the information reported in the basic financial statements is presented as of and for the 12-month period ended December 31, 2020 for these discrete component units.

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

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

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

- Cary Crossing, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio to construct, own, and operate Cary Crossing, which consists of 36 rental units rented to low-income individuals in Mt. Healthy, Ohio. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.

Note 1 - Nature of Business (Continued)

- West Union Square, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio to acquire, construct, own, and operate West Union Square, which consists of 70 rental units rented to low-income individuals in Colerain Township, Ohio. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.
- Sutter View, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio to acquire, rehabilitate, own, and operate Sutter View Apartments under the U.S. Department of Housing and Urban Development's (HUD) rental assistance demonstration (RAD) program, which consists of 114 rental units rented to low-income individuals in North Fairmount, Ohio. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.
- Pinecrest RAD, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio to acquire, rehabilitate, own, and operate Pinecrest Apartments under the U.S. Department of Housing and Urban Development's rental assistance demonstration program, which consists of 190 rental units rented to low-income individuals in Cincinnati, Ohio. The property is being developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code. On June 29, 2020, Pinecrest RAD, LLC purchased Pinecrest Apartments from and entered into a 75-year ground lease with the Authority in exchange for a seller note in the amount of $9,080,000. The project will be developed using proceeds from a mortgage insured by the U.S. Department of Housing and Urban Development under Section 221(d)(4) of the National Housing Act. Operations of Pinecrest RAD, LLC have not begun as of June 30, 2021.
- Park Eden Apartments, LLC, a domestic limited liability company, was formed under the laws of the State of Ohio to acquire, rehabilitate, own, and operate Park Eden Apartments under the U.S. Department of Housing and Urban Development's rental assistance demonstration program, which consists of 176 rental units rented to low-income individuals in Cincinnati, Ohio. The property is being developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code. On August 19, 2020, the Authority purchased Park Eden Apartments, LLC and entered into a 60-year ground lease with the Authority in exchange for a seller note in the amount of $7,810,000.

Note 2 - Significant Accounting Policies

Basis of Accounting and Presentation

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

Note 2 - Significant Accounting Policies (Continued)

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

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

- Low-rent housing program - This program is used to account for the components of the low-rent housing programs subsidized by HUD. The Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.
- Capital grants - Substantially all additions to land, structures, and equipment are accomplished through the capital grants and replacement housing factor programs. These programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. The Authority enters into significant construction contract obligations in relation to this modernization and development activity on an ongoing basis.
- Housing choice vouchers (Section 8) - Under the Section 8 Housing Program, low-income tenants lease housing units directly from private landlords, rather than from the Authority. HUD contracts with the Authority, which, in turn, contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Use of Estimates

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash represents amounts held in escrow, Section 8 funds, tenants' escrows, other escrows, and replacement reserves. Restrictions for use in operations and approval are governed by HUD, lender requirements, or other outside parties. In accordance with GASB Statement No. 62, cash that is restricted as to withdrawal or use in the acquisition or construction of noncurrent assets or that is segregated for the liquidation of long-term debts has been presented as noncurrent.

Accounts Receivable

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

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

Note 2 - Significant Accounting Policies (Continued)

Notes Receivable

Notes receivable are stated net of allowance. Collectibility is evaluated annually based on payments received and cash flow of each individual entity. If amounts are deemed to be uncollectible, the Authority establishes an allowance for doubtful accounts. The allowance totaled $59,332,985 at June 30, 2021 and relates to the notes receivable and accrued interest. The bad debt expense is recorded in other general expenses in the statement of revenue, expenses, and changes in net position and totaled $0 for the year ended June 30, 2021.

Capital Assets

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

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

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

When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the statement of revenue, expenses, and changes in net position. If an indicator of impairment is identified and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Authority. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying value or fair value or written off entirely. During the year ended June 30, 2021, no impairments were recorded.

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized. The Authority had no capitalized construction interest for the year ended June 30, 2021.

Construction in Progress

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pension and other postemployment benefits, as further explained in Notes 8 and 9, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows are reported for pension and other postemployment benefits, as further explained in Notes 8 and 9, respectively.

Note 2 - Significant Accounting Policies (Continued)

Unearned Revenue

Unearned revenue consists primarily of prepaid subsidy, prepaid tenant rent payments, and prepaid ground lease revenue recognized at year end. Prepaid subsidy and tenant rent payments are recognized in the period during which the associated use of premises occurs. Prepaid ground lease revenue is amortized over the term of the lease.

Compensated Absences

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

- The employees' rights to receive compensation are attributable to services rendered.
- It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The current portion of accrued compensation absences is included in accrued expenses.

Pensions and Other Postemployment Benefits

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

Net Position

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

- Net investment in capital assets - This category consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for required reserves - This category equals the restricted cash of the Authority and consists of net assets restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- Unrestricted - This category includes all of the remaining net assets that do not meet the definition of the other two categories.

Revenue Recognition

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

Note 2 - Significant Accounting Policies (Continued)

Capital Grants

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

Nonoperating Revenue and Expenses

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

Contributions - Discretely Presented Component Units

Contributions to discretely presented component units represent capital contributed by the members in accordance with each respective discretely presented component units' operating agreements.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ended June 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the June 30, 2022 fiscal year.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 19, 2022, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

Deposits

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

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

Note 3 - Cash and Cash Equivalents (Continued)

- Interim deposits - These are deposits of interim moneys. Interim moneys are those that are not needed for immediate use but that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit (CDs) maturing no more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

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

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

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

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

- Bonds and other obligations of the State of Ohio

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

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

Deposits - Primary Government

The Authority's total cash and cash equivalents held with financial institutions was $25,446,123 as of June 30, 2021. Of this balance, $750,000 is covered by federal depository insurance, and the remaining $24,696,123 is uncollateralized, as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions but not in the Authority's name).

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

Note 3 - Cash and Cash Equivalents (Continued)

Deposits - Discretely Presented Component Units

All of the discretely presented component units' cash is held in bank deposits, checking accounts, savings accounts, and money market accounts. Regardless of the nature of funds on deposit, protection is provided by the Federal Deposit Insurance Corporation and eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

The restricted cash balances consist of tenant security deposits and funded reserves as follows:

	Tenant Security Deposits	Operating Reserve	Replacement Reserve	ACC Reserve	Other Reserves	Other Escrows	Total
Springdale Senior, LP	$ 28,442	$ 265,605	$ 676,451	$ 110,494	$ -	$ -	$ 1,080,992
Reserve on South Martin, LP	24,746	358,731	163,305	-	-	-	546,782
Cary Crossing, LLC	7,708	133,001	33,350	-	-	-	174,059
West Union Square, LLC	37,056	69,847	27,448	19,937	-	-	154,288
Sutter View, LLC	12,696	145,170	325,479	-	2,068,937	48,114	2,600,396
Pinecrest RAD, LLC	40,199	-	475,217	-	94,182	140,064	749,662
Park Eden Apartments, LLC	41,883	-	200,000	-	924,896	168,440	1,335,219
Total	$ 192,730	$ 972,354	$ 1,901,250	$ 130,431	$ 3,088,015	$ 356,618	$ 6,641,398

Investments - Primary Government

The Authority's investments at June 30, 2021 are summarized below:

Investment	Maturity	Balance June 30, 2021	Credit Rating: S&P
Fifth Third Inst. Gov't MMkt.	0-1 year	$ 1,079,531	AAAm

Custodial Credit Risk

Custodial credit risk of investments is the risk that, in the event of a failure of a counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Authority 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 the Authority 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.

Note 4 - Notes Receivable

At June 30, 2021, the Authority's related notes receivable consisted of the following:

	Balance July 1, 2020	Additions	Reductions	Allowance June 30, 2021	Net Balance June 30, 2021
Lincoln Court Partnerships Phases I - IV: Principal	$ 10,389,773	$ -	$ -	$ (6,281,712)	$ 4,108,061
Lincoln Court Partnerships Phases I - IV: Accrued interest	20,012,612	1,801,603	-	(21,814,215)	-
Laurel Home Partnerships, Phases I, II, IV, and V: Principal	13,754,414	-	-	(7,871,459)	5,882,955
Laurel Home Partnerships, Phases I, II, IV, and V: Accrued interest	17,973,245	1,696,942	-	(19,670,187)	-
Reserve on South Martin: Principal	10,446,418	-	-	-	10,446,418
Reserve on South Martin: Accrued interest	87,953	10,397	-	(87,953)	10,397
Springdale Senior: Principal	7,010,273	-	-	-	7,010,273
Springdale Senior: Accrued interest	3,248,169	308,228	-	(3,248,169)	308,228
Cary Crossing: Principal	1,467,534	-	-	-	1,467,534
Cary Crossing: Accrued interest	15,025	3,035	-	(15,025)	3,035
Central YMCA	1,865,859	-	-	-	1,865,859
West Union Square: Principal	2,334,302	962,500	-	-	3,296,802
West Union Square: Accrued interest	69,774	22,306	-	(69,774)	22,306
Sutter View: Principal	13,090,134	-	-	-	13,090,134
Sutter View: Accrued interest	245,692	232,703	-	(245,692)	232,703
Pinecrest: Principal	12,170,927	-	-	-	12,170,927
Pinecrest: Accrued Interest	3,031	544,205	-	(28,799)	518,437
Park Eden: Principal	-	11,569,114	-	-	11,569,114
Park Eden: Accrued Interest	-	149,864	-	-	149,864
Total	$114,185,135	$ 17,300,897	$ -	$ (59,332,985)	$ 72,153,047

Notes receivable from Lincoln Court Partnerships Phases I - IV from the periods from 2001 through 2003. Payments are due based on available cash flow with the unpaid balance due on maturity. Maturity dates range from 2041 through 2043. Interest rates range between 0 percent and 6.09 percent, accruing monthly. The notes are collateralized by the related building and land.

Notes receivable from Laurel Home Partnerships, Phases I, II, IV, and V from the periods from 2002 through 2006. Payments are due based on available cash flow with the unpaid balance due on maturity. Maturity dates range from 2042 through 2046. Interest rates range between 0 percent and 5.7 percent, accruing monthly. The notes are collateralized by the related building and land.

Notes receivable from Reserve on South Martin, LP due based on available cash flow, with the unpaid balance due on maturity, which is in October 2056. Interest rates range between 0 percent and 0.1 percent, accruing monthly. The notes are collateralized by the related building and land.

Notes receivable from Springdale Senior, LP due based on available cash flow, with the unpaid balance due on maturity, which ranges from 2057 to 2081. Interest accrues monthly at rates ranging from 0 percent to 3.5 percent. The notes are collateralized by the related building.

Notes receivable from Cary Crossing, LLC due based on available cash flow, with the unpaid balance due on maturity, which ranges from 2026 to 2051. Interest accrues monthly at rates ranging from 0 percent to 0.25 percent. The notes are collateralized by the related building.

Notes receivable from Central YMCA, due based on available cash flow with the unpaid balance due on maturity, which is in July 2038. The notes are non-interest bearing and collateralized by the related building and land.

Note 4 - Notes Receivable (Continued)

Notes receivable from West Union Square due based on available cash flow, with the unpaid balance due on maturity, which is in April 2057. Interest accrues per annum at rates ranging from 0 percent to 1.0 percent. The notes are collateralized by the related building.

Notes receivable from Sutter View, due based on available cash flow with the unpaid balance due on maturity, which is in June 2059. Interest rates range between 1.0 percent and 2.89 percent, accruing monthly. The notes are collateralized by the related building.

Notes receivable from Pinecrest, due based on available cash flow with the unpaid balance due on maturity, which is in June 2070. Interest rates range between 2.28 and 3.5 percent, accruing monthly. The notes are collateralized by the related building.

Notes receivable from Park Eden, due based on available cash flow with the unpaid balance due on maturity, which is in August 2070. Interest rates range between 1.08 and 3.25 percent, accruing monthly. The notes are collateralized by the related building.

Note 5 - Capital Assets

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

Primary Government

	Balance July 1, 2020	Additions and Transfers In	Disposals and Transfers Out	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 31,122,498	$ -	$ -	$ 31,122,498
Construction in progress	13,113,680	5,938,253	(6,569,260)	12,482,673
Subtotal	44,236,178	5,938,253	(6,569,260)	43,605,171
Capital assets being depreciated:				
Buildings and improvements	389,375,314	5,117,715	(7,920,151)	386,572,878
Furniture and equipment	6,665,766	156,350	(183,056)	6,639,060
Infrastructure	30,536,094	-	-	30,536,094
Leasehold improvements	1,246,891	130,535	-	1,377,426
Subtotal	427,824,065	5,404,600	(8,103,207)	425,125,458
Accumulated depreciation	240,164,451	12,340,981	(7,878,664)	244,626,768
Net capital assets being depreciated	187,659,614	(6,936,381)	(224,543)	180,498,690
Net governmental activities capital assets	$ 231,895,792	$ (998,128)	$ (6,793,803)	$ 224,103,861

Depreciation expense for the year ended June 30, 2021 was $12,406,444 and is included in depreciation and amortization on the statement of revenue, expenses, and changes in net position. During the year ended June 30, 2021, the Authority disposed of the capital assets associated with Park Eden Apartments, LLC in connection with the RAD conversion (as discussed in Note 1), resulting in a net loss of $1,143,997.

Note 5 - Capital Assets (Continued)

Discretely Presented Component Units

Presented below are summaries of the Authority's discretely presented component units' capital asset balances and a summary of changes in their respective capital asset balances for the year ended December 31, 2020:

	Springdale Senior, LP	Reserve on South Martin, LP	Cary Crossing, LLC	West Union Square, LLC	Sutter View, LLC	Pinecrest	Park Eden Apartments, LLC	Total
Land	$ 505,681	$ 1,928,611	$ 279,606	$ -	$ 1,070,000	$ 9,080,000	$ 9,010,000	$ 21,873,898
Construction in progress	-	-	-	-	20,981,182	9,491,915	4,984,951	35,458,048
Buildings and improvements	13,526,027	9,107,368	6,759,983	13,722,809	4,480,000	-	-	47,596,187
Furniture and equipment	1,162,478	424,509	190,914	337,705	-	-	-	2,115,606
Accumulated depreciation	(7,187,915)	(2,545,067)	(1,424,088)	(1,491,491)	(244,363)	(60,534)	(45,050)	(12,998,508)
Total	$ 8,006,271	$ 8,915,421	$ 5,806,415	$ 12,569,023	$ 26,286,819	$ 18,511,381	$ 13,949,901	$ 94,045,231

	Beginning Balance	Additions and Transfers In	Disposals and Transfers Out	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,783,898	$ 18,090,000	$ -	$ 21,873,898
Construction in progress	11,173,962	24,284,086	-	35,458,048
Subtotal	14,957,860	42,374,086	-	57,331,946
Capital assets being depreciated:				
Buildings and improvements	47,749,343	2,566,194	(2,719,350)	47,596,187
Furniture and equipment	2,120,139	32	(4,565)	2,115,606
Subtotal	49,869,482	2,566,226	(2,723,915)	49,711,793
Accumulated depreciation	10,995,631	2,002,877	-	12,998,508
Net capital assets being depreciated	38,873,851	563,349	(2,723,915)	36,713,285
Net capital assets	$ 53,831,711	$ 42,937,435	$ (2,723,915)	$ 94,045,231

Note 6 - Accrued Compensated Absences

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

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

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

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

Note 6 - Accrued Compensated Absences (Continued)

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

At June 30, 2021, total compensated absences liability is $1,405,060, of which $255,748 is current and $1,149,312 is long term.

Note 7 - Long-term Debt

A summary of the Authority's long-term debt, all of which constitutes direct borrowings, at June 30, 2021 is as follows:

Business-type Activities

	Interest Rate	Principal Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Hamilton County, Ohio	2.00%	11/1/2021	$ 100,000	$ -	$ (100,000)	$ -	$ -
Hamilton County, Ohio	2.00%	9/1/2023	305,601	-	(101,868)	203,733	101,868
Hamilton County, Ohio	2.00%	8/1/2024	480,000	-	(120,000)	360,000	120,000
Hamilton County, Ohio	2.00%	9/1/2025	450,000	-	(90,000)	360,000	90,000
Hamilton County, Ohio	2.00%	3/1/2027	805,000	-	(115,000)	690,000	115,000
Bank loans	4.25 - 5.60%	12/1/2033	810,000	-	(40,000)	770,000	45,000
Capital fund financing	4.55%	9/1/2026	8,345,823	-	(1,181,397)	7,164,426	1,330,532
HUD EPC repayment	0.00%	11/30/2028	15,481,071	-	(1,179,163)	14,301,908	900,000
HOPE VI repayment	0.00%	1/2/2024	1,824,890	-	(456,211)	1,368,679	456,221
Park Eden Evanston, LLC mortgage loan	2.99%	12/1/2054	2,986,923	-	(24,938)	2,961,985	51,007
Total long-term debt			$ 31,589,308	$ -	$ (3,408,577)	$ 28,180,731	$ 3,209,628

Hamilton County, Ohio (HOME and CDBG) Loans

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

Bank Loans

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

Capital Fund Financing

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

HUD EPC Repayment

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

Note 7 - Long-term Debt (Continued)

HOPE VI Repayment

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

Park Eden Evanston, LLC Mortgage Loan

The mortgage is payable in monthly installments of $11,573, including interest, through maturity. The mortgage is collateralized by the real property consisting of Evanston Apartments and is insured by HUD under Section 223(f). The mortgage imposes certain conditions on the Park Eden Evanston, LLC, including, among others, prescribed operating policies, use of housing, and preventing any other liens or encumbrances on corporation property.

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

Years Ending	Principal Amount	Interest Amount	Total
2022	$ 3,209,628	$ 431,179	$ 3,640,807
2023	3,179,365	370,057	3,549,422
2024	3,139,198	306,106	3,445,304
2025	2,627,523	238,845	2,866,368
2026	2,560,037	168,456	2,728,493
2027-2030	10,987,801	494,787	11,482,588
2031-2035	560,274	347,072	907,346
2036-2040	424,098	270,280	694,378
2041-2045	492,393	201,985	694,378
2046-2050	571,687	122,691	694,378
2051-2055	428,727	32,547	461,274
Total	$ 28,180,731	$ 2,984,005	$ 31,164,736

Note 7 - Long-term Debt (Continued)

Discretely Presented Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Springdale Senior, LP:					
Mortgage note - Fifth Third Bank	$ 963,379	$ -	$ (78,576)	$ 884,803	$ 83,636
Mortgage notes - CMHA	5,985,273	-	-	5,985,273	-
Ground lease	510,000	-	-	510,000	-
Reserve on South Martin, LP - Mortgage - CMHA	10,870,943	-	-	10,870,943	-
Cary Crossing, LLC:					
Bridge loan - CMHA	1,202,000	-	-	1,202,000	-
OHFA note	2,659,159	-	(474,062)	2,185,097	429,891
West Union Square, LLC:					
Surplus cash note/AHP	-	962,500	-	962,500	-
Mortgage note	1,837,279	-	(460,857)	1,376,422	-
Surplus cash note	500,000	-	-	500,000	-
Authority note	1,670,419	-	-	1,670,419	-
OHFA loan	1,500,000	-	(180,691)	1,319,309	194,692
Sutter View, LLC:					
Surplus cash notes	9,097,000	-	-	9,097,000	-
OHFA loan	-	5,000,000	-	5,000,000	5,000,000
Mortgage note	725,000	2,114,121	-	2,839,121	-
Pinecrest RAD, LLC:					
OHFA loan	-	8,130,000	-	8,130,000	-
HUD Mortgage	-	700,000	-	700,000	-
Sponsor Loan	-	950,000	-	950,000	-
CFP Note	-	1,924,790	-	1,924,790	-
Surplus cash note	-	1,161,282	-	1,161,282	-
OHFA note	-	1,710,000	-	1,710,000	-
Park Eden Apartments, LLC:					
Mortgage note	-	842,200	-	842,200	-
Surplus cash note	-	1,083,000	-	1,083,000	-
CMHA CFP note	-	1,949,488	-	1,949,488	-
CMHA Sponsor note	-	7,810,000	-	7,810,000	-
Ground lease	-	602,629	-	602,629	-
Total principal outstanding	$ 37,520,452	$ 34,940,010	$ (1,194,186)	$ 71,266,276	$ 5,708,219

Springdale Senior, LP Mortgage Note - Fifth Third Bank

In September 2007, Springdale Senior, LP obtained permanent financing from Fifth Third Bank in an amount not to exceed $7,500,000. A total balance of $6,927,792 was drawn on the mortgage. Springdale Senior, LP made a principal payment in the amount of $5,943,000 in April 2009. The remaining principal amount of $1,557,000 bears interest at a monthly rate of LIBOR plus 2.15 percent. The mortgage matures on May 1, 2024. The loan is secured by the rental property. Accrued interest totaled $14,950 at December 31, 2020.

Springdale Senior, LP Mortgage Note - CMHA

Mortgage notes payable to the Authority, the first ($3,035,000) bearing interest at 3.5 percent, the second ($1,260,987) bearing interest at the AFR (3.32 percent at December 31, 2019), the third ($885,000) bearing 0 percent interest, the fourth ($358,481) bearing interest at 3.5 percent, and the fifth ($445,805) bearing interest at the AFR, secured by the rental property. The loans are due during 2057 and are payable as income and cash flow permit, as defined in the partnership agreement. Interest is compounded annually. Accrued but unpaid interest was $2,778,340 at December 31, 2020.

Note 7 - Long-term Debt (Continued)

Springdale Senior, LP Ground Lease

Ground lease payable to the Authority, bearing interest at 4.79 percent, payable at final closing of permanent financing. The ground lease is for a period of 75 years. Accrued interest was $510,079 at December 31, 2020.

Reserve on South Martin, LP Mortgage and Note - CMHA

Reserve on South Martin, LP holds a mortgage payable with the Authority totaling $10,308,550 and bearing interest at 0.10 percent per annum. The entire unpaid principal balance and all accrued interest are due and payable at maturity in December 2051. The mortgage is collateralized by the real estate and assignment of rents and security. As of December 31, 2020, accrued interest for the mortgage payable amounted to $82,757.

Reserve on South Martin, LP entered into a note payable with the Authority totaling $797,524 bearing interest at 0.0 percent per annum. As of December 31, 2020, the outstanding balance was $562,393. The entire unpaid principal balance is due and payable in October 2056.

Cary Crossing, LLC - Bridge Loan

Cary Crossing, LLC entered into a bridge loan agreement on July 9, 2015 with the Authority in the amount of $1,202,000 bearing interest at 0.25 percent, compounding annually. Interest and principal payments are payable from available cash flow, as defined in the operating agreement. The entire unpaid principal balance and all accrued interest are due and payable on the maturity date of July 9, 2050. The loan is collateralized by the real estate and assignments of rents and security. As of December 31, 2020, accrued interest for the loan payable amounted to $15,501.

Cary Crossing, LLC - OHFA Note

Cary Crossing, LLC entered into a promissory note with the Ohio Housing Finance Agency in the amount of $3,500,000. The note is unsecured and non-interest bearing for the first two years (the initial period). The interest rate will be 2 percent after the initial period. Eight annual principal and interest payments of $474,932 are due commencing on April 15, 2018. Note payment dates correspond to the collection dates for the remaining member capital contributions. As of December 31, 2020, the outstanding principal was $2,237,753. Accrued interest as of December 31, 2020 was $34,507.

West Union Square, LLC - Surplus Cash Note

The Company entered into a surplus cash note with CMHA in the amount of $962,500. The note bears interest at 1 percent per annum, compounding annually. The financing received from CMHA was Affordable Housing Program (AHP) funds granted to CMHA by the Federal Home Loan Bank of Cincinnati. The note is subordinate to the Authority and HOME/NSP Notes. Payments of principal and interest are available to be made out of available cash flow as defined in the operating agreement. The note matures in December 2054 and is secured by real estate. At December 31, 2020 the outstanding principal balance was $962,500, and accrued interest was $9,625.

West Union Square, LLC - Mortgage Note

In April 2017, West Union Square, LLC entered into a mortgage note with The Huntington National Bank in the amount of $1,392,000 and bearing interest at 5.9 percent. Principal and interest payments are due in monthly installments of $8,256 and will commence following the conversion from a construction to permanent loan. The entire unpaid principal balance and all accrued interest are due and payable upon maturity in November 2036. At December 31, 2020, the outstanding principal balance was $1,376,424, and accrued interest was $9,155.

Note 7 - Long-term Debt (Continued)

West Union Square, LLC - Surplus Cash Note

On April 24, 2017, West Union Square, LLC entered into a surplus cash note with the Authority in the amount of $500,000. The note bears interest at 1 percent per annum, compounding annually. The financing received from the Authority was HOME Investment Partnership Program (HOME) funds ($440,000) and Neighborhood Stabilization Program 1 funds ($60,000) granted to the Authority by the U.S. Department of Housing and Urban Development. The note is subordinate to the Authority Note (see below). Payments of principal and interest are available to be made out of available cash flow, as defined in the operating agreement. The note matures in April 2057 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $500,000, and accrued interest was $11,080.

West Union Square, LLC - Authority Note

On April 24, 2017, West Union Square, LLC entered into a surplus cash note (the "Authority Note") with the Authority in the amount of $1,670,417. The note bears interest at 1 percent per annum, compounding annually. Payments of principal and interest are available to be made out of available cash flow, as defined in the operating agreement. The note matures in April 2057 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $1,670,419, and accrued interest was $38,087.

West Union Square, LLC - OHFA Loan

In July 2017, West Union Square, LLC entered into a promissory note with Ohio Housing Finance Agency in the amount of $1,500,000. The note is secured by the investor member's capital contribution obligation and bears no interest for the period from July 2017 through June 2019. Beginning in July 2019, the note bears interest at 2.5 percent per annum. Commencing in April 2020, annual principal and interest payments are due in the amount of $207,917 through maturity in April 2027. At December 31, 2020, the outstanding principal balance was $1,319,309, and accrued interest was $16,563.

Sutter View, LLC - Surplus Cash Notes

On June 1, 2019, Sutter View, LLC entered into two separate surplus cash notes with the Authority. The first is in the amount of $4,000,000. The note bears interest at 1 percent per annum, compounding annually. Payments of principal and interest are available to be made out of available cash flow as defined in the operating agreement. The note matures in June 2059 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $4,000,000. The second note is in the amount of $5,097,000. The note bears interest at 2.89 percent per annum, compounding annually. Payments of principal and interest are available to be made out of available cash flow, as defined in the operating agreement. The note matures in June 2059 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $5,097,000.

Sutter View, LLC - Mortgage Note

On June 1, 2019, Sutter View, LLC entered into a note with Lument Real Estate Capital, LLC in the amount of $7,250,000. The note bears interest at 4.67 percent per annum. Payments of interest only are to be made from July 1, 2019 through April 1, 2021. Thereafter, monthly installments of principal and interest are to be made in the amount of $33,390. The note matures in April 2061 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $2,839,121.

Sutter View, LLC - OHFA Loan

On June 26, 2019, the Company entered into a note with Ohio Affordable Housing Loan Fund I, LLC in the amount of $5,000,000; however, no amounts were drawn on the note until 2020. The note bears interest at the greater of prime minus 0.5 percent or 4.0 percent per annum. Payments of principal and interest are to be made upon the earlier of (a) payment of the third capital contribution or (b) 18 months from the date of the note. The note is secured by the investor member's capital contribution. At December 31, 2020, the outstanding principal balance was $5,000,000.

Note 7 - Long-term Debt (Continued)

Pinecrest RAD, LLC - CMHA Acquisition Loan

On June 1, 2020, Pinecrest RAD, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $8,130,000. The note bears interest at 2.28 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on June 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $8,130,000.

Pinecrest RAD, LLC - HUD FHA 221(d)(4)

On June 1, 2020, Pinecrest RAD, LLC entered into a note with ORIX Real Estate Capital, LLC in the amount of $7,000,000. The note bears interest at 3.12 percent per annum. Payments of interest only are to be made from July 1, 2020 through April 1, 2022. Thereafter, monthly installments of principal and interest are to be made in the amount of $25,545. The note matures in April 2062 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $700,000.

Pinecrest RAD, LLC - Sponsor Loan

On June 1, 2020, Pinecrest RAD, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $950,000. The note bears interest at 6.35 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on June 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $950,000.

Pinecrest RAD, LLC - CFP Note

On June 1, 2020, Pinecrest RAD, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $1,924,790. The note bears interest at 3.5 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on June 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $1,924,790.

Pinecrest RAD, LLC - Surplus Cash Note

On June 1, 2020, Pinecrest RAD, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $4,645,126. The note bears interest at 3.5 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on June 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $1,161,282.

Pinecrest RAD, LLC - OHFA Note

On June 23, 2020, Pinecrest RAD, LLC entered into a note with Ohio Housing Finance Agency in the amount of $1,900,000. The note bears interest at 0.0 percent with principal due March 1, 2065. At December 31, 2020, the outstanding principal balance was $1,710,000.

Park Eden Apartments, LLC - Mortgage Note

HUD FHA 221(d)(4) Loan: On August 1, 2020, Park Eden Apartments, LLC entered into a note with ORIX Real Estate Capital, LLC in the amount of $8,422,000. The note bears interest at 3.12 percent per annum. Payments of interest only are to be made from September 1, 2020 through August 1, 2022. Thereafter, monthly installments of principal and interest are to be made in the amount of $30,735. The note matures in August 2062 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $842,200.

Note 7 - Long-term Debt (Continued)

Park Eden Apartments, LLC - Surplus Cash Note

On August 1, 2020, Park Eden Apartments, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $4,332,000. The note bears interest at 3.25 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on August 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $1,083,000.

Park Eden Apartments, LLC - CMHA CFP Note

On August 1, 2020, Park Eden Apartments, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $1,949,488. The note bears interest at 3.25 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on August 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $1,949,488.

Park Eden Apartments, LLC - Sponsor Note

On August 1, 2020, Park Eden Apartments, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $7,810,000. The note bears interest at 1.8 percent per annum, compounding annually. Payments of principal and interest are to be made out of available cash flow, as defined in the operating agreement. The note matures on August 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $7,810,000.

Park Eden Apartments, LLC - CMHA Acquisition Loan

On August 1, 2020, Park Eden Apartments, LLC entered into a surplus cash note with Cincinnati Metropolitan Housing Authority, an affiliate of the managing member, in the amount of $602,629. The note bears interest at 2.28 percent per annum, compounding annually. Payments of principal and interest are available to be made out of available cash flow, as defined in the operating agreement. The note matures on August 2070 and is secured by real estate. At December 31, 2020, the outstanding principal balance was $602,629.

Years Ending December 31	Principal	Interest	Total
2021	$ 5,708,219	$ 2,192,533	$ 7,900,752
2022	888,013	2,206,816	3,094,829
2023	1,167,998	2,342,807	3,510,805
2024	1,708,245	2,300,351	4,008,596
2025	1,108,942	1,860,326	2,969,268
Thereafter	60,684,859	69,354,197	130,039,056
Total	$ 71,266,276	$ 80,257,030	$ 151,523,306

Note 8 - Pension Plan

Plan Description

The Authority's employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as follows:

- Traditional Pension Plan - A cost-sharing, multiple-employer defined benefit pension plan

Note 8 - Pension Plan (Continued)

- Member-Directed Plan - A defined contribution plan, where the amount available for defined contribution benefits consists of the members' contributions, vested employer contributions (vested over a five-year period), and associated investment gains or losses
- Combined Plan - A cost-sharing, multiple-employer defined benefit pension plan with defined contribution features

While members (e.g., the Authority's employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Pension Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC).

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

Benefits Provided

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

Group A Eligible to Retire Prior to January 7, 2013 or Five Years after January 7, 2013	Group B 20 Years of Service Credit Prior to January 7, 2013 or Eligible to Retire 10 Years after January 7, 2013	Group C Members not in Other Groups and Members Hired on or after January 7, 2013
Age and service requirements: Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age and service requirements: Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age and service requirements: Age 57 with 25 months of service credit or age 62 with five years of service credit
Formula: 2.2 percent of FAS multiplied by years of service for the first 30 years and 2.5 percent for service years in excess of 30	Formula: 2.2 percent of FAS multiplied by years of service for the first 30 years and 2.5 percent for service years in excess of 30	Formula: 2.2 percent of FAS multiplied by years of service for the first 35 years and 2.5 percent for service years in excess of 35

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

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

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

Note 8 - Pension Plan (Continued)

Funding Policy

The ORC provides statutory authority for member and employer contributions. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the plan years ended December 31, 2020 and 2019. For both plan years ended December 31, 2020 and 2019, member contribution rates were 10.0 percent of salary and employer contribution rates were 14.0 percent. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0 percent during both plan years ended December 31, 2020 and 2019. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions to OPERS totaled $1,622,245 for the year ended June 30, 2021, all of which was allocated to pension.

Net Pension Liability

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

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

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

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

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

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Authority combined the amounts for both the Traditional Pension and Combined plans due to the insignificance of the amounts that related to the Combined Plan. The Authority reported a net pension liability of $9,958,454 as its proportionate share. The Authority's proportion of the Traditional Pension Plan was 0.071357 percent.

Note 8 - Pension Plan (Continued)

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

For the year ended June 30, 2021, the Authority recognized pension expense of $(1,059,135).

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,355	$ (554,131)
Changes in assumptions	37,506	-
Net difference between projected and actual investment earnings	-	(4,208,358)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	465,416	(60,517)
Employer contributions subsequent to measurement date	750,298	-
Total	$ 1,262,575	$ (4,823,006)

The amount of $750,298 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2022	$ (1,470,552)
2023	(476,572)
2024	(1,732,794)
2025	(590,348)
2026	(16,157)
Thereafter	(24,306)
Total	$ (4,310,729)

Actuarial Assumptions

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

Note 8 - Pension Plan (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Actuarial Assumptions
Valuation date	December 31, 2020
Actuarial cost method	Individual entry age
Cost of living adjustments	Pre-January 7, 2013 Retirees: 3 percent; Post-January 7, 2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Salary increases, including inflation	3.25% - 10.75%
Inflation	3.25%
Investment rate of return	7.20%
Experience study date	Period of five years ended December 31, 2015
Mortality basis	RP-2014 Healthy Annuitant Mortality Table

Preretirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the tables described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Pension Plan (Continued)

Investment Rate of Return

The allocation of investment assets within the defined benefit portfolio is approved by the board of trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the board of trustees' investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2020 these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75

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

The following table represents the Authority's proportionate share of net pension liability at the 7.2 percent discount rate, as well as the sensitivity to a 1 percentage point increase and a 1 percentage point decrease in the current discount rate:

	1 Percentage Point Decrease (6.20%)	Current Discount Rate (7.20%)	1 Percentage Point Increase (8.20%)
Proportionate share of the net pension liability	$ 19,729,696	$ 9,958,455	$ 1,849,303

Note 9 - Other Postemployment Benefit Plan

Plan Description and Benefits Provided

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning on January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age.

Note 9 - Other Postemployment Benefit Plan (Continued)

Contributions

OPERS' Postemployment Healthcare Plan was established under, and is administered in accordance with, Internal Revenue Code (IRC) Section 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for the funding of postemployment health care coverage. Health care funding is discretionary and dependent on both the pension funding and future projections. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0 percent in 2020. The 2021 allocation is expected to be 0.0 percent for health care funding and expected to continue at that rate thereafter. Contributions to the plan from the Authority were $0 for the year ended June 30, 2021.

Net OPEB Asset

At June 30, 2021, the Authority reported an asset of $1,343,668 for its proportionate share of the net OPEB asset

The net OPEB asset was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to the measurement date. The Authority's proportion of the net OPEB asset was based on the Authority's actuarially required contribution for the year ended December 31, 2020 relative to all other contributing employers. At December 31, 2020, the Authority's proportion was 0.075420 percent.

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

For the year ended June 30, 2021, the Authority recognized OPEB expense of $(7,992,619).

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (1,212,652)
Changes in assumptions	660,562	(2,177,144)
Net difference between projected and actual earnings on OPEB plan investments	-	(715,656)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	283,720	(1,704)
Total	$ 944,282	$ (4,107,156)

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

Years Ending June 30	Amount
2022	$ (1,608,288)
2023	(1,159,264)
2024	(310,995)
2025	(84,327)
Total	$ (3,162,874)

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the system and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 75:

	Actuarial Assumptions
Actuarial valuation date	December 31, 2019
Rolled-forward measurement date	December 31, 2020
Experience study	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age normal
Single discount rate	6.00%
Investment rate of return	6.00%
Municipal bond rate	2.00%
Wage inflation	3.25%
Projected salary increases, including inflation	3.25 - 10.75%
Health care cost trend rate	8.50% initial, 3.50% ultimate in 2035

Preretirement mortality rates are based on the RP-2014 employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 healthy annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Discount Rate

A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Note 9 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The allocation of investment assets within the health care portfolio is approved by the board, as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the board-approved asset allocation policy for 2020 and the long-term expected real rates of return.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	25.00 %	5.64 %
International equity	25.00	7.36
Fixed income	34.00	1.07
REITs	7.00	6.48
Other investments	9.00	4.02

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Authority, calculated using the discount rate of 6.00 percent, as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB asset of the Ohio Public Employees Retirement System	$ 334,111	$ 1,343,668	$ 2,173,604

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the Authority, calculated using the health care cost trend rate of 8.2 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the Ohio Public Employees Retirement System	$ 1,376,415	$ 1,343,668	$ 1,307,029

Assumption Changes

A discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020, which represents a change from a discount rate of 3.16 percent used on the measurement date of December 31, 2019.

Note 10 - Risk Management - Primary Government

The Authority 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. The Authority also maintains employee major medical, vision, and dental coverage with private carriers.

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

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

Primary property	$500 million/occurrence
Automobile liability	$6 million/occurrence
Casualty/General liability	$6 million/occurrence
Crime	$500,000/occurrence
Pollution	$1 million/$2 million (aggregate)

Note 11 - Commitments and Contingencies

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

The Authority received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2021.

Note 12 - Blended Component Units

A condensed statement of net position for the Authority's blended component units as of June 30, 2021 is presented as follows:

	Touchstone Property Services, Inc.	Park Eden Evanston, LLC
Assets		
Current assets	$ 389,199	$ 1,974,412
Noncurrent assets	1	3,879,242
Total assets	389,200	5,853,654
Liabilities		
Current liabilities	777,269	645,296
Noncurrent liabilities	236,864	2,961,992
Total liabilities	1,014,133	3,607,288
Net Position (Deficit)	$ (624,933)	$ 2,246,366

A condensed statement of activities for the Authority's blended component unit for the year ended June 30, 2021 is presented as follows:

	Touchstone Property Services, Inc.	Park Eden Evanston, LLC
Operating Revenue	$ 565,625	$ 769,861
Operating Expense	423,976	1,719,645
Operating Income (Loss)	141,649	(949,784)
Contributions - Capital assets transferred from the Authority	-	958,429
Change in Net Position	141,649	8,645
Net Position (Deficit) - Beginning of year	(766,582)	2,237,721
Net Position (Deficit) - End of year	$ (624,933)	$ 2,246,366

Note 12 - Blended Component Units (Continued)

A condensed statement of cash flows for the Authority's blended components unit for the year ended June 30, 2021 is presented as follows:

	Touchstone Property Services, Inc.	Park Eden Evanston, LLC
Cash Flows Provided by (Used in) Operating Activities	$ 44,245	$ (529,876)
Cash Flows (Used in) Provided by Investing Activities	(3,230)	180,600
Net Increase (Decrease) in Cash and Cash Equivalents	41,015	(349,276)
Cash and Cash Equivalents - Beginning of year	18,148	2,141,455
Cash and Cash Equivalents - End of year	$ 59,163	$ 1,792,179
Classification of Cash		
Cash and investments	$ 41,439	$ 318,296
Restricted cash (current)	17,724	1,473,883
Total cash	$ 59,163	$ 1,792,179
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	$ 141,649	$ (949,784)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	-	111,458
Changes in assets and liabilities	(97,404)	308,450
Net cash provided by (used in) operating activities	$ 44,245	$ (529,876)

Note 13 - Subsequent Events

On February 8, 2022, the Authority closed on a transaction to convert 74 public housing units to project-based voucher units under HUD's Rental Assistance Demonstration Program. Marianna Terrace, a wholly owned subsidiary of the Authority, has committed as the managing member of the new entity, Marianna Terrace Apartments, LLC. As part of this conversion, the newly formed Marianna Terrace Apartments, LLC has committed to entering into a mortgage insured under HUD’s Section 221(d)(4) program in the amount of $4,600,000 and approximately $5,600,000 in soft debt. These proceeds will be utilized to complete a rehabilitation of the facility. Full rehabilitation is estimated to be completed during the fiscal year ending June 30, 2024.

On July 11, 2022, the Authority closed on a transaction to convert 56 public housing units to project-based voucher units under HUD's Rental Assistance Demonstration Program. Bennett Point Apartments Development Corporation, a wholly owned subsidiary of the Authority, has committed as the managing member of the new entity, Bennett Point Apartments, LLC. As part of this conversion, the newly formed Park Eden Apartments, LLC has committed to entering into a mortgage insured under HUD’s Section 221(d)(4) program in the amount of $5,700,000 and approximately $7,480,000 in soft debt. These proceeds will be utilized to complete a rehabilitation of the facility. Full rehabilitation is estimated to be completed during the fiscal year ending June 30, 2023.

Required Supplemental Information

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

Last Seven Plan Years

Plan Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
The Authority's proportion of the net pension liability	0.07136 %	0.06838 %	0.06742 %	0.06817 %	0.07526 %	0.07649 %	0.08286 %
The Authority's proportionate share of the net pension liability - Net	$ 9,958,454	$ 13,081,431	$ 18,291,775	$ 10,501,520	$ 17,018,192	$ 13,186,934	$ 9,753,026
The Authority's covered payroll	$ 11,854,299	$ 10,981,901	$ 10,309,453	$ 10,237,829	$ 11,395,353	$ 11,736,175	$ 11,963,253
The Authority's proportionate share of the net pension liability as a percentage of its covered payroll	84.01 %	119.12 %	177.43 %	102.58 %	149.34 %	112.36 %	81.52 %
Plan fiduciary net position as a percentage of total pension liability	86.88 %	82.17 %	74.70 %	84.66 %	77.39 %	81.20 %	86.36 %

Amounts presented for each year were determined as of the Authority's measurement date (December 31). Information prior to 2014 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

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

Last Seven Fiscal Years

Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,622,245	$ 1,541,505	$ 1,496,109	$ 1,440,532	$ 1,567,893	$ 1,548,032	$ 1,600,214
Contributions in relation to the contractually required contribution	1,622,245	1,541,505	1,496,109	1,440,532	1,567,893	1,548,032	1,600,214
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
The Authority's Covered Payroll	$ 11,937,656	$ 11,010,747	$ 10,686,615	$ 10,247,325	$ 11,199,235	$ 11,057,371	$ 11,430,100
Contributions as a Percentage of Covered Payroll	14.00 %	14.00 %	14.00 %	14.06 %	14.00 %	14.00 %	14.00 %

Years listed represent the Authority's fiscal year (June 30). Information prior to 2015 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

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

Last Four Plan Years

Plan Years Ended December 31

	2020	2019	2018	2017
The Authority's proportion of the net OPEB liability	0.07542 %	0.07262 %	0.07108 %	0.07264 %
The Authority's proportionate share of the net OPEB liability (asset)	$ (1,343,668)	$ 10,030,432	$ 9,267,284	$ 7,888,168
The Authority's covered payroll	$ 11,854,299	$ 10,981,901	$ 10,309,453	$ 10,237,829
The Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(11.33)%	91.34 %	89.89 %	77.05 %
Plan fiduciary net position as a percentage of total OPEB liability (asset)	115.57 %	47.80 %	46.33 %	54.14 %

Amounts presented for each year were determined as of the Authority's measurement date (December 31). Information prior to 2017 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

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

Last Four Fiscal Years

Years Ended June 30

	2021	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ -	$ 51,544
Contributions in relation to the statutorily required contribution	-	-	-	51,544
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 11,937,656	$ 11,010,747	$ 10,686,615	$ 10,247,325
Contributions as a Percentage of Covered Payroll	- %	- %	- %	0.50 %

Years listed represent the Authority's fiscal year (June 30). Information prior to 2018 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

Other Supplemental Information

Cincinnati Metropolitan Housing Authority

Financial Data Schedules – Entity Wide Balance Sheet

June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.CCC Central Office Cost Center CARES Act Funding	14.866 Revitalization of Severely Distressed Public Housing	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
111 Cash - Unrestricted	7,423,921	44,857		1,973,812	422,318	-	781,566		2,671,580	-
112 Cash - Restricted - Modernization and Development	1,537,178			6,448,668	1,305,166	-				292,680
113 Cash - Other Restricted	105,093	-				-		18,493	2,953,949	1,683,741
114 Cash - Tenant Security Deposits	798,177			192,730	34,981	-				
115 Cash - Restricted for Payment of Current Liabilities	-					-				
100 Total Cash	9,864,369	44,857	-	8,615,210	1,762,465	-	781,566	18,493	5,625,529	1,976,421
121 Accounts Receivable - PHA Projects	-									
122 Accounts Receivable - HUD Other Projects	203,930	135,859		-	-	-				-
124 Accounts Receivable - Other Government				38,409						
125 Accounts Receivable - Miscellaneous	1,311,485			-	101,351	-	-		288,519	180
126 Accounts Receivable - Tenants	1,685,673			239,429	417,725	-			1,321,891	
126.1 Allowance for Doubtful Accounts -Tenants	(632,732)			-	-	-			(1,321,891)	
126.2 Allowance for Doubtful Accounts - Other	-	-		-	-	-	-		-	-
127 Notes, Loans, & Mortgages Receivable - Current				-	-					
128 Fraud Recovery	237,828				-				88,177	
128.1 Allowance for Doubtful Accounts - Fraud	-				-				-	
129 Accrued Interest Receivable					-					
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,806,184	135,859	-	277,838	519,076	-	-	-	376,696	180
131 Investments - Unrestricted	1,079,533				-					
132 Investments - Restricted					-					
135 Investments - Restricted for Payment of Current Liability					-					
142 Prepaid Expenses and Other Assets	493,428			9,742	11,686				141,691	
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From	1,207,271			-	991					37,880
145 Assets Held for Sale										
150 Total Current Assets	15,450,785	180,716	-	8,902,790	2,294,218	-	781,566	18,493	6,143,916	2,014,481
161 Land	40,292,355			4,338,245	514,084					
162 Buildings	332,963,594			50,233,510	2,737,182				366,286	
163 Furniture, Equipment & Machinery - Dwellings	2,079,705			2,115,574	155,974				388,691	
164 Furniture, Equipment & Machinery - Administration	1,289,247			47,291	15,403				168,360	
165 Leasehold Improvements	106,883			20,008,049	142,897		30,536,094			
166 Accumulated Depreciation	(208,714,273)			(13,254,007)	(128,206)		(6,053,804)		(883,414)	
167 Construction in Progress	11,705,869			32,807,605	580,602		-			
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	179,723,380	-	-	96,296,267	4,017,936	-	24,482,290	-	39,923	-
171 Notes, Loans and Mortgages Receivable - Non-Current				-	161				885,000	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							91,725			
173 Grants Receivable - Non Current	-									
174 Other Assets					-					
176 Investments in Joint Ventures										
180 Total Non-Current Assets	179,723,380	-	-	96,296,267	4,018,097	-	24,574,015	-	924,923	-
200 Deferred Outflow of Resources	1,044,576								558,539	
290 Total Assets and Deferred Outflow of Resources	196,218,741	180,716	-	105,199,057	6,312,315	-	25,355,581	18,493	7,627,378	2,014,481

	14.MRC Moderate Rehabilitation CARES Act Funding	1 Business Activities	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		1,744,179	2,674	22,895	-		430,500	36,310	2,729,360	18,283,972		18,283,972
112 Cash - Restricted - Modernization and Development		175,000	65,742		-	-		-	1,242,888	11,067,322		11,067,322
113 Cash - Other Restricted		-		192,269	-	-	98,400	308,900	73,101	5,433,946		5,433,946
114 Cash - Tenant Security Deposits		11,794	78,816		-	-		-	-	1,116,498		1,116,498
115 Cash - Restricted for Payment of Current Liabilities		-			33,450	-		-	-	33,450		33,450
100 Total Cash	-	1,930,973	147,232	215,164	33,450	-	528,900	345,210	4,045,349	35,935,188	-	35,935,188
121 Accounts Receivable - PHA Projects								-		-		-
122 Accounts Receivable - HUD Other Projects			-		23,188			-	1	362,978		362,978
124 Accounts Receivable - Other Government		1						-		38,410		38,410
125 Accounts Receivable - Miscellaneous		1,627,332	-		-	-		2,325	1,661,595	4,992,787	(2,741,230)	2,251,557
126 Accounts Receivable - Tenants		133,167	135,893					-		3,933,778		3,933,778
126.1 Allowance for Doubtful Accounts -Tenants		-	(8,317)					-		(1,962,940)		(1,962,940)
126.2 Allowance for Doubtful Accounts - Other		(14,206,543)			-			-	-	(14,206,543)		(14,206,543)
127 Notes, Loans, & Mortgages Receivable - Current		-						-		-		-
128 Fraud Recovery								-		326,005		326,005
128.1 Allowance for Doubtful Accounts - Fraud								-		-		-
129 Accrued Interest Receivable		697,102						-		697,102		697,102
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	(11,748,941)	127,576	-	23,188	-	-	2,325	1,661,596	(5,818,423)	(2,741,230)	(8,559,653)
131 Investments - Unrestricted		-						-	382,423	1,461,956		1,461,956
132 Investments - Restricted		-						-		-		-
135 Investments - Restricted for Payment of Current Liability		-						-		-		-
142 Prepaid Expenses and Other Assets		199	9,834					108	374,547	1,041,235		1,041,235
143 Inventories								-	424,377	424,377		424,377
143.1 Allowance for Obsolete Inventories								-	-	-		-
144 Inter Program Due From		-	-		-			-	489,306	1,735,448	(1,567,846)	167,602
145 Assets Held for Sale								-				
150 Total Current Assets	-	(9,817,769)	284,642	215,164	56,638	-	528,900	347,643	7,377,598	34,779,781	(4,309,076)	30,470,705
161 Land		2,695,985	1,578,043					-	469,398	49,888,110		49,888,110
162 Buildings		1,454,313	6,396,100					-	28,338,480	422,489,465		422,489,465
163 Furniture, Equipment & Machinery - Dwellings		-	1,422					-	990,636	5,732,002		5,732,002
164 Furniture, Equipment & Machinery - Administration		36,425						-	1,513,201	3,069,927		3,069,927
165 Leasehold Improvements		1,215,233	28,780					-	55,310	52,093,246		52,093,246
166 Accumulated Depreciation		(697,559)	(3,390,581)					-	(24,797,260)	(257,919,104)		(257,919,104)
167 Construction in Progress		30,015				81,059		-	-	45,205,150		45,205,150
168 Infrastructure		-						-		-		-
160 Total Capital Assets, Net of Accumulated Depreciation	-	4,734,412	4,613,764	-	-	81,059	-	-	6,569,765	320,558,796	-	320,558,796
171 Notes, Loans and Mortgages Receivable - Non-Current		39,102,289						-		39,987,450	(229,412)	39,758,038
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		1,176,589						-		1,268,314		1,268,314
173 Grants Receivable - Non Current								-		-		-
174 Other Assets		44,582,925	110,307					-		44,693,232		44,693,232
176 Investments in Joint Ventures								-				
180 Total Non-Current Assets	-	89,596,215	4,724,071	-	-	81,059	-	-	6,569,765	406,507,792	(229,412)	406,278,380
200 Deferred Outflow of Resources								-	603,741	2,206,856		2,206,856
290 Total Assets and Deferred Outflow of Resources	-	79,778,446	5,008,713	215,164	56,638	81,059	528,900	347,643	14,551,104	443,494,429	(4,538,488)	438,955,941

Financial Data Schedules – Entity Wide Balance Sheet (Continued)

June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.CCC Central Office Cost Center CARES Act Funding	14.866 Revitalization of Severely Distressed Public Housing	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
311 Bank Overdraft	-									
312 Accounts Payable <= 90 Days	2,399,510			6,185,355	1,162,686	-			214,884	-
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	106,058								82,077	
322 Accrued Compensated Absences - Current Portion	48,907			98			-		36,255	
324 Accrued Contingency Liability										
325 Accrued Interest Payable				4,276,357	-					
331 Accounts Payable - HUD PHA Programs									288,256	
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	615,739			147,131	19,870					21,048
341 Tenant Security Deposits	798,197			192,730	34,981					
342 Unearned Revenue	159,291			112,751	947			18,493	15,416	1,976,601
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	2,136,286			698,415						
344 Current Portion of Long-term Debt - Operating Borrowings					50,251					
345 Other Current Liabilities	215,495	180,716		9,995						
346 Accrued Liabilities - Other	-			7,355,860	13,063					
347 Inter Program - Due To	1,027,199			-	118,819				6,401	
348 Loan Liability - Current										
310 Total Current Liabilities	7,506,682	180,716	-	18,978,692	1,400,617	-	-	18,493	643,289	1,997,649
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	19,330,048			70,714,363	3,150,415					
352 Long-term Debt, Net of Current - Operating Borrowings	-									
353 Non-current Liabilities - Other	105,091								1,059,646	
354 Accrued Compensated Absences - Non Current	329,733			-			-		144,989	
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	6,958,917								922,629	
350 Total Non-Current Liabilities	26,723,789	-	-	70,714,363	3,150,415	-	-	-	2,127,264	-
300 Total Liabilities	34,230,471	180,716	-	89,693,055	4,551,032	-	-	18,493	2,770,553	1,997,649
400 Deferred Inflow of Resources	2,408,314								2,250,755	
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	158,257,046			24,883,489	817,270	-	24,482,290		39,923	
509.3 Restricted Fund Balance										
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position	2,440,448			6,641,398	1,340,147	-		18,493	2,953,949	1,976,421
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	(1,117,538)	-	-	(16,018,885)	(396,134)	-	873,291	(18,493)	(387,802)	(1,959,589)
513 Total Equity - Net Assets / Position	159,579,956	-	-	15,506,002	1,761,283	-	25,355,581	-	2,606,070	16,832
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	196,218,741	180,716	-	105,199,057	6,312,315	-	25,355,581	18,493	7,627,378	2,014,481

Cincinnati Metropolitan Housing Authority

Financial Data Schedules – Entity Wide Balance Sheet (Continued)

June 30, 2021

	14.MRC Moderate Rehabilitation CARES Act Funding	1 Business Activities	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
311 Bank Overdraft						11,603		-		11,603		11,603
312 Accounts Payable <= 90 Days		37,155	420,988		6,749	43,387		99	2,121,736	12,592,549	(1,858,923)	10,733,626
313 Accounts Payable >90 Days Past Due								-	-	-		-
321 Accrued Wage/Payroll Taxes Payable		439	4,854	123				833	155,314	349,698		349,698
322 Accrued Compensated Absences - Current Portion		28	3,502					-	163,965	252,755		252,755
324 Accrued Contingency Liability								-				
325 Accrued Interest Payable			321,099					-		4,597,456		4,597,456
331 Accounts Payable - HUD PHA Programs				22,130				27,512		337,898		337,898
332 Account Payable - PHA Projects								-				
333 Accounts Payable - Other Government		15,745						-		819,533		819,533
341 Tenant Security Deposits		45,177	62,304					-	48,704	1,182,093		1,182,093
342 Unearned Revenue		23,448,469	-				430,500	-	4,244	26,166,712		26,166,712
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			724,928					-	456,221	4,015,850		4,015,850
344 Current Portion of Long-term Debt - Operating Borrowings		-						-		50,251		50,251
345 Other Current Liabilities								-	912,435	1,318,641	(885,537)	433,104
346 Accrued Liabilities - Other		-		229				-		7,369,152		7,369,152
347 Inter Program - Due To		657,938		2,065	49,626			3,260	-	1,865,308	(1,567,846)	297,462
348 Loan Liability - Current								-				
310 Total Current Liabilities	-	24,204,951	1,537,675	24,547	56,375	54,990	430,500	31,704	3,862,619	60,929,499	(4,312,306)	56,617,193
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			1,994,006					-	912,448	96,101,280	(226,182)	95,875,098
352 Long-term Debt, Net of Current - Operating Borrowings		-						-		-		-
353 Non-current Liabilities - Other		2,402						-		1,167,139		1,167,139
354 Accrued Compensated Absences - Non Current		-	9,041					-	655,864	1,139,627		1,139,627
355 Loan Liability - Non Current								-				
356 FASB 5 Liabilities		-						-	-	-		-
357 Accrued Pension and OPEB Liabilities								-	733,242	8,614,788		8,614,788
350 Total Non-Current Liabilities	-	2,402	2,003,047	-	-	-	-	-	2,301,554	107,022,834	(226,182)	106,796,652
300 Total Liabilities	-	24,207,353	3,540,722	24,547	56,375	54,990	430,500	31,704	6,164,173	167,952,333	(4,538,488)	163,413,845
400 Deferred Inflow of Resources		-						-	4,271,297	8,930,366		8,930,366
508.3 Nonspendable Fund Balance								-				
508.4 Net Investment in Capital Assets		4,734,412	1,894,830			81,059		-	5,201,096	220,391,415		220,391,415
509.3 Restricted Fund Balance								-				
510.3 Committed Fund Balance								-				
511.3 Assigned Fund Balance								-				
511.4 Restricted Net Position		186,794	144,588	192,269	33,450	-	98,400	308,900	1,315,989	17,651,246		17,651,246
512.3 Unassigned Fund Balance								-				
512.4 Unrestricted Net Position	-	50,649,887	(571,427)	(1,652)	(33,187)	(54,990)	-	7,039	(2,401,451)	28,569,069		28,569,069
513 Total Equity - Net Assets / Position	-	55,571,093	1,467,991	190,617	263	26,069	98,400	315,939	4,115,634	266,611,730	-	266,611,730
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	-	79,778,446	5,008,713	215,164	56,638	81,059	528,900	347,643	14,551,104	443,494,429	(4,538,488)	438,955,941

Financial Data Schedules – Entity Wide Income Statement

June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.CCC Central Office Cost Center CARES Act Funding	14.866 Revitalization of Severely Distressed Public Housing	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
70300 Net Tenant Rental Revenue	8,344,802			1,520,991	306,186					
70400 Tenant Revenue - Other	239,835			9,710	1,469				157	
70500 Total Tenant Revenue	8,584,637	-	-	1,530,701	307,655	-	-	-	157	-
70600 HUD PHA Operating Grants	29,856,884	913,863		2,253,785	458,064	167,881		74,070	88,389,786	4,320,699
70610 Capital Grants	5,869,988						-			
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants	1,550,000			1,666						
71100 Investment Income - Unrestricted	539			3,372	988	18			184	
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				1,133					121,460	
71500 Other Revenue	336,083			17,913	207,585	558,587				
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted									-	
70000 Total Revenue	46,198,131	913,863	-	3,808,570	974,292	726,486	-	74,070	88,511,587	4,320,699
91100 Administrative Salaries	1,517,918	5,266		317,120	69,170				2,484,429	6,649
91200 Auditing Fees	57,137			36,257					10,923	
91300 Management Fee	3,890,073	374,168		237,865	51,272				1,569,780	-
91310 Book-keeping Fee	362,005	73,132							981,112	-
91400 Advertising and Marketing	-								3,359	
91500 Employee Benefit contributions - Administrative	-			73,584	28,987				(2,021,043)	
91600 Office Expenses	963,717	112,072		128,227	747,968			173,941	1,229,769	138,198
91700 Legal Expense	20,914			4,086	137				4,480	
91800 Travel	141			559						
91810 Allocated Overhead	211,253			87,792	23,725					
91900 Other	1,483,143	3,122		31,198	(9,688)				(120)	760,600
91000 Total Operating - Administrative	8,506,301	567,760	-	916,688	911,571	-	-	173,941	4,262,689	905,447

Cincinnati Metropolitan Housing Authority

Financial Data Schedules – Entity Wide Income Statement (Continued)

June 30, 2021

	14.MRC Moderate Rehabilitation CARES Act Funding	1 Business Activities	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		180,390	515,474					-	-	10,867,843		10,867,843
70400 Tenant Revenue - Other		18,286	5,329					-		274,786		274,786
70500 Total Tenant Revenue	-	198,676	520,803	-	-	-	-	-	-	11,142,629	-	11,142,629
70600 HUD PHA Operating Grants		670,730	447,260	62,712	397,709	27,685	98,400	178,255	2,806,616	131,124,399	(2,974,497)	128,149,902
70610 Capital Grants		-			-			-		5,869,988		5,869,988
70710 Management Fee								-	2,653,237	2,653,237	(2,759,396)	(106,159)
70720 Asset Management Fee								-	557,600	557,600	(557,600)	-
70730 Book Keeping Fee								-	1,343,115	1,343,115	(1,343,115)	-
70740 Front Line Service Fee								-	1,627,114	1,627,114	(898,960)	728,154
70750 Other Fees		-						-	85,679	85,679	(85,679)	-
70700 Total Fee Revenue								-	6,266,745	6,266,745	(5,644,750)	621,995
70800 Other Government Grants		-						-		1,551,666	(1,550,000)	1,666
71100 Investment Income - Unrestricted		4,775,521	158,269					-	1,101	4,939,992		4,939,992
71200 Mortgage Interest Income								-				
71300 Proceeds from Disposition of Assets Held for Sale								-				
71310 Cost of Sale of Assets								-				
71400 Fraud Recovery								-		122,593		122,593
71500 Other Revenue		3,283,516	171					-	73,615	4,477,470	(625,097)	3,852,373
71600 Gain or Loss on Sale of Capital Assets								-				
72000 Investment Income - Restricted								-		-		-
70000 Total Revenue	-	8,928,443	1,126,503	62,712	397,709	27,685	98,400	178,255	9,148,077	165,495,482	(10,794,344)	154,701,138
91100 Administrative Salaries		(30,179)	26,673	14,291	152,138			17,848	4,958,574	9,539,897		9,539,897
91200 Auditing Fees								-	15,965	120,282		120,282
91300 Management Fee		22,834	61,668					-		6,207,660	(6,110,872)	96,788
91310 Book-keeping Fee								-		1,416,249	(1,442,807)	(26,558)
91400 Advertising and Marketing		-						-	27,641	31,000		31,000
91500 Employee Benefit contributions - Administrative		4,343	74,086	10,507	60,580			15,072	(3,908,255)	(5,662,139)		(5,662,139)
91600 Office Expenses		(650,838)	175,376		191,582	1,572		178	(261,263)	2,950,499	(1,580,837)	1,369,662
91700 Legal Expense		-	655					-	131,430	161,702		161,702
91800 Travel								-	587	1,287		1,287
91810 Allocated Overhead		6,512	19,795					-		349,077	(317,784)	31,293
91900 Other		348	(847,542)			44		-	50,585	1,471,690		1,471,690
91000 Total Operating - Administrative	-	(646,980)	(489,289)	24,798	404,300	1,616	-	33,098	1,015,264	16,587,204	(9,452,300)	7,134,904

Cincinnati Metropolitan Housing Authority

Financial Data Schedules – Entity Wide Income Statement (Continued)

June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.CCC Central Office Cost Center CARES Act Funding	14.866 Revitalization of Severely Distressed Public Housing	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
92000 Asset Management Fee	557,600	111,287		16,834	67,738					
92100 Tenant Services - Salaries	-			4,962						
92200 Relocation Costs	264,205									
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	641,706			2,578	1,078					
92500 Total Tenant Services	905,911	-	-	7,540	1,078	-	-	-	-	-
93100 Water	1,478,007			125,381	10,103					
93200 Electricity	1,491,490			204,282	26,240					
93300 Gas	1,047,087			12,635	1,386					
93400 Fuel										
93500 Labor										
93600 Sewer	3,298,726			285,470	23,371					
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense	128,818			22,087	1,170					
93000 Total Utilities	7,444,128	-	-	649,855	62,270	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	2,318,781	23,845		30,198	23,222					
94200 Ordinary Maintenance and Operations - Materials and Other	1,280,991	88,481		118,994	21,651	855,164			12,975	67,415
94300 Ordinary Maintenance and Operations Contracts	8,534,364	122,490		616,017	95,567				180,360	
94500 Employee Benefit Contributions - Ordinary Maintenance	783,008			(5)						
94000 Total Maintenance	12,917,144	234,816	-	765,204	140,440	855,164	-	-	193,335	67,415
95100 Protective Services - Labor	-									
95200 Protective Services - Other Contract Costs	2,837,733			129,048	51				39,513	
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	2,837,733	-	-	129,048	51	-	-	-	39,513	-
96110 Property Insurance	1,045,438			45,720	11,759				37,262	
96120 Liability Insurance										
96130 Workmen's Compensation	(156,786)			(1,783)	495				(109,088)	
96140 All Other Insurance										
96100 Total insurance Premiums	888,652	-	-	43,937	12,254	-	-	-	(71,826)	-

June 30, 2021

	14.MRC Moderate Rehabilitation CARES Act Funding	1 Business Activities	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee								-		753,459	(754,565)	(1,106)
92100 Tenant Services - Salaries								-	312,556	317,518		317,518
92200 Relocation Costs			966					-	1,546	266,717		266,717
92300 Employee Benefit Contributions - Tenant Services								-				
92400 Tenant Services - Other								-	50	645,412	(587,479)	57,933
92500 Total Tenant Services	-	-	966	-	-	-	-	-	314,152	1,229,647	(587,479)	642,168
93100 Water			35,960					-	12,023	1,661,474		1,661,474
93200 Electricity			12,928					-	78,143	1,813,083		1,813,083
93300 Gas			16,715					-	21,531	1,099,354		1,099,354
93400 Fuel								-				
93500 Labor								-				
93600 Sewer			67,140					-	31,805	3,706,512		3,706,512
93700 Employee Benefit Contributions - Utilities								-				
93800 Other Utilities Expense		1,767	815					-	7,787	162,444		162,444
93000 Total Utilities	-	1,767	133,558	-	-	-	-	-	151,289	8,442,867	-	8,442,867
94100 Ordinary Maintenance and Operations - Labor		5,250	73,509					-	68,582	2,543,387		2,543,387
94200 Ordinary Maintenance and Operations - Materials and Other		7,525	58,248					5,228	44,557	2,561,229		2,561,229
94300 Ordinary Maintenance and Operations Contracts		27,458	310,949					-	380,145	10,267,350		10,267,350
94500 Employee Benefit Contributions - Ordinary Maintenance								-	-	783,003		783,003
94000 Total Maintenance	-	40,233	442,706	-	-	-	-	5,228	493,284	16,154,969	-	16,154,969
95100 Protective Services - Labor		-						-	-	-		-
95200 Protective Services - Other Contract Costs		-						-	34,690	3,041,035		3,041,035
95300 Protective Services - Other		-						-		-		-
95500 Employee Benefit Contributions - Protective Services		-						-		-		-
95000 Total Protective Services	-	-	-	-	-	-	-	-	34,690	3,041,035	-	3,041,035
96110 Property Insurance		-	9,179					-	72,738	1,222,096		1,222,096
96120 Liability Insurance		-						-		-		-
96130 Workmen's Compensation		49	1,512	(595)	(6,854)			(924)	(219,738)	(493,712)		(493,712)
96140 All Other Insurance		-						-		-		-
96100 Total insurance Premiums	-	49	10,691	(595)	(6,854)	-	-	(924)	(147,000)	728,384	-	728,384

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.CCC Central Office Cost Center CARES Act Funding	14.866 Revitalization of Severely Distressed Public Housing	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
96200 Other General Expenses	2,509,044	-		81,696		-			35,269	-
96210 Compensated Absences										
96300 Payments in Lieu of Taxes	615,739			68,484	18,004					
96400 Bad debt - Tenant Rents	735,580			4,206						
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	3,860,363	-	-	154,386	18,004	-	-	-	35,269	-
96710 Interest of Mortgage (or Bonds) Payable	355,301			10,362	7,529					
96720 Interest on Notes Payable (Short and Long Term)	-			1,246,629	87,487					
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	355,301	-	-	1,256,991	95,016	-	-	-	-	-
96900 Total Operating Expenses	38,273,133	913,863	-	3,940,483	1,308,422	855,164	-	173,941	4,458,980	972,862
97000 Excess of Operating Revenue over Operating Expenses	7,924,998	-	-	(131,913)	(334,130)	(128,678)	-	(99,871)	84,052,607	3,347,837
97100 Extraordinary Maintenance	-				-					
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments				6,179				34,407	78,770,407	3,179,956
97350 HAP Portability-In										
97400 Depreciation Expense	10,717,420			2,121,807	108,042		610,807		19,889	
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	48,990,553	913,863	-	6,068,469	1,416,464	855,164	610,807	208,348	83,249,276	4,152,818
10010 Operating Transfer In	4,962,196			4,576,582	958,429					
10020 Operating transfer Out	(4,962,196)			(2,505,114)	(676,111)					
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit	112,314									
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss	-									
10080 Special Items (Net Gain/Loss)	1,143,997			-						
10091 Inter Project Excess Cash Transfer In	2,083,878									
10092 Inter Project Excess Cash Transfer Out	(2,083,878)									
10093 Transfers between Program and Project - In	-									
10094 Transfers between Project and Program - Out	(1,930,665)									
10100 Total Other financing Sources (Uses)	(674,354)	-	-	2,071,468	282,318	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(3,466,776)	-	-	(188,431)	(159,854)	(128,678)	(610,807)	(134,278)	5,262,311	167,881
11020 Required Annual Debt Principal Payments	1,181,399	-	-	10,756,246	49,506	-	-	-	-	-
11030 Beginning Equity	161,412,734	-	-	9,625,259	1,691,683	-	25,966,388	134,278	(2,656,221)	-
11040 Prior Period Adjustments, Equity Transfers and Correction of	1,633,998			6,069,174	229,454	128,678			(20)	(151,049)

Financial Data Schedules – Entity Wide Income Statement (Continued)

June 30, 2021

	14.MRC Moderate Rehabilitation CARES Act Funding	1 Business Activities	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
96200 Other General Expenses		372,637	2,699					-	1,942,710	4,944,055		4,944,055
96210 Compensated Absences		-						-		-		-
96300 Payments in Lieu of Taxes		15,745						-		717,972		717,972
96400 Bad debt - Tenant Rents		-	25,901					-		765,687		765,687
96500 Bad debt - Mortgages		3,515,066						-		3,515,066		3,515,066
96600 Bad debt - Other		-						-		-		-
96800 Severance Expense		-						-		-		-
96000 Total Other General Expenses	-	3,903,448	28,600	-	-	-	-	-	1,942,710	9,942,780	-	9,942,780
96710 Interest of Mortgage (or Bonds) Payable		-						-	-	373,192		373,192
96720 Interest on Notes Payable (Short and Long Term)		-	36,961					-		1,371,077		1,371,077
96730 Amortization of Bond Issue Costs		-						-		-		-
96700 Total Interest Expense and Amortization Cost	-	-	36,961	-	-	-	-	-	-	1,744,269	-	1,744,269
96900 Total Operating Expenses	-	3,298,517	164,193	24,203	397,446	1,616	-	37,402	3,804,389	58,624,614	(10,794,344)	47,830,270
97000 Excess of Operating Revenue over Operating Expenses	-	5,629,926	962,310	38,509	263	26,069	98,400	140,853	5,343,688	106,870,868	-	106,870,868
97100 Extraordinary Maintenance		-						-	-	-		-
97200 Casualty Losses - Non-capitalized		-						-		-		-
97300 Housing Assistance Payments		-		47,096				154,617	7,608	82,200,270		82,200,270
97350 HAP Portability-In		-						-		-		-
97400 Depreciation Expense		214,352	165,794					-	572,366	14,530,477		14,530,477
97500 Fraud Losses		-						-		-		-
97600 Capital Outlays - Governmental Funds								-				
97700 Debt Principal Payment - Governmental Funds								-				
97800 Dwelling Units Rent Expense		-						-		-		-
90000 Total Expenses	-	3,512,869	329,987	71,299	397,446	1,616	-	192,019	4,384,363	155,355,361	(10,794,344)	144,561,017
10010 Operating Transfer In								-	-	10,497,207	(4,962,196)	5,535,011
10020 Operating transfer Out		(389,609)						-		(8,533,030)	4,962,196	(3,570,834)
10030 Operating Transfers from/to Primary Government								-				
10040 Operating Transfers from/to Component Unit		-						-		112,314		112,314
10050 Proceeds from Notes, Loans and Bonds								-				
10060 Proceeds from Property Sales								-				
10070 Extraordinary Items, Net Gain/Loss		-						-		-		-
10080 Special Items (Net Gain/Loss)		(1,115,508)						-		28,489		28,489
10091 Inter Project Excess Cash Transfer In								-		2,083,878	(2,083,878)	-
10092 Inter Project Excess Cash Transfer Out								-		(2,083,878)	2,083,878	-
10093 Transfers between Program and Project - In		1,930,665						-		1,930,665	(1,930,665)	-
10094 Transfers between Project and Program - Out								-		(1,930,665)	1,930,665	-
10100 Total Other financing Sources (Uses)	-	425,548	-	-	-	-	-	-	-	2,104,980	-	2,104,980
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-	5,841,122	796,516	(8,587)	263	26,069	98,400	(13,764)	4,763,714	12,245,101	-	12,245,101
11020 Required Annual Debt Principal Payments	-	-	40,000	-	-	-	-	-	-	12,027,151		12,027,151
11030 Beginning Equity	-	53,551,274	144,059	199,662	-	-	-	265,176	(345,796)	249,988,496		249,988,496
11040 Prior Period Adjustments, Equity Transfers and Correction of		(3,821,303)	527,416	(458)				64,527	(302,284)	4,378,133		4,378,133

REAC Supplemental Information Requirement

As required by HUD for REAC reporting purposes, the Authority prepares its financial data schedules (FDS) in accordance with HUD requirements in a prescribed format. The HUD-prescribed format differs from the required classification of several balances under accounting principles generally accepted in the United States of America (GAAP) as follows:

(1) Depreciation expense and housing assistance payments are excluded from operating activities;
(2) Gain (loss) on sales of capital assets, interest income, and capital grants are included in operating activities;
(3) Tenant receivable and allowance for doubtful accounts are reflected separately;
(4) The blended component unit activities are presented in the other business activities column, which is included in total programs;
(5) Certain receivable and payable accounts between project funds must be presented on the FDS at their net amounts, which may cause offsetting variances to the corresponding asset and liability balances, as compared to the financial statements;
(6) HUD requires certain cash accounts to be presented as restricted on FDS, which do not meet the GAAP definition of restricted cash, and further impacts the calculation of restricted net position;
(7) The calculation of net investment in capital assets is restricted to a formulaic use of lines 160, 343, 344, 351, and 352 of the FDS. It does not consider adjustments for debt that did not finance the acquisition of capital assets or other liabilities that would reduce the balance from a GAAP perspective

In addition, the FDS prepared by the Authority includes minor differences from the statement of net position and the statement of revenue, expenses, and changes in net position that management has determined to be immaterial.

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

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

Independent Auditor's Report

To Management and the Board of Commissioners
Cincinnati Metropolitan Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Cincinnati Metropolitan Housing Authority (the "Authority") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 19, 2022. Our report includes a reference to other auditors who audited the financial statements of Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC, which represent 66 percent of the assets, 68 percent of the net position, and 70 percent of the revenue of the aggregate discretely presented component units, as described in our report on Cincinnati Metropolitan Housing Authority's financial statements. The financial statements of Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC or that are reported on separately by those auditors who audited the financial statements of Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2021-001, 2021-002, and 2021-003, that we consider to be material weaknesses.

To Management and the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The Authority's Responses to the Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

Purpose of This Report

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

Plante & Moran, PLLC

October 19, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Cincinnati Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC, Our audit, described below, did not include the operations of Cary Crossing, LLC; Reserve on South Martin, LP; Springdale Senior, LP; West Union Square, LLC; and Sutter View, LLC because these discretely presented component units engaged the use of other auditors to perform separate audits.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the OMB Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding 2021-005. Our opinion on each major federal program is not modified with respect to this matter.

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2021-005 and 2021-006 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2021-004 to be a significant deficiency.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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

Plante & Moran, PLLC

October 19, 2022

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Program Title	Assistance Listing Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Section 8 project-based cluster:			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	$ -	$ 178,255
Single Room Occupancy Program - Section 8 Moderate Rehabilitation	14.249	-	62,712
Section 8 project-based cluster total		-	240,967
Housing voucher cluster:			
Section 8 Housing Choice Vouchers	14.871	-	88,389,786
COVID-19 - Emergency Housing Vouchers	14.871	-	98,400
COVID-19 - Section 8 Housing Choice Vouchers	14.871	-	4,320,699
Section 8 Mainstream Vouchers	14.879	-	74,070
Housing voucher cluster total		-	92,882,955
Public Housing Capital Fund Program	14.872	-	10,242,730
Public and Indian Housing - Low-income Public Housing:			
Public and Indian Housing - Low-income Public Housing	14.850	-	25,701,927
COVID-19 - Public and Indian Housing - Low-income Public Housing	14.850	-	913,863
Public and Indian Housing - Low-Income Public Housing total		-	26,615,790
Choice Neighborhood Planning Grant	14.892	-	27,685
Family Self Sufficiency Program	14.896	-	397,709
Total federal awards		**$ -**	**$ 130,407,836**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Cincinnati Metropolitan Housing Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
14.871, 14.879	Housing Choice Voucher Cluster	Unmodified

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

Section II - Financial Statement Audit Findings

Reference Number	Finding
2021-001	**Finding Type** - Material weakness

Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over the general ledger and properly recording transactions in accordance with U.S. GAAP.

Condition - During the course of the audit, we noted that the books and records of the Authority have not been adequately maintained or properly closed at year end. Approximately 50 auditor-proposed journal entries were identified impacting various transaction cycles, including, but not limited to, cash, revenue, and notes receivable. The quantity of the auditor-proposed journal entries identified and the pervasiveness of the transaction cycles impacted has demonstrated an overall lack of skill and knowledge over the related accounting functions. This is further illustrated by an inability to provide reconciliations that agree to the general ledger balances and/or to underlying support.

Context - There were over 50 auditor-proposed entries identified impacting various transaction cycles that were required in order to present the financial statements in accordance with U.S. GAAP. The net impact of these adjustments on the change in net position was in excess of $3,000,000.

Cause - These deficiencies were caused by an overall lack of controls and monitoring over the general ledger and the transaction cycles affected and a lack of skill and knowledge by key individuals responsible for maintaining books and records.

Effect - Because of the overall lack of controls and monitoring and the lack of skill and knowledge by key individuals responsible for maintaining books and records, the year-end balances required a significant amount of adjustment prior to being properly stated in accordance with U.S. GAAP. In addition, the audit of federal awards is being issued 16 months after year end, which is extremely delayed due to the impact of these issues. Prior to these auditor-proposed corrections, the financial statements were misstated and were not in accordance with GAAP.

Recommendation - We recommend that management review their current controls over the general ledger in order to identify and implement the necessary changes to ensure that controls are in place and the balances are properly recorded. In addition, management should ensure that individuals with responsibility for the accounting function have the appropriate training, are given the appropriate responsibilities, and have the appropriate time to perform their accounting functions with appropriate oversight.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2001-001 (Cont.)	**Views of Responsible Officials and Planned Corrective Actions** - Management has reviewed the finding and has implemented a short-term and long-term plan. During the latter part of 2020 and throughout 2021, CMHA unfortunately experienced extreme turnover in the finance department. The COVID-19 pandemic impact within CMHA caused an unprecedented level of turnover and qualified worker shortage. The loss of our finance director, as well as financial management and tenured accountants in high numbers, occurred during this period. This turnover caused the need to bring in temporary workers with various levels of experience and knowledge to continue the day-to-day financial operations of the Authority while the Authority recruited personnel. This situation also caused the department to fall behind in certain areas due to the lack of manpower. With the assistance of recruiting firms, CMHA was able to fill key management roles by the start of calendar year 2022 and start backfilling vacant accounting positions within its department, but, unfortunately, the impact of these past 18-22 months was felt through a lack of timely maintained records and books. On March 19, 2021, HUD recognized that this was a nationwide problem and issued new guidance for single audit filing, with OMB M-21-20 extending the deadline for single audit filing to Federal Audit Clearinghouse for PHAs that had a fiscal year end June 30, 2021 to September 30, 2022.

We acknowledge that it took an extended amount of time to ensure records and books were reconciled properly with adjusting entries made due to COVID-19 staff turnover, along with the auditor's need to schedule other work in the interim that extended the period of dialogue needed to complete the audit. Additionally, there were staff changes within the auditor team coupled with staff changes within the CMHA team that caused a need for resubmission of documents and additional answers to questions that were thought to have been resolved. This caused confusion for both teams.

In order to facilitate a short-term solution, CMHA has procured another CPA firm to assist with closing out fiscal years 2021 and 2022 while we continue to recruit and hire qualified staff and provide industry training to personnel. The learning curve in this industry tends to be approximately one year to fully gain an understanding of the rules and regulations and all reporting requirements within our industry.

The long-term solution is to continue to apply quality business practices CMHA has already established, which were difficult to execute during the pandemic-caused turnover:

- First, continually recruit and, when required, hire qualified and experienced staff utilizing internal and external resources to find candidates. These individuals need to have a high level of competence in the area of accounting and finance as proven by interviewing, testing, and reference checks on performance and prior job experience.

- Second, review and update the many standard operating procedures (SOPs) and create new SOPs and policies that will help new personnel understand the tasks and procedures required to complete their work, as well as the required checks and balances and time frames in which to produce quality, accurate, and timely work product. CMHA annually reviews and updates procedures and policies that are very difficult to execute while experiencing continual turnover.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2001-001 (Cont.)	• Third, provide initial and continued training for industry knowledge and personnel growth that helps with the learning curve and provides other resources for personnel to make sure they understand rules, regulations, and HUD accounting and reporting requirements. While CMHA does provide opportunity for initial and ongoing training, it was very difficult to provide while experiencing continual turnover. Over the past 20 years or more, CMHA has not had a year with more than a couple of financial-related findings or comments, and, while we understand the finding, it is important to highlight that, if it were not for the COVID-19 pandemic, CMHA would not have experienced such turnover and resource shortages felt across the country and in other nations. Also, the long-term plan points are quality business standards that were already established but difficult to execute during the continual loss of personnel.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2021-002	**Finding Type** - Material weakness

Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over the general ledger and properly recording transactions in accordance with U.S. GAAP. Part of an effective internal control system includes ensuring that the beginning of year trial balances agree with the prior year audit and no journal entries are posted to net position during the year.

Condition - The Authority's beginning of year net position did not agree to the prior year audited financial statements by approximately $2,300,000. Management was unable to determine the cause of this difference.

Context - A material audit adjustment in the amount of approximately $2,300,000 was required to be recorded in the fiscal year ended June 30, 2021 in order to properly reflect the beginning net position balance to agree to the prior year's audited financial statements.

Cause - Due to a lack of controls and monitoring and the lack of skill and knowledge by key individuals responsible for maintaining books and records, entries were erroneously posted to net position accounts through the period under audit.

Effect - Because of the overall lack of controls and monitoring and the lack of skill and knowledge by key individuals responsible for maintaining books and records, entries totaling approximately $2,300,000 were made to administrative expenses within the financial statements so that beginning net position would agree to the prior year audit. This also overstates current year administrative expenses, as the other side of the entry was unable to be determined by the Authority.

Recommendation - We recommend that management review their current controls over the general ledger in order to identify and implement the necessary changes to ensure that controls are in place to appropriately reconcile net position balances and prevent improper posting to the underlying accounts. In addition, management should assess the skill and knowledge of the key individuals responsible for maintaining books and records, as well as ensure that individuals with responsibility for the accounting function have the appropriate training, are given the appropriate responsibilities, and have the appropriate time to perform their accounting functions, with appropriate oversight.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2021-002 (Cont.)	**Views of Responsible Officials and Planned Corrective Actions** - Management has reviewed the finding and has implemented a short-term and long-term plan. During the latter part of 2020 and throughout 2021, CMHA unfortunately experienced extreme turnover in the finance department, including the finance director, financial management, and tenured accountants in high numbers. This was largely due to COVID-19. This turnover caused the need to bring in temporary workers with various levels of experience and knowledge to continue the day-to-day financial operations of the Authority while the Authority recruited personnel. This situation also caused the department to fall behind in certain areas due to the lack of manpower. With the assistance of recruiting firms, CMHA was able to fill key management roles by the start of calendar year 2022 and start backfilling vacant accounting positions within its department, but, unfortunately, the impact of these past 18-22 months was felt through a lack of timely maintained records and books. As a short-term solution, CMHA has procured another CPA firm to assist with closing out fiscal years 2021 and 2022 while we continue to recruit and hire qualified staff and provide industry training to personnel. The learning curve in this industry tends to be approximately one year to fully gain an understanding of the rules and regulations and all reporting requirements within our industry. The long-term solution is to continue to apply quality business practices CMHA has already established, which were difficult to execute during the pandemic-caused turnover: • First, continually recruit and, when required, hire qualified and experienced staff utilizing internal and external resources to find candidates. These individuals need to have a high level of competence in the area of accounting and finance as proven by interviewing, testing, and reference checks on performance and prior job experience. • Second, review and update the many standard operating procedures (SOPs) and create new SOPs and policies that will help new personnel understand the tasks and procedures required to complete their work, as well as the required checks and balances and time frames in which to produce quality, accurate, and timely work product. CMHA annually reviews and updates procedures and policies that are very difficult to execute while experiencing continual turnover. • Third, provide initial and continued training for industry knowledge and personnel growth that helps with the learning curve and provides other resources for personnel to make sure they understand rules, regulations, and HUD accounting and reporting requirements. While CMHA does provide opportunity for initial and ongoing training, it was very difficult to provide while experiencing continual turnover. Over the past 20 years or more, CMHA has not had a year with more than a couple of financial-related findings or comments, and, while we understand the finding, it is important to highlight that, if it were not for the COVID-19 pandemic, CMHA would not have experienced such turnover and resource shortages felt across the country and in other nations. Also, the long-term plan points are quality business standards that were already established but difficult to execute during the continual loss of personnel.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2021-003	**Finding Type** - Material weakness

Criteria - Management of the Authority is responsible for establishing and maintaining effective internal controls over the general ledger and properly recording transactions in accordance with U.S. GAAP.

Condition - During the audit, the Authority was unable to properly support the capital asset balances recorded per the general ledger.

Context - Material audit entries were recorded in order to properly state the ending balances for both capital assets and current year depreciation expense.

Cause - The Authority converted its capital asset software during the year ended June 30, 2021; however, due to a lack of oversight surrounding the conversion process the lack of appropriate skill and knowledge of the individuals responsible for maintaining the books, there were several input errors leading to a material misstatement of capital asset and depreciation recorded.

Effect - Because of the overall lack of controls and monitoring and the lack of skill and knowledge by key individuals responsible for maintaining books and records, capital assets and depreciation expense balances were materially misstated within the initial trial balances provided, resulting in financial statements that were not in compliance with GAAP.

Recommendation - We recommend that management review their current controls over the general ledger in order to identify and implement the necessary changes to ensure that controls are in place to appropriately reconcile capital asset balances to underlying support and ensure the completeness of the source information. In addition, management should assess the skill and knowledge of the key individuals responsible for maintaining books and records and ensure that individuals with responsibility for the accounting function have the appropriate training, are given the appropriate responsibilities, and have the appropriate time to perform their accounting functions, with appropriate oversight.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2021-003 (Cont.)	**Views of Responsible Officials and Planned Corrective Actions** - Management has reviewed the finding and has implemented procedures to ensure capital assets are properly maintained and the required journal entries posted to the general ledger. In June 2021, CMHA upgraded from manually calculating fixed assets and depreciation to using a computerized module within Yardi. Unfortunately, this conversion created some issues, which took time to identify and correct. In addition, during the latter part of 2020 and throughout 2021, CMHA unfortunately experienced extreme turnover in the finance department. The COVID-19 pandemic impact within CMHA caused an unprecedented level of turnovers and qualified worker shortage. The loss of our finance director, as well as financial management and tenured accountants in high numbers, occurred during this period. This turnover caused the need to bring in temporary workers with various levels of experience and knowledge to continue the day-to-day financial operations of the Authority while the Authority recruited personnel. This loss of experienced individuals, along with the system conversion, created difficulty in properly maintaining the capital assets. With the assistance of recruiting firms, CMHA was able to fill key management roles by the start of calendar year 2022 and start backfilling vacant accounting positions within its department, but, unfortunately, the impact of these past 18-22 months was felt through a lack of timely maintained records and books.

The long-term solution is to continue to apply quality business practices CMHA has already established, which were difficult to execute during the pandemic-caused turnover:

- First, continually recruit and, when required, hire qualified and experienced staff utilizing internal and external resources to find candidates. These individuals need to have a high level of competence in the area of accounting and finance as proven by interviewing, testing, and reference checks on performance and prior job experience.

- Second, review and update the many standard operating procedures (SOPs) and create new SOPs and policies that will help new personnel understand the tasks and procedures required to complete their work, as well as the required checks and balances and time frames in which to produce quality, accurate, and timely work product. CMHA annually reviews and updates procedures and policies that are very difficult to execute while experiencing continual turnover.

- Third, provide initial and continued training for knowledge regarding capital assets and depreciation and personnel growth that helps with understanding rules and reporting requirements. While CMHA does provide opportunity for initial and ongoing training, it was very difficult to provide while experiencing continual turnover.

Over the past 20 years or more, CMHA has not had a year with more than a couple of financial-related findings or comments, and, while we understand the finding, it is important that, if it were not for the COVID-19 pandemic, CMHA would not have experienced such turnover and resource shortages felt across the country and in other nations. Also, the long-term plan points are quality business standards that were already established but difficult to execute during the continual loss of personnel.

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2021-004	**Assistance Listing Number, Federal Agency, and Program Name** - 14.871, U.S. Department of Housing and Urban Development - Housing Voucher Cluster Section 8 Housing Choice Vouchers	$1,596

Federal Award Identification Number and Year - N/A

Pass-through Entity - N/A

Finding Type - Significant deficiency

Repeat Finding - No

Criteria - The Authority is required to reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR section 982.516(a) (1)).

Condition - During the recertification process for one tenant, the Authority incorrectly input the tenant's income into the subsidy calculation software. This resulted in an overpayment of housing assistance payments to be received.

Questioned Costs - $1,596

Identification of How Questioned Costs Were Computed - Overpayment of subsidy for the period under audit due to a lack of controls to ensure verified income was properly input into the subsidy calculation software

Context - For 1 of 40 tenants selected for eligibility testing, the Authority erroneously input prior year income information into the tenant's subsidy calculation for the HUD 50058 Form. This resulted in an overpayment of subsidy during the fiscal year ended June 30, 2021 totaling $1,596.

Cause and Effect - Controls surrounding the input of tenant income into the subsidy calculation during the annual recertification of eligibility were not consistently followed. This resulted in an error in the calculation of the housing assistance payments and an overpayment of subsidy during the fiscal year ended June 30, 2021 totaling $1,596.

Recommendation - The Authority should strengthen controls to ensure tenant income is input into subsidy calculation software correctly during the annual recertification process to ensure assistance payments are correctly calculated in accordance with applicable federal regulations.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-004 (Cont.)	**Views of Responsible Officials and Corrective Action Plan** - The Authority acknowledges the incorrect calculation of housing assistance payments that resulted in the overpayment of subsidy and has entered into repayment agreements with these individuals to make the Housing Choice Voucher Program whole. The Authority has implemented the following corrective action plan to eliminate these types of errors moving forward: (1) Housing specialists will receive additional eligibility and rent calculation training in fall 2022. (2) The compliance department will increase random audits of completed certifications with focus on rent calculation. (3) Increase training on SOPs in housing specialist meetings (4) Develop tracking system for errors resulting from compliance audits. This will not only dictate areas where training is needed but also identify repeat offenders where disciplinary action may be warranted.	

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-005	**Assistance Listing Number, Federal Agency, and Program Name** - 14.871, U.S. Department of Housing and Urban Development - COVID-19 - Housing Voucher Cluster Section 8 Housing Choice Vouchers 14.850, U.S. Department of Housing and Urban Development - COVID-19 - Public and Indian Housing - Low-income Public Housing **Federal Award Identification Number and Year** - N/A **Pass-through Entity** - N/A **Finding Type** - Material weakness and material noncompliance with laws and regulations **Repeat Finding** - No	$340,703

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-005 (Cont.)	**Criteria** - Section 8 Housing Choice Vouchers - PIH Notices 2020-08 and 2020-18 CARES Act - HCV Program Administrative Fees First and Second Award, respectively, cover requirements related to the supplemental administrative fee funding. This supplemental administrative fee funding may be used only for two purposes: (1) any currently eligible HCV administrative costs during the period that the program remains impacted by COVID-19 and (2) new COVID-19-related activities, including activities to support or maintain the health and safety of assisted individuals and families, and costs related to the retention and support of participating owners. Public and Indian Housing - PIH Notice 2020-07 implements the requirements related to the supplemental appropriation of operating funds for PHAs. These funds may be used for eligible activities under the operating fund during the period the program is impacted by coronavirus and other expenses related to preventing, preparing for, and responding to coronavirus. Furthermore, PIH Notice 2020-24 clarifies the requirements surrounding use of additional fee revenue charged by the Central Office Cost Center (COCC) to both programs. It allows the COCC to charge additional fee revenue (i.e., management, asset management, and bookkeeping fees), as long as it does not exceed 50 percent of existing safe harbors. The additional funds transferred to the COCC must be for immediate use (i.e., any additional fees above the safe harbor amounts transferred must be attached to a specific COCC expense and immediately used). CARES Act funds transferred to the COCC (1) must be used for COCC COVID-19-related costs, (2) must be used to cover incremental higher operational costs of the COCC due to COVID-19, or (3) must show that the COCC fees charged to the program are less than what was expected due to the COVID-19 pandemic. The Authority is required to track and account for these additional COCC funds separately. This means that the Authority's COCC records must show the amount, when these additional funds were transferred to the COCC, the actual expenses that the additional COCC funds were used to cover, and the date paid. In addition, the Authority will need to document the fee type, the amount the fee was increased, and how the total fee amount for that month was calculated.	

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-005 (Cont.)	**Condition** - In reviewing activity surrounding the CARES Act funding received in relation to the supplemental administrative fee funding for Housing Choice Vouchers (HCV) and supplemental operating funds for Public and Indian Housing (PIH), as well as additional fee revenue charged by the Authority's COCC, we identified the following issues:	
	- An accrual for expenditures totaling $259,786 recognized by the Authority in the prior year was not reversed, leading the Authority to overstate expenditures for the PIH program.	
	- The Authority's COCC erroneously duplicated expenditures eligible for reimbursement through fee revenue charged to both programs in the amount of $478,006. This led to an overstatement of fee revenue on COCC and the corresponding fee expense charged to both programs.	
	- An invoice in the amount of $2,850 was improperly duplicated, resulting in the Authority overstating revenue and expenditures associated with the supplemental CARES Act funds in that amount	
	- Invoices for eligible technological upgrades in response to COVID-19 were not properly allocated across COCC, HCV, and PIH. Allocations were recognized on PIH and HCV; however, the full amount of the invoice was then duplicated in full on COCC. The total amount of this duplication of charges was $100,811.	
	- The Authority failed to properly identify and eliminate all CARES activity between COCC and the PIH and HCV programs during consolidation, resulting in an overstatement of fee revenue and expense on a consolidated basis.	
	Questioned Costs - $340,703	
	Identification of How Questioned Costs Were Computed - Numerous audit entries were made in order to correct errors identified in relation to SEFA and financial statement reporting. The Authority was able to identify certain additional invoices that met the allowability criteria on its COCC to replace ineligible invoices and allocation errors identified. However, the Authority ultimately transferred $340,703 in HCV CARES Act funding to its COCC before incurring appropriate eligible expenditures in a subsequent period.	

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-005 (Cont.)	**Context** - Overstatement of expenditures were identified in attempting to reconcile the Authority's tracking spreadsheets back to the reported general ledger balances. Additional issues surrounding improper allocations were identified during allowability testing over HCV, PIH, and COCC costs. Samples consisted of 40, 8, and 8 invoices, respectively, of which 15 of the invoices tested were improperly allocated or duplicated. In totality, an overstatement of $841,453 in expenditures was identified prior to adjustments. Subsequent to audit entries, the Authority reported expenditures related to supplemental HCV administrative fee funding and supplemental operating funding for PIH of $1,140,743 and $913,863, respectively.	
	Cause and Effect - The Authority lacked the appropriate controls surrounding the tracking of CARES Act funding received under the PIH and HCV programs and associated expenditures. This resulted in expenditures for the PIH and HCV programs being overstated by $349,299 and $492,154, respectively, prior to audit adjustments. In addition, the Authority transferred $340,703 in HCV CARES Act funding to its COCC before incurring appropriate eligible expenditures in a subsequent period.	
	Recommendation - The Authority should strengthen controls surrounding the tracking of grant funding and related expenditures to ensure funds are used for their restricted use and that expenditures are properly supported.	

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-005 (Cont.)	**Views of Responsible Officials and Planned Corrective Actions** - COVID-19 CARES Act funding is reported on a calendar year basis. Issues identified were timing issues involving accruals from one fiscal year to the next. All of these issues were identified and corrected. CARES Act funding was allowed to be spent beginning March 27, 2020 (FY2020) and ending December 31, 2021 (FY2022) - spanning three fiscal years. Findings above are attributable to the audit of FY2021 only. Like other entities, CMHA experienced significant turnover in key personnel, including the finance director and other tenured, knowledgeable employees. To ensure that all reporting is in compliance with regulations, CMHA has procured another CPA firm to assist with closing out fiscal years 2021 and 2022 while we continue to recruit and hire qualified staff and provide industry training to personnel. All invoices totaling $340,703 were identified, accounted for, and accrued to be paid with funds moved to the COCC operating account for check disbursement. This was a timing issue where funds had to be moved at the end of the fiscal year prior to check disbursement at the beginning of the following fiscal year. Invoices totaling $259,786 were accrued as an expense in FY2020; however, funds were not received until October 2020 (FY2021). The accrual was not reversed but was again recorded as an expense in October 2020 (FY2021). After this error was identified, the FY2020 accrual was reversed in FY2021, which resulted in no expense being reported in FY2021 when the funds were received. Again, CARES Act funding is reported on a calendar year basis. Regarding $478,006: In November 2020, the first CARES Act calculation, allocating expense to LIPH & HCV within the general ledger, was based on period 7/2020 - 11/2020 data (drawn 1/25/2021 - FY 2021). However, in December 2020, the monthly calculation erroneously picked up 7/2020 - 11/2020 data in addition to 12/2020 data (drawn 8/3/2021 - FY2022). The duplicated amount drawn of $478,006 was then allocated to additional allowable expenses incurred 7/2020 - 10/2021. The amount of $2,850 was part of an accrual at 6/30/2021 (FY2021) and then expensed later in FY2022 when the funds were drawn. This caused an overstatement of the expense in FY2021 (not the funding) and was corrected with reversal of the original accrued amount in FY2022. The amount of $100,811 was entered into the original COCC general ledger trial balance submitted for audit and then later taken out of the COCC general ledger and allocated to the proper programs utilizing the funds.	

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-006	**Assistance Listing Number, Federal Agency, and Program Name** - 14.871, U.S. Department of Housing and Urban Development, COVID-19 - Housing Voucher Cluster - Section 8 Housing Choice Vouchers 14.871, U.S. Department of Housing and Urban Development, COVID-19 - Housing Voucher Cluster - Emergency Housing Vouchers (Section 8 Housing Choice Vouchers) 14.871, U.S. Department of Housing and Urban Development, Housing Voucher Cluster - Section 8 Housing Choice Vouchers 14.879, U.S. Department of Housing and Urban Development, Housing Voucher Cluster - Mainstream Voucher Program 14.850, U.S. Department of Housing and Urban Development, COVID-19 - Public and Indian Housing - Low-income Public Housing 14.850, U.S. Department of Housing and Urban Development, Public and Indian Housing - Low-income Public Housing 14.856, U.S. Department of Housing and Urban Development, Section 8 Project-Based Cluster - Lower Income Housing Assistance Program - Section 8 Moderate Rehab 14.249, U.S. Department of Housing and Urban Development, Section 8 Project-Based Cluster - Section 8 Moderate Rehabilitation - Single Room Occupancy Program 14.872, U.S. Department of Housing and Urban Development, Public Housing Capital Fund Program 14.896, U.S. Department of Housing and Urban Development, Family Self Sufficiency Program **Federal Award Identification Number and Year** - N/A **Pass-through Entity** - N/A **Finding Type** - Material weakness **Repeat Finding** - No **Criteria** - §200.510(b) of the Uniform Guidance requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements, which must include the total federal awards expended determined in accordance with §200.502 of the Uniform Guidance, "Basis for Determining Federal Awards Expended." **Condition** - The Authority was unable to properly prepare the SEFA so that it agreed to the underlying supporting expenditures and reconciled back to the general ledger. **Questioned Costs** - N/A	None

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-006 (Cont.)	**Identification of How Questioned Costs Were Computed** - N/A **Context** - During the course of our audit, we received multiple iterations of the SEFA. The original SEFA provided had several federal programs that did not reconcile back to the general ledger or underlying support. This included Project Based Section 8, Mainstream Vouchers, Housing Choice Vouchers (CARES Act funding), Public & Indian Housing (including CARES Act funding), Public Housing Capital Fund, and the Family Self Sufficiency Program. It also did not include Emergency Housing Vouchers (reported under the Housing Voucher Cluster). This resulted in audit adjustments to the SEFA and/or the general ledger to ensure that federal revenue and expenditures were appropriately reported both within the basic financial statements and on the SEFA, respectively. **Cause and Effect** - The Authority's accounting personnel lacked the appropriate skill and knowledge to properly compile federal expenditures for reporting in the SEFA in accordance with the Uniform Guidance. This resulted in net audit adjustments of $150,991 to the general ledger and $1,484,252 to expenditures reported on the SEFA to ensure that federal revenue and expenditures agreed to underlying support. **Recommendation** - We recommend that management review their current controls over the preparation of the SEFA to ensure that controls are in place to appropriately report federal expenditures in accordance with the Uniform Guidance. In addition, management should assess the skill and knowledge of the key individuals responsible for maintaining books and records and ensure that individuals with responsibility for the accounting function have the appropriate training, are given the appropriate responsibilities, and have the appropriate time to perform their accounting functions, with appropriate oversight. **Views of Responsible Officials and Planned Corrective Actions** - No funds were inappropriately used. All documentation for tested expenditures was provided. The staff lacked experience in how to report expenditures on the SEFA for RAD conversions and other nonroutine funding, resulting in an error in initial preparation of the SEFA submitted for audit. CMHA worked with the auditors and procured an outside CPA firm to correct the SEFA report submission that now reconciles back to the general ledger for final representation in the audit.	

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Summary Schedule of Prior Audit Findings

Prior Year Finding Number:
2020-001

Fiscal Year in Which the Finding Initially Occurred:
June 30, 2020

Federal Program, Assistance Listing Number and Name:
Public and Indian Housing - Low-income Public Housing - 14.850

Original Finding Description:
Identified errors for 2 out of 40 move-ins tested, which led to the applicants not being selected in accordance with the Authority's tenant selection policy.

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

Planned Corrective Action:
N/A

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-001

Condition: During the course of the audit, we noted that the books and records of the Authority have not been adequately maintained or properly closed at year-end. Approximately 50 auditor proposed journal entries were identified impacting various transaction cycles including, but not limited to, cash, revenue, and notes receivable. The quantity of the auditor proposed journal entries identified and the pervasiveness of the transaction cycles impacted has demonstrated an overall lack of skill and knowledge over the related accounting functions. This is further illustrated by an inability to provide reconciliations that agree to the general ledger balances and/or to underlying support.

Planned Corrective Action: The Cincinnati Metropolitan Housing Authority concurs with the recommendation and took significant steps during the current fiscal year to implement additional protocols around internal controls and financial reporting. The Authority experienced significant turnover and illness from employees responsible for the day-to-day accounting and finance functions during this audit period. While also developing and implementing additional strategies surrounding the work from home protocols due to the Covid-19 Pandemic. The following corrective measures has been implemented by the Authority:

- CMHA updated its written review process and standard operating procedures around general ledger reconciliations, cash, revenue, capital assets and notes receivables. This process will ensure all necessary and required controls are being monitored and in place to properly record transactions.
- The Authority has also implemented a year-round audit strategy that will ensure a smooth year-end close process, that includes metrics and various tracking mechanisms.
- Management has been provided with the tools, training and necessary development needed to properly provide the required oversight and recommendations as stated for of all the authority transactions.
- A training curriculum has been developed for all staff that will set a comprehensive set of learning objectives to ensure they have the appropriate tools for the day to day accounting functions. While overall improving their skill and knowledge base related to accounting functions and process.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-002

Condition: The Authority's beginning of year net position did not agree to the prior year audited financial statements by approximately $2,300,000. Management was unable to determine the cause of this difference.

Planned Corrective Action: The Cincinnati Metropolitan Housing Authority concurs with the recommendation and took significant steps during the current fiscal year to implement additional protocols around internal controls and financial reporting. The Authority experienced significant turnover and illness from employees responsible for the day-to-day accounting and finance functions during this audit period. While also developing and implementing additional strategies surrounding the work from home protocols due to the Covid-19 Pandemic. The Authority experienced a system conversion from Elite to Yardi in which during the implementation process caused some notable differences. As the Authority continues to move forward the following corrective action plan will be followed:

- Management will review monthly financials and identify any discrepancies within (3) calendar days that will help them quickly make the necessary adjustments needed to correct any postings done in error to the financial statements.
- Management will increase training around Standard Operating Produces monthly for all staff. This will help ensure key individuals have the skills knowledge base need for properly maintain the books.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-003

Condition:
During the audit, the Authority was unable to properly support the capital asset balances recorded per the general ledger.

Planned Corrective Action:

- To be more diligent in the tracking of capital assets the Authority converted it systems of fixed asset from a manual to automatic process. This allows additional controls and reporting that ensues the appropriate support balances to the general ledger.
- Management will increase training around Standard Operating Produces monthly for all staff. This will help ensure key individuals have the skills knowledge base need for properly maintain the books.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-004

Condition:
During the recertification process for one tenant, the Authority incorrectly input the tenant's income into their subsidy calculation software. This resulted in an overpayment of housing assistance payments to be received.

Planned Corrective Action:
The Authority acknowledges the incorrect calculation of housing assistance payments that resulted in the overpayment of subsidy and has entered into repayment agreements with these individuals to make the Housing Choice Voucher Program whole. The Authority has implemented the following corrective action plan to eliminate these types of errors moving forward:

- Housing Specialists will receive additional Eligibility and Rent Calculation Training in fall 2022.
- Compliance department will increase random audits of completed certifications with focus on rent calculation
- Increase training on SOPs in housing specialist meetings.
- Develop tracking system for errors resulting from compliance audits. This will not only dictate areas where training is needed but also repeat offenders where disciplinary action may be warranted.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-005

Condition:
In reviewing activity surrounding the CARES Act funding received in relation to the supplemental administrative fee funding for Housing Choice Vouchers (HCV) and supplemental operating funds for Public and Indian Housing (PIH), as well as additional fee revenue charged by the Authority's COCC, we identified the following issues:

- An accrual for expenditures totaling $259,786 recognized by the Authority in the prior year was not reversed leading the Authority to overstate expenditures for the PIH program.

- The Authority's COCC erroneously duplicated expenditures eligible for reimbursement through fee revenue charged to both programs in the amount of $478,006. This led an overstatement of fee revenue on COCC and the corresponding fee expense charged to both programs.

- An invoice in the amount of $2,850 was improperly duplicated resulting in the Authority overstating revenues and expenditures associated with the HCV supplemental administrative funds in that amount

- Invoices for eligible technological upgrades in response to COVID were not properly allocated across COCC, HCV, and PIH. Allocations were recognized on PIH and HCV; however, the full amount of the invoice was then duplicated in full on COCC. The total amount of this duplication of charges was $100,811.

- The Authority failed to properly identify and eliminate all CARES activity between COCC and the PIH and HCV programs during consolidation, resulting in an overstatement of fee revenue and expense on a consolidated basis.

Planned Corrective Action:
To address the situation identified, Cincinnati Metropolitan Housing Authority (CMHA) planned and implemented the following corrective action:

- The Authority recognizes this error and moved to create additional controls ensure this duplication does not occur again through the draw down process. In addition to the accountant preparing the draw, a second accountant will review the draw and the accompanying expenses prior to the draw being submitted for approval. Both accountants must sign that they have reviewed.

- The approving manager will review the invoices of the current draw and against a list of invoices already processed on draws, and will sign off indicating that the review was completed.

- The Authority has implemented additional cut off periods for invoices related to prior periods along with monthly vendor statement reviews to ensure all invoices are being captured in the period in which they are related. The Accounts Payable supervisor will prepare and review the monthly PO Accrual to determine PO's outstanding past 30 days and request an updated statement from the vendor for processing. This will ensure that the Authority captures all invoices in the current period prior to the cutoff date established for that period.

- The Authority utilized other COVID related expenses that had not been drawn down to off-set the duplicate invoices equaling $478,006.33. A spreadsheet has been created to show each duplicate invoice and the offsetting expense (invoice) to ensure that proper non-duplicating expenses off-set the duplicative draw down.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

CMHA

Cincinnati Metropolitan Housing Authority
June 30, 2021
Corrective Action Plan

Finding Number: 2021-006

Condition:
The Authority was unable to properly support expenditures reported on the SEFA and reconcile back to the general ledger.

Planned Corrective Action:
The Cincinnati Metropolitan Housing Authority concur with the recommendation and took significant steps during the current fiscal year to implement additional protocols around internal controls and financial reporting. The Authority experienced significant turnover and illness from employees responsible for the day-to-day accounting and finance functions during this audit period. While also developing and implementing additional strategies surrounding the work from home protocols due to the Covid-19 Pandemic. The following corrective measures has been implemented by the Authority:

- CMHA updated its written review process and standard operating procedures around general ledger reconciliations, cash, revenue, capital assets and notes receivables. This process will ensure all necessary and required controls are being monitored and in place to properly record transactions.
- The Authority has also implemented a year-round audit strategy that will ensure a smooth year-end close process, that includes metrics and various tracking mechanisms.
- Management has been provided with the tools, training and necessary development needed to properly provide the required oversight and recommendations as stated for of all the authority transactions.
- A training curriculum has been developed for all staff that will set a comprehensive set of learning objectives to ensure they have the appropriate tools for the day to day accounting functions. While overall improving their skill and knowledge base related to accounting functions and process.

Contact person responsible for corrective action:
Bianka Brown, VP of Finance and Administration

Anticipated Completion Date:
Corrective Action Plan in process, will be completed by end of FYE 6/30/2022

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OHIO AUDITOR OF STATE
KEITH FABER

CINCINNATI METROPOLITAN HOUSING AUTHORITY

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/17/2022

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