**CLERMONT METROPOLITAN HOUSING AUTHORITY CLERMONT COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

# Dave Yost • Auditor of State

Board of Directors
Clermont Metropolitan Housing Authority
65 South Market Street
Batavia, Ohio 45103

We have reviewed the *Independent Auditor's Report* of the Clermont Metropolitan Housing Authority, Clermont County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2016 through September 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 12, 2018

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

**This page intentionally left blank.**

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**CLERMONT COUNTY, OHIO**
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

TABLE OF CONTENTS

**This page intentionally left blank.**

**JAMES G. ZUPKA, C.P.A., INC.**
*Certified Public Accountants*
*5240 East 98th Street*
*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Clermont Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Clermont Metropolitan Housing Authority as of September 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

*Required Supplementary Information*

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

*Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

March 23, 2018

Throughout this document, references to "we", "our", "Authority" or "us" refer to the Clermont Metropolitan Housing Authority.

## Management's Discussion and Analysis

The Clermont Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis is designed to (**a**) assist the reader in focusing on significant financial issues, (**b**) provide an overview of the Authority's financial activity, ( **c**) identify changes in the Authority's financial position and (**d**) identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

## FINANCIAL HIGHLIGHTS

- The Authority's total assets were $9,654,244 and $9,170,973 for 2017 and 2016 respectively. The Authority-wide statements reflect a increase in total assets of $483,271 during 2017.

- Revenues increased by $515,063 (or 8 percent) during 2017, and were $7,319,924 and $6,804,861 for 2017 and 2016 respectively.

- The total expenses of all Authority programs increased by $270,550 or (4 percent). Total expenses were $7,591,743 and $7,321,193 for 2017 and 2016 respectively.

## Using This Annual Report

The report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

**MD&A**

**- Management Discussion and Analysis**

**Basic Financial Statements**

**- Authority-Wide Financial Statements**
**pgs 13-15**

**- Notes to Financial Statements**
**pgs 16 - 38**

**Other Required Supplementary Information**

- **Required Supplementary Information - pg 39-40**
**(Other than MD&A)**

The primary focus of the Authority's financial statements is on the Authority as a whole (Authority-wide). This allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

## AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pages 13-15) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These statements include a **Statement of Net Position**, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflows of resources, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-current".

The focus of the Statement of Net Position (the "**Unrestricted** Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

***Net Investment in Capital Assets***: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted Net Position***: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

***Unrestricted Net Position***: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets, " or "Restricted Net Position".

The Authority-wide financial statements also include a **Statement of Revenues, Expenses, and Changes in Net Position** (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a **Statement of Cash Flows** is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities and from capital and related financing activities.

## Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

## Authority's Programs

***Conventional Public Housing*** - Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

***Capital Fund Program*** - The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

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

***Rental Assistance Demonstration (RAD)*** - The Rental Assistance Program was created in order to give public housing authorities a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households. Residents continue to pay 30 percent of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.

***Non-HUD/Business Activities Programs*** - This area encompasses property acquisition, development and management activities of non-federal Business-Type Activities similar to those found it private sector counter-parts. The Authority formed this program in 2014 to begin developing a non-federal affordable housing portfolio aimed to increase housing opportunities for low-income families in its jurisdiction.

## AUTHORITY STATEMENTS

### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in business-type activities.

**Table 1 - Condensed Statement of Net Position Compared to Prior Year**

| | 2017 | 2016 |
|---|---|---|
| Current Assets | $ 2,053,405 | $ 2,183,574 |
| Capital Assets | 7,586,078 | 6,974,693 |
| Other Assets | 14,761 | 12,706 |
| **Total Assets** | 9,654,244 | 9,170,973 |
| | | |
| **Deferred Outflows of Resources** | 400,730 | 292,085 |
| | | |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $10,054,974 | $ 9,463,058 |
| | | |
| Current Liabilities | $ 352,646 | $ 330,868 |
| Noncurrent Liabilities | 1,764,134 | 915,196 |
| **Total Liabilities** | 2,116,780 | 1,246,064 |
| | | |
| **Deferred Inflows of Resources** | 14,759 | 21,740 |
| | | |
| Net Position: | | |
| Net Investment in Capital Assets | 6,866,660 | 6,860,311 |
| Restricted | 626,334 | 633,174 |
| Unrestricted | 430,441 | 701,769 |
| **Total Net Position** | 7,923,435 | 8,195,254 |
| | | |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF POSITION AND NET POSITION** | $10,054,974 | $ 9,463,058 |

For more detailed information see Statement of Net Position presented elsewhere in this report.

### Major Factors Affecting the Statement of Net Position

During 2017, current and other assets decreased by $128,114. Liabilities increased by $870,716 primarily due to new debt for acquisitions in the Clermont Metropolitan Housing Authority's affordable housing portfolio as well as an increase in pension liability for its calculated share of Ohio PERS unfunded pension liability.

Capital assets increased from $6,974,693 to $7,586,078. In addition to routine capital improvements funded by the Capital Fund Program Grant dollars, the Agency also expended funds to modernize affordable housing units and its administrative offices.

## Change of Restricted and Unrestricted Net Position

Table 2 presents details of the change in Net Position.

**Table 2 - Change of Net Position**

| | Unrestricted | Restricted | Net Investment In Capital Assets |
|---|---|---|---|
| Beginning Balance - September 30, 2016 | $ 701,769 | $ 633,174 | $ 6,860,311 |
| Results of Operation | (271,819) | 0 | 0 |
| Current Year Depreciation Expenses (1) | 683,500 | 0 | (683,500) |
| Capital Dispositions (1) | 43,499 | 0 | (43,499) |
| Gain on Capital Assets Disposition (1) | (31,915) | 0 | 31,915 |
| Capital Expenditures (2) | (1,306,469) | 0 | 1,306,469 |
| New Debt in Period (2) | 617,000 | 0 | (617,000) |
| Debt Retired (2) | (11,964) | 0 | 11,964 |
| Change in Restricted Net Position | 6,840 | (6,840) | 0 |
| Ending Balance - September 30, 2017 | $ 430,441 | $ 626,334 | $ 6,866,660 |

(1) Depreciation and Gain on Disposition are treated as expenses and revenues, and reduce the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures and debt retired represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

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

The following table compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in business-type activities.

**Table 3 - Condensed Statement of Revenue, Expenses and Changes in Net Position Compared to Prior Year**

| | 2017 | 2016 |
|---|---|---|
| **Revenues** | | |
| Total Tenant Revenues | $ 842,896 | $ 633,274 |
| Operating Subsidies | 6,002,803 | 5,959,462 |
| Capital Grants | 368,658 | 195,663 |
| Investment Income | 8,443 | 5,735 |
| Other Revenues | 97,124 | 10,727 |
| **Total Revenues** | 7,319,924 | 6,804,861 |
| **Expenses** | | |
| Administrative | 1,121,458 | 1,032,582 |
| Utilities | 179,888 | 176,684 |
| Maintenance | 525,773 | 577,618 |
| Interest and General Expenses | 145,135 | 136,178 |
| Housing Assistance Payments | 4,935,989 | 4,708,811 |
| Depreciation | 683,500 | 689,320 |
| **Total Expenses** | 7,591,743 | 7,321,193 |
| Change in Net Position | (271,819) | (516,332) |
| Net Position - Beginning of Year | 8,195,254 | 8,711,586 |
| **Net Position - End of Year** | $ 7,923,435 | $ 8,195,254 |

## MAJOR FACTORS AFFECTING THE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Total revenue increased by $515,063 in comparison with last year's statements. The increase is mainly due to an increase in Capital Grants due to additional funds drawn down, an increase in Tenant Revenue, and an increase in other revenue.

Total expenses increased from last year by $270,550. This increase was due mainly to an increase in Housing Assistance payments

## CAPITAL ASSETS

As of year end, the Authority had $7,586,078 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (current additions less depreciation) of $611,385 or 9 percent from the end of last year.

**Table 4 - Condensed Statement of Changes in Capital Assets**

| | 2017 | 2016 |
|---|---|---|
| Land and Land Rights | $ 1,944,213 | $ 1,931,213 |
| Buildings | 16,456,810 | 16,477,061 |
| Leasehold Improvement | 523,285 | 523,285 |
| Equipment | 648,376 | 550,791 |
| Accumulated Depreciation | (11,986,606) | (12,507,657) |
| Total | $ 7,586,078 | $ 6,974,693 |

The following reconciliation summarizes the change in Capital Assets.

**Table 5 - Changes in Capital Assets**

| | |
|---|---|
| Beginning Balance - September 30, 2016 | $ 6,974,693 |
| Current Year Additions | 1,306,469 |
| Current Year Deletions - Net of Accumulated Depreciation | (11,584) |
| Current Year Depreciation Expense | (683,500) |
| Ending Balance - September 30, 2017 | $ 7,586,078 |

## DEBT

In the period the Authority made regular payments on debt taken in 2015 and 2017 to acquire property in their Business Activities Program. About $11,964 of the debt was retired leaving an approximate balance of $719,418.

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

## FINANCIAL CONTACT

The individual to be contacted regarding this report is Timothy Holland, Executive Director of the Clermont Metropolitan Housing Authority, at (513) 732-6010. Specific requests may be submitted to the Clermont Metropolitan Housing Authority at 65 South Market Street, Batavia, Ohio 45103.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**CLERMONT COUNTY, OHIO**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**SEPTEMBER 30, 2017**

| | |
|---|---|
| **ASSETS** | |
| **Current Assets:** | |
| Cash and Cash Equivalents | $ 1,498,968 |
| Restricted Cash and Cash Equivalents | 442,438 |
| Receivables, Net | 51,773 |
| Prepaid Expenses and Other Assets | 60,226 |
| Total Current Assets | 2,053,405 |
| **Non-Current Assets** | |
| Capital Assets: | |
| Non-Depreciable Capital Assets | 1,944,214 |
| Depreciable Capital Assets, Net | 5,641,864 |
| Total Capital Assets | 7,586,078 |
| Other Assets | 14,761 |
| Total Non-Current Assets | 7,600,839 |
| **TOTAL ASSETS** | 9,654,244 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 400,730 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $10,054,974 |
| **LIABILITIES** | |
| **Current Liabilities:** | |
| Accounts Payable | $ 39,572 |
| Accrued Liabilities | 162,171 |
| Intergovernmental Payables | 35,776 |
| Tenant Security Deposits | 63,287 |
| Long-term Debt - Current Portion | 37,200 |
| Other Current Liabilities | 14,640 |
| Total Current Liabilities | 352,646 |
| **Non-Current Liabilities**: | |
| Accrued Compensated Absences Non-Current | 20,262 |
| Long-term Debt - Net of Current | 682,218 |
| Net Pension Liability | 1,014,607 |
| Other Non-Current Liabilities | 47,047 |
| Total Non-Current Liabilities | 1,764,134 |
| **TOTAL LIABILITIES** | $ 2,116,780 |
| **DEFERRED INFLOWS OF RESOURCES** | $ 14,759 |
| **NET POSITION** | |
| Net Investment in Capital Assets | $ 6,866,660 |
| Restricted | 626,334 |
| Unrestricted | 430,441 |
| **TOTAL NET POSITION** | $ 7,923,435 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | $10,054,974 |

See the accompanying notes to the basic financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**CLERMONT COUNTY, OHIO**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| | |
|---|---|
| **OPERATING REVENUES** | |
| Tenant Revenue | $ 842,896 |
| Government Operating Grants | 6,002,803 |
| Other Revenue | 65,209 |
| **TOTAL OPERATING REVENUES** | 6,910,908 |
| **OPERATING EXPENSES** | |
| Administrative | 1,108,458 |
| Tenant Services | 13,000 |
| Utilities | 179,888 |
| Maintenance | 525,773 |
| General | 137,823 |
| Housing Assistance Payment | 4,935,989 |
| Depreciation | 683,500 |
| **TOTAL OPERATING EXPENSES** | 7,584,431 |
| Operating Income (Loss) | (673,523) |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Interest and Investment Revenue | 8,443 |
| Interest Expense | (7,312) |
| Gain on Disposition | 31,915 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 33,046 |
| Income (Loss) before Contributions | (640,477) |
| Capital Grants | 368,658 |
| Change in Net Position | (271,819) |
| Total Net Position - Beginning of the Year | 8,195,254 |
| **TOTAL NET POSITION - ENDING OF THE YEAR** | $ 7,923,435 |

See the accompanying notes to the basic financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**CLERMONT COUNTY, OHIO**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| | |
|---|---|
| **Cash Flows from Operating Activities** | |
| Operating Grants Received | $ 5,963,150 |
| Tenant Revenue Received | 863,520 |
| Other Revenue Received | 39,294 |
| Administrative Expenses | (1,071,645) |
| Other Operating Expenses | (777,753) |
| Housing Assistance Payments | (4,935,989) |
| **Net Cash Provided by Operating Activities** | 80,577 |
| | |
| **Cash Flows from Investing Activities** | |
| Interest Earned | 7,300 |
| **Net Cash Provided from Investing Activities** | 7,300 |
| | |
| **Cash Flows from Capital and Related Financing Activities** | |
| Debt Proceeds Received | 617,000 |
| Retirement of Debt | (11,964) |
| Interest Paid on Debt | (7,312) |
| Capital Grant Funds Received | 368,658 |
| Acquisition of Capital Assets | (1,306,469) |
| Disposition of Capital Assets | 43,499 |
| **Net Cash Provided by (Used by) Capital and Related Financing Activities** | (296,588) |
| | |
| Net Increase in Cash | (208,711) |
| | |
| Cash and Cash Equivalents at Beginning of Year | 2,150,117 |
| | |
| **Cash and Cash Equivalents at End of Period** | $ 1,941,406 |
| | |
| **Reconciliation of Operating Loss to Net Cash Provided by Operating Activities** | |
| Net Operating Income (Loss) | $(673,523) |
| Adjustments to Reconcile Operating Loss to | |
| Net Cash Used by Operating Activities: | |
| Depreciation | 683,500 |
| (Increase) Decrease in HUD Receivable | (39,653) |
| (Increase) Decrease in Tenant Accounts Receivable | (1,071) |
| (Increase) Decrease in Prepaid and Other Assets | (38,730) |
| (Increase) Decrease in Deferred Outflows | (108,645) |
| Increase (Decrease) in Accounts Payable | (26,564) |
| Increase (Decrease) in Accounts Payable - Other Governments | (935) |
| Increase (Decrease) in Compensated Absences Payable | 26,041 |
| Increase (Decrease) in Accrued and Other Current Liabilities | (3,283) |
| Increase (Decrease) in Tenant Security Deposits | (3,930) |
| Increase (Decrease) in Net Pension Liability | 273,777 |
| Increase (Decrease) in Non-Current Liabilities - Other | 574 |
| Increase (Decrease) in Deferred Inflows | (6,981) |
| **Net Cash Provided by Operating Activities** | $ 80,577 |

See the accompanying notes to the basic financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Summary of Significant Accounting Policies**
The financial statements of the Clermont Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**
The Clermont Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, *the Financial Reporting Entity*, (as amended by GASB Statement No. 61) in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of **a**) the primary government, **b**) organizations for which the primary government is financially accountable, and **c**) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a**) is entitled to the organization's resources; **b**) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c**) is obligated in some manner for the debt of the organization.

During the year ended September 30, 2016, the Authority created a blended component unit, Birney Lane 52, LLC, to own the Rental Assistance Demonstration (RAD) project as discussed further in Note 1.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

**Basis of Presentation**
The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

**Fund Accounting**
The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**
Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

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

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

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

**Description of Programs**

The following are the various programs which are included in the single enterprise fund:

*Public Housing Program*

The public housing program is designed to provide low-cost housing within the Clermont County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

*Capital Fund Program*

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

*Housing Choice Voucher Program*

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

*Non-HUD/Business Activities Programs*

This area encompasses property acquisition, development and management activities of non-federal *Business-Type Activities* similar to those found in private sector counter-parts. The Authority formed this program in 2014 to begin developing a non-federal affordable housing portfolio aimed to increase housing opportunities for low-income families in its jurisdiction. This program acquired and operates five single family properties.

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

*Rental Assistance Demonstration (RAD)* - The Rental Assistance Program was created in order to give public housing authorities a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households. Residents continue to pay 30 percent of their income towards the rent and they maintain the same basic rights as they possess in the public housing program. The Blended Component Unit, Birney Lane 52, LLC, was created to own the RAD project.

**Investments**
The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2017 totaled $8,443.

**Capital Assets**
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Land Improvements | 20 years |
| Buildings | 40 years |
| Building Improvements | 15 years |
| Furniture, Equipment and Machinery | 3-10 years |
| Leasehold Improvements | 15 years |

**Net Position**
Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

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

**Operating Revenues and Expenses**

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and non-negotiable Certificates of Deposits regardless of original maturities.

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means such as cash payments at termination or retirement.

In the proprietary funds, the compensated absences are expensed when earned with the amount reported as a fund liability.

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

**Budgetary Accounting**
The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board of Commissioners adopts the budget through passage of a budget resolution.

**Accounting and Reporting for Non-Exchange Transactions**
The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial 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/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 6).

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

State statutes classify monies held by the Authority into three categories.

1. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Deposits (Continued)
Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year-end September 30, 2017, the carrying amount of the Authority's deposits totaled $1,941,406 and its bank balance was $2,034,743. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2017, $772,204 was exposed to custodial risk as discussed below, while $1,262,539 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve in the name of the Authority.

Investments
Clermont Metropolitan Housing Authority had no investments at September 30, 2017.

NOTE 3: **RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash balance as of September 30, 2017 of $442,438 represents cash on hand for the following:

| | |
|---|---|
| - Proceeds from the sale of the PHA scattered sites plus interest earned | $ 71,633 |
| - Tenant Security Deposit | 63,287 |
| - FSS Escrow held for tenants | 47,047 |
| - Birney Lane 52 Replacement Reserve | 235,382 |
| - Unspent HCV Program HAP Funding | 25,089 |
| Total Restricted Cash | $ 442,438 |

## NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year ending September 30, 2017 the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

## NOTE 5: CAPITAL ASSETS

| | Balance at 9/30/2016 | Additions | Reclasses | Deletions | Balance at 9/30/2017 |
|---|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | | |
| Land | $1,931,213 | $ 13,000 | $ 0 | $ 0 | $ 1,944,213 |
| **Total Capital Assets Not Being Depreciated** | 1,931,213 | 13,000 | 0 | 0 | 1,944,213 |
| **Capital Assets Being Depreciated** | | | | | |
| Buildings and Improvements | 16,477,061 | 1,125,773 | 0 | (1,146,024) | 16,456,810 |
| Furniture, Equipment, and Machinery | 550,791 | 167,696 | 0 | (70,111) | 648,376 |
| Leasehold Improvements | 523,285 | 0 | 0 | 0 | 523,285 |
| **Sub-Total Capital Assets Being Depreciated** | 17,551,137 | 1,293,469 | 0 | (1,216,135) | 17,628,471 |
| **Accumulated Depreciation** | | | | | |
| Buildings and Improvements | (11,948,884) | (525,978) | 0 | 1,148,710 | (11,326,152) |
| Furniture, Machinery and Equipment | (302,910) | (124,361) | 0 | 55,841 | (371,430) |
| Leasehold Improvements | (255,863) | (33,161) | 0 | 0 | (289,024) |
| **Subtotal Accumulated Depreciation** | (12,507,657) | (683,500) | 0 | 1,204,551 | (11,986,606) |
| Depreciable Assets, Net | 5,043,480 | 609,969 | 0 | (11,584) | 5,641,865 |
| **TOTAL CAPITAL ASSETS, NET** | $ 6,974,693 | $ 622,969 | $ 0 | $ (11,584) | $ 7,586,078 |

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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 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 requirements 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.

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

| | State and Local |
|---|---|
| **2016 Statutory Maximum Contribution Rates**: | |
| Employer | 14.0% |
| Employee | 10.0% |
| | |
| **2016 Actual Contribution Rates:** | |
| Employer: | |
| Pension | 12.0% |
| Post-employment Health Care Benefits | 2.0% |
| Total Employer | 14.0% |
| | |
| Employee | 10.0% |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $94,294 for the year ended September 30, 2017.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | OPERS Traditional Pension Plan | OPERS Combined Pension Plan | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability/Asset Prior Measurement Date | 0.004277% | 0.026110% | |
| Proportion of the Net Pension Liability/Asset Current Measurement Date | 0.004468% | 0.026522% | |
| Change in Proportionate Share | 0.000191% | 0.000412% | |
| Proportionate Share of the Net Pension Liability/(Asset) | $ 1,014,607 | $ (14,761) | $ 999,846 |
| Pension Expense | $ 215,403 | $ 10,665 | $ 226,068 |

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

| | OPERS Traditional Pension Plan | OPERS Combined Pension Plan | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Net difference between projected and actual earnings on pension plan investments | $ 151,100 | $ 3,601 | $ 154,701 |
| Changes of assumptions | 160,929 | 3,598 | 164,527 |
| Differences between expected and actual experience | 1,375 | 0 | 1,375 |
| Changes in proportion and differences between Agency contributions and proportionate share of contributions | 16,222 | 0 | 16,222 |
| Agency contributions subsequent to the measurement date | 54,265 | 9,640 | 63,905 |
| Total Deferred Outflows of Resources | $ 383,891 | $ 16,839 | $ 400,730 |
| **Deferred Inflows of Resources** | | | |
| Changes of assumptions | $ 0 | $ 0 | $ 0 |
| Differences between expected and actual experience | 6,038 | 7,549 | 13,587 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 686 | 486 | 1,172 |
| City contributions subsequent to the measurement date | 0 | 0 | 0 |
| Total Deferred Inflows of Resources | $ 6,724 | $ 8,035 | $ 14,759 |

$69,905 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Pension Liabilities, Pension Assets, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** (Continued)

| | OPERS Traditional Pension Plan | OPERS Combined Pension Plan | Total |
|---|---|---|---|
| Year Ending September 30: | | | |
| 2018 | $133,973 | $634 | $134,607 |
| 2019 | 138,981 | 633 | 139,614 |
| 2020 | 54,377 | 479 | $54,856 |
| 2021 | (4,429) | (797) | ($5,226) |
| 2022 | 0 | (663) | (663) |
| Thereafter | 0 | (1,122) | (1,122) |
| Total | $322,902 | ($836) | $322,066 |

***Actuarial Assumptions - OPERS***

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

Projections of 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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions - OPERS*** (Continued)

| | |
|---|---|
| Wage Inflation | 3 .25 percent |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees: 3 percent, simple;<br>Post 1/7/2013 retirees: 3 percent, simple<br>through 2018, then 2.15 percent, simple |
| Investment Rate of Return | 7 .5 percent |
| Actuarial Cost Method | Individual Entry Age |

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

| | |
|---|---|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 8.25 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees; 3 percent, simple<br>Post 1/7/2013 retirees; 3 percent, simple<br>through 2018, then 2.15% simple |
| Investment Rate of Return | 7.5 percent |
| Actuarial Cost Method | Individual Entry Age |

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions - OPERS*** (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 23.00 % | 2.75 % |
| Domestic Equities | 20.70 | 6.34 |
| Real Estate | 10.00 | 4.75 |
| Private Equity | 10.00 | 8.97 |
| International Equities | 18.30 | 7.95 |
| Other investments | 18.00 | 4.92 |
| Total | 100.00 % | 5.66 % |

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions - OPERS*** (Continued)

***Discount Rate*** The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

| Authority's proportionate share of the net pension liability/(asset) | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Traditional Pension Plan | $1,483,777 | $1,014,607 | $544,120 |
| Combined Plan | $1,044 | ($14,761) | ($26,632) |

***This space intentionally left blank.***

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016 and 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0% [1]. The portion of actual Authority contributions for the year ended September 30, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were $9,663, $14,913 and $12,592, respectively.

[1] – Information subsequent to 2016 unavailable as of report date.

## NOTE 8: SUMMARY OF CHANGES IN LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities for the period ended September 30, 2017:

| Description | Balance at 9/30/2016 | Additions | Deletions | Balance at 09/30/2017 | Amounts Due In One Year |
|---|---|---|---|---|---|
| Loan Payable | $ 114,382 | $ 617,000 | $ (11,964) | $ 719,418 | $ 37,200 |
| Net Pension Liability | 740,830 | 273,777 | 0 | 1,014,607 | 0 |
| Compensated Absences | 125,873 | 68,996 | (42,955) | 151,914 | 131,652 |
| FSS Escrows | 46,473 | 574 | 0 | 47,047 | 0 |
| | $ 1,027,558 | $ 960,347 | $ (54,919) | $1,932,986 | $ 168,852 |

## NOTE 9: LONG-TERM DEBT

As of September 30, 2017 the Authority's long-term debt is as follows:

| | Balance 9/30/2017 |
|---|---|
| Promissory note to Park National Bank which matures in March of 2030. Proceeds were used to acquire property at 250 Spring Street. The date of the loan was March 31, 2015 for the amount of $125,000. The rate on the loan is 2 percent above being paid by the bank on a Certificate of Deposit that secures the debt, initially 2.3 percent. The debt agreement calls for monthly installments of $823.74. | $ 107,086 |
| Promissory note to Park National Bank which matures in July of 2032. Proceeds were used to acquire property at Starling Street. The date of the loan was July 31, 2017 for the amount of $512,000. The rate on the loan for the first five years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $3,960.61 | 508,075 |
| Promissory note to Park National Bank which matures in July of 2032. Proceeds were used to acquire property at West Main Street. The date of the loan was July 31, 2017 for the amount of $95,000. The rate on the loan for the first five years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $734.88 | 94,257 |
| Promissory note to Park National Bank which matures in July of 2032. Proceeds were used to acquire property at Rich Street. The date of the loan was September 29, 2017 for the amount of $10,000. The rate on the loan for the first five years is 4.58 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $77.25 | 10,000 |
| Total Debt | $ 719,418 |

NOTE 9: **LONG-TERM DEBT** (Continued)

Debt maturities for the period after September 30, 2017 are estimated as follows:

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 37,200 | $ 29,957 | $ 67,157 |
| 2019 | 38,773 | 28,385 | 67,158 |
| 2020 | 40,410 | 26,748 | 67,158 |
| 2021 | 42,131 | 25,027 | 67,158 |
| 2022 | 43,923 | 23,235 | 67,158 |
| 2023-2027 | 249,413 | 86,377 | 335,790 |
| 2028-2032 | 267,568 | 28,706 | 296,274 |
| Total | $ 719,418 | $ 248,435 | $ 967,853 |

NOTE 10: **COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2017, the accrual for compensated absences (including sick leave) totaled $151,914.

NOTE 11: **LOAN BETWEEN CLERMONT MHA AND THE COMPONENT UNIT**

Related to the activities of the RAD conversion, Clermont MHA loaned Birney Lane 52, LLC (the Component Unit) $416,452. The rate on the loan is 1 percent and repayment of principal and interest is based on cash flows generated by the project. The full unpaid portion of the note is due on the maturity date, December 31, 2046. The note is secured by real property conveyed to the Component Unit upon conversion. The balance outstanding at September 30, 2017 is $393,681. Repayment of principal and interest cannot be projected because repayment is determined by future cash flows to be realized. These intercompany balances are eliminated from the consolidated financial statements.

NOTE 12: **RESTRICTED NET POSITION**

A summary of Restricted Net Position at September 30, 2017 is as follows:

| | |
|---|---|
| - Cash on hand that represent proceeds from the sale of PHA scattered sites plus interest | $ 71,633 |
| - Proceeds from the sale of PHA scattered sites in the form of an inter-company receivable balance from the Agency's Business Activities | 294,230 |
| - Birney Lane 52 Replacement Reserve | 235,382 |
| - Unspent HCV Program HAP Funding | 25,089 |
| Total Restricted Net Position | $ 626,334 |

NOTE 13: **CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2017.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigations and claims. At September 30, 2017 the PHA was not aware of any such matters.

NOTE 14: **LOW RENT PUBLIC HOUSING DISPOSITION FUNDS (LRPH) REPAYMENT AGREEMENT**

In September, 2014, Clermont Metropolitan Housing Authority executed a Repayment Agreement with the U.S. Department of Housing and Urban Development to reimburse its LRPH Disposition Funds from non-federal funds in the amount of $367,787. A summary of changes in this inter-program balances in the period is below:

| | |
|---|---|
| Balance at September 30, 2016 | $312,619 |
| Payment made in Period | (18,389) |
| Balance at September 30, 2017 | $294,230 |

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

| Traditional Plan | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.004468% | 0.004277% | 0.004293% | 0.004293% |
| Authority's Proportionate Share of the Net Pension Liability | $1,014,607 | $740,830 | $517,784 | $506,089 |
| Authority's Covered-Employee Payroll | $549,800 | $534,567 | $518,742 | $557,046 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 184.54% | 138.59% | 99.82% | 90.85% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.25% | 81.08% | 86.45% | 86.36% |

| Combined Plan | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Authority's Proportion of the Net Pension (Asset) | 0.026522% | 0.026110% | 0.024745% | 0.024745% |
| Authority's Proportionate Share of the Net Pension (Asset) | ($14,761) | ($12,706) | ($9,528) | ($2,596) |
| Authority's Covered-Employee Payroll | $98,642 | $95,025 | $84,450 | $82,169 |
| Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll | 14.96% | 13.37% | 11.28% | 3.16% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) | 116.55% | 116.90% | 114.83% | 104.33% |

(1) - Information prior to 2014 is not available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**
**LAST SEVEN FISCAL YEARS**

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| Contractually Required Contributions | | | | | | | |
| Traditional Plan | $ 80,069 | $ 65,976 | $ 64,148 | $ 62,249 | $ 72,416 | $ 66,573 | $ 63,682 |
| Combined Plan | 14,225 | 11,837 | 11,403 | 10,134 | 10,682 | 1,638 | 0 |
| Total Required Contributions | $ 94,294 | $ 77,813 | $ 75,551 | $ 72,383 | $ 83,098 | $ 68,211 | $ 63,682 |
| Contributions in Relation to the Contractually Required Contribution | $ (94,294) | $ (77,813) | $ (75,551) | $ (72,383) | $ (83,098) | $ (68,211) | $ (63,682) |
| Contribution Deficiency / (Excess) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Authority's Covered-Employee Payroll | | | | | | | |
| Traditional Plan | $ 667,242 | $ 549,800 | $ 534,567 | $ 518,742 | $ 557,046 | $ 665,730 | $ 636,820 |
| Combined Plan | $ 118,542 | $ 98,642 | $ 95,025 | $ 84,450 | $ 82,169 | $ 20,604 | $ 0 |
| Pension Contributions as a Percentage of Covered-Employee Payroll | | | | | | | |
| Traditional Plan | 12.00% * | 12.00% | 12.00% | 12.00% | 13.00% | 10.00% | 10.00% |
| Combined Plan | 12.00% * | 12.00% | 12.00% | 12.00% | 13.00% | 7.95% | 7.95% |

(1) – Information prior to 2011 is not available.
* Contribution rate increased to 13.00% as of January 1, 2017.

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF MODERNIZATION COST - COMPLETED**
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

1. The total amount of modernization costs of the Capital Fund Program grant is shown below:

| | OH10P03850115 |
|---|---|
| Funds Approved | $ 268,035 |
| Funds Expended | 268,035 |
| Excess (Deficiency) of Funds Approved | $ 0 |
| Funds Advanced | $ 268,035 |
| Funds Expended | 268,035 |
| Excess (Deficiency) of Funds Advanced | $ 0 |

| | OH10P03850116 |
|---|---|
| Funds Approved | $ 271,977 |
| Funds Expended | 271,977 |
| Excess (Deficiency) of Funds Approved | $ 0 |
| Funds Advanced | $ 271,977 |
| Funds Expended | 271,977 |
| Excess (Deficiency) of Funds Advanced | $ 0 |

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

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

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

# CLERMONT METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE BALANCE SHEET SUMMARY
# SEPTEMBER 30, 2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 6.2 Component Unit - Blended | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | 908,057 | 481,358 | 9,034 | 66,499 | 34,020 | 1,498,968 | - | 1,498,968 |
| 113 Cash - Other Restricted | 71,633 | 72,136 | - | - | 235,382 | 379,151 | - | 379,151 |
| 114 Cash - Tenant Security Deposits | 58,912 | - | - | 4,275 | 100 | 63,287 | - | 63,287 |
| **100 Total Cash** | 1,038,602 | 553,494 | 9,034 | 70,774 | 269,502 | 1,941,406 | - | 1,941,406 |
| | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | 37,953 | 2,465 | - | - | - | 40,418 | - | 40,418 |
| 126 Accounts Receivable - Tenants | 12,755 | - | - | - | 444 | 13,199 | - | 13,199 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -3,827 | - | - | - | -80 | -3,907 | - | -3,907 |
| 129 Accrued Interest Receivable | 2,028 | 35 | - | - | - | 2,063 | - | 2,063 |
| **120 Total Receivables, Net of Allowances for Doubtful Accounts** | 48,909 | 2,500 | - | - | 364 | 51,773 | - | 51,773 |
| | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | 15,449 | - | - | - | 44,777 | 60,226 | - | 60,226 |
| **150 Total Current Assets** | 1,102,960 | 555,994 | 9,034 | 70,774 | 314,643 | 2,053,405 | - | 2,053,405 |
| | | | | | | | | |
| 161 Land | 1,931,214 | - | - | 13,000 | - | 1,944,214 | - | 1,944,214 |
| 162 Buildings | 14,935,031 | 68,899 | - | 1,190,986 | 261,893 | 16,456,809 | - | 16,456,809 |
| 163 Furniture, Equipment & Machinery - Dwellings | 155,628 | - | - | 3,012 | - | 158,640 | - | 158,640 |
| 164 Furniture, Equipment & Machinery - Administration | 390,967 | 98,769 | - | - | - | 489,736 | - | 489,736 |
| 165 Leasehold Improvements | 517,891 | - | - | 5,394 | - | 523,285 | - | 523,285 |
| 166 Accumulated Depreciation | -11,775,610 | -123,721 | - | -80,406 | -6,869 | -11,986,606 | - | -11,986,606 |
| **160 Total Capital Assets, Net of Accumulated Depreciation** | 6,155,121 | 43,947 | - | 1,131,986 | 255,024 | 7,586,078 | - | 7,586,078 |
| | | | | | | | | |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | 393,681 | - | - | - | - | 393,681 | -393,681 | - |
| 174 Other Assets | 302,201 | 6,790 | - | - | - | 308,991 | -294,230 | 14,761 |
| **180 Total Non-Current Assets** | 6,851,003 | 50,737 | - | 1,131,986 | 255,024 | 8,288,750 | -687,911 | 7,600,839 |
| | | | | | | | | |
| 200 Deferred Outflow of Resources | 166,198 | 234,532 | - | - | - | 400,730 | - | 400,730 |
| | | | | | | | | |
| **290 Total Assets and Deferred Outflow of Resources** | 8,120,161 | 841,263 | 9,034 | 1,202,760 | 569,667 | 10,742,885 | -687,911 | 10,054,974 |
| | | | | | | | | |
| 312 Accounts Payable <= 90 Days | 32,559 | 4,302 | - | 753 | 1,958 | 39,572 | - | 39,572 |
| 321 Accrued Wage/Payroll Taxes Payable | 20,861 | 9,658 | - | - | - | 30,519 | - | 30,519 |
| 322 Accrued Compensated Absences - Current Portion | 94,200 | 37,452 | - | - | - | 131,652 | - | 131,652 |
| 333 Accounts Payable - Other Government | 35,003 | - | - | 773 | - | 35,776 | - | 35,776 |
| 341 Tenant Security Deposits | 58,912 | - | - | 4,275 | 100 | 63,287 | - | 63,287 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | - | - | - | 37,200 | - | 37,200 | - | 37,200 |
| 346 Accrued Liabilities - Other | 13,118 | - | - | 1,522 | - | 14,640 | - | 14,640 |
| **310 Total Current Liabilities** | 254,653 | 51,412 | - | 44,523 | 2,058 | 352,646 | - | 352,646 |
| | | | | | | | | |

# CLERMONT METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE BALANCE SHEET SUMMARY
# SEPTEMBER 30, 2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 6.2 Component Unit - Blended | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | - | - | - | 682,218 | 393,681 | 1,075,899 | -393,681 | 682,218 |
| 353 Non-current Liabilities - Other | - | 47,047 | - | 294,230 | - | 341,277 | -294,230 | 47,047 |
| 354 Accrued Compensated Absences - Non Current | 10,515 | 9,747 | - | - | - | 20,262 | - | 20,262 |
| 357 Accrued Pension and OPEB Liabilities | 547,888 | 466,719 | - | - | - | 1,014,607 | - | 1,014,607 |
| **350 Total Non-Current Liabilities** | 558,403 | 523,513 | - | 976,448 | 393,681 | 2,452,045 | -687,911 | 1,764,134 |
| | | | | | | | | |
| **300 Total Liabilities** | 813,056 | 574,925 | - | 1,020,971 | 395,739 | 2,804,691 | -687,911 | 2,116,780 |
| | | | | | | | | |
| 400 Deferred Inflow of Resources | 7,565 | 7,194 | - | - | - | 14,759 | - | 14,759 |
| | | | | | | | | |
| 508.4 Net Investment in Capital Assets | 6,155,121 | 43,947 | - | 412,568 | -138,657 | 6,472,979 | 393,681 | 6,866,660 |
| 511.4 Restricted Net Position | 365,776 | 25,089 | - | - | 235,469 | 626,334 | - | 626,334 |
| 512.4 Unrestricted Net Position | 778,643 | 190,108 | 9,034 | -230,779 | 77,116 | 824,122 | -393,681 | 430,441 |
| **513 Total Equity - Net Assets / Position** | 7,299,540 | 259,144 | 9,034 | 181,789 | 173,928 | 7,923,435 | - | 7,923,435 |
| | | | | | | | | |
| **600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net** | 8,120,161 | 841,263 | 9,034 | 1,202,760 | 569,667 | 10,742,885 | -687,911 | 10,054,974 |

# CLERMONT METROPOLITAN HOUSING AUTHORITY
## SUPPLEMENTAL FINANCIAL SCHEDULE
## ENTITY WIDE REVENUE AND EXPENSE SUMMARY
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 6.2 Component Unit - Blended | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | 516,450 | - | - | 69,684 | 211,209 | 797,343 | - | 797,343 |
| 70400 Tenant Revenue - Other | 39,069 | - | - | 2,262 | 4,222 | 45,553 | - | 45,553 |
| **70500 Total Tenant Revenue** | 555,519 | - | - | 71,946 | 215,431 | 842,896 | - | 842,896 |
| | | | | | | | | |
| 70600 HUD PHA Operating Grants | 602,335 | 5,400,468 | - | - | - | 6,002,803 | - | 6,002,803 |
| 70610 Capital Grants | 368,658 | - | - | - | - | 368,658 | - | 368,658 |
| **70700 Total Fee Revenue** | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| 71100 Investment Income - Unrestricted | 6,719 | 1,121 | - | 39 | 564 | 8,443 | - | 8,443 |
| 71400 Fraud Recovery | - | 26,489 | - | - | - | 26,489 | - | 26,489 |
| 71500 Other Revenue | 7,837 | 9,530 | - | 66,953 | - | 84,320 | -45,600 | 38,720 |
| 71600 Gain or Loss on Sale of Capital Assets | 24,079 | 7,836 | - | - | - | 31,915 | - | 31,915 |
| **70000 Total Revenue** | 1,565,147 | 5,445,444 | - | 138,938 | 215,995 | 7,365,524 | -45,600 | 7,319,924 |
| | | | | | | | | |
| 91100 Administrative Salaries | 250,139 | 320,960 | - | - | 27,600 | 598,699 | - | 598,699 |
| 91200 Auditing Fees | 6,490 | 5,712 | - | - | - | 12,202 | - | 12,202 |
| 91500 Employee Benefit contributions - Administrative | 146,730 | 184,380 | - | - | 15,525 | 346,635 | - | 346,635 |
| 91600 Office Expenses | 42,743 | 31,940 | - | 5,449 | 5,290 | 85,422 | - | 85,422 |
| 91700 Legal Expense | 6,533 | 2,838 | - | 4,396 | 1,438 | 15,205 | - | 15,205 |
| 91800 Travel | 7,952 | 7,803 | - | - | 807 | 16,562 | - | 16,562 |
| 91900 Other | 19,514 | 10,758 | - | 1,785 | 1,676 | 33,733 | - | 33,733 |
| **91000 Total Operating - Administrative** | 480,101 | 564,391 | - | 11,630 | 52,336 | 1,108,458 | - | 1,108,458 |
| | | | | | | | | |
| 92400 Tenant Services - Other | 13,000 | - | - | - | - | 13,000 | - | 13,000 |
| **92500 Total Tenant Services** | 13,000 | - | - | - | - | 13,000 | - | 13,000 |
| | | | | | | | | |
| 93100 Water | 42,882 | - | - | 2,257 | 5,750 | 50,889 | - | 50,889 |
| 93200 Electricity | 81,117 | 2,487 | - | 275 | 12,650 | 96,529 | - | 96,529 |
| 93300 Gas | 3,055 | 1,244 | - | 303 | 575 | 5,177 | - | 5,177 |
| 93800 Other Utilities Expense | 25,435 | 482 | - | 105 | 1,271 | 27,293 | - | 27,293 |
| **93000 Total Utilities** | 152,489 | 4,213 | - | 2,940 | 20,246 | 179,888 | - | 179,888 |
| | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | 167,191 | - | - | 330 | 26,450 | 193,971 | - | 193,971 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 74,893 | 2,912 | - | - | 9,775 | 87,580 | - | 87,580 |
| 94300 Ordinary Maintenance and Operations Contracts | 122,480 | 37,739 | - | 4,799 | 19,095 | 184,113 | - | 184,113 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 52,634 | - | - | - | 7,475 | 60,109 | - | 60,109 |
| **94000 Total Maintenance** | 417,198 | 40,651 | - | 5,129 | 62,795 | 525,773 | - | 525,773 |
| | | | | | | | | |
| 96110 Property Insurance | 23,287 | 2,102 | - | 194 | 4,025 | 29,608 | - | 29,608 |
| 96120 Liability Insurance | 10,418 | - | - | - | 1,495 | 11,913 | - | 11,913 |

# CLERMONT METROPOLITAN HOUSING AUTHORITY
## SUPPLEMENTAL FINANCIAL SCHEDULE
## ENTITY WIDE REVENUE AND EXPENSE SUMMARY
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 6.2 Component Unit - Blended | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 96130 Workmen's Compensation | 3,514 | 4,243 | - | - | 1,150 | 8,907 | - | 8,907 |
| 96140 All Other Insurance | 8,671 | - | - | - | 1,610 | 10,281 | - | 10,281 |
| **96100 Total insurance Premiums** | 45,890 | 6,345 | - | 194 | 8,280 | 60,709 | - | 60,709 |
| | | | | | | | | |
| 96200 Other General Expenses | 5,949 | 2,849 | - | - | 46,993 | 55,791 | -45,600 | 10,191 |
| 96210 Compensated Absences | 17,815 | - | - | - | - | 17,815 | - | 17,815 |
| 96300 Payments in Lieu of Taxes | 33,610 | - | - | 773 | - | 34,383 | - | 34,383 |
| 96400 Bad debt - Tenant Rents | 12,714 | - | - | - | 1,511 | 14,225 | - | 14,225 |
| **96000 Total Other General Expenses** | 70,088 | 2,849 | - | 773 | 48,504 | 122,214 | -45,600 | 76,614 |
| | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | - | - | - | 7,312 | - | 7,312 | - | 7,312 |
| **96700 Total Interest Expense and Amortization Cost** | - | - | - | 7,312 | - | 7,312 | - | 7,312 |
| | | | | | | | | |
| **96900 Total Operating Expenses** | 1,178,766 | 618,449 | - | 27,978 | 192,161 | 2,017,354 | -45,600 | 1,971,754 |
| | | | | | | | | |
| **97000 Excess of Operating Revenue over Operating Expenses** | 386,381 | 4,826,995 | - | 110,960 | 23,834 | 5,348,170 | - | 5,348,170 |
| | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | 500 | - | - | - | - | 500 | - | 500 |
| 97300 Housing Assistance Payments | 29,751 | 4,898,028 | - | - | - | 4,927,779 | - | 4,927,779 |
| 97350 HAP Portability-In | - | 8,210 | - | - | - | 8,210 | - | 8,210 |
| 97400 Depreciation Expense | 632,896 | 19,579 | - | 24,156 | 6,869 | 683,500 | - | 683,500 |
| **90000 Total Expenses** | 1,841,913 | 5,544,266 | - | 52,134 | 199,030 | 7,637,343 | -45,600 | 7,591,743 |
| | | | | | | | | |
| 10010 Operating Transfer In | 675 | - | - | - | - | 675 | -675 | - |
| 10020 Operating transfer Out | -675 | - | - | - | - | -675 | 675 | - |
| **10100 Total Other financing Sources (Uses)** | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| **10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses** | -276,766 | -98,822 | - | 86,804 | 16,965 | -271,819 | - | -271,819 |
| | | | | | | | | |
| 11030 Beginning Equity | 7,576,306 | 357,966 | 9,034 | 94,985 | 156,963 | 8,195,254 | - | 8,195,254 |
| 11170 Administrative Fee Equity | - | 234,055 | - | - | - | 234,055 | - | 234,055 |
| 11180 Housing Assistance Payments Equity | - | 25,089 | - | - | - | 25,089 | - | 25,089 |
| 11190 Unit Months Available | 2,340 | 11,172 | - | - | - | 13,512 | - | 13,512 |
| 11210 Number of Unit Months Leased | 2,337 | 10,867 | - | - | - | 13,204 | - | 13,204 |

**CLERMONT METROPOLITAN HOUSING AUTHORITY**
**CLERMONT COUNTY, OHIO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| Federal Grantor/<br>Pass Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Expenditures |
|---|---|---|
| **U.S. Department of Housing and Urban Development** | | |
| *Direct Programs*: | | |
| Low Rent Public Housing Program | 14.850 | $ 497,993 |
| Capital Fund Program | 14.872 | 472,999 |
| Housing Choice Cluster: | | |
| Section 8 Housing Choice Voucher Program | 14.871 | 5,400,469 |
| Total Housing Choice Cluster | | 5,400,469 |
| **Total Direct Awards** | | 6,371,461 |
| **Total U.S. Department of Housing and Urban Development** | | 6,371,461 |
| **Total Federal Expenditures** | | $ 6,371,461 |

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the Clermont Metropolitan Housing Authority under programs of the federal government for the year ended September 30, 2017. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clermont Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clermont Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

NOTE 3: **INDIRECT COST RATE**

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

**JAMES G. ZUPKA, C.P.A., INC.**
*Certified Public Accountants*
*5240 East 98th Street*
*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Clermont Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 23, 2018.

## *Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *Compliance and Other Matters*

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

### *Purpose of This Report*

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

James G. Zupka, CPA, Inc.

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

March 23, 2018

**JAMES G. ZUPKA, C.P.A., INC.**
*Certified Public Accountants*
*5240 East 98th Street*
*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

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

We have audited the Clermont Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2017. 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.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the 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 Clermont Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

***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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

James G. Zupka, CPA, Inc.

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

March 23, 2018

# CLERMONT METROPOLITAN HOUSING AUTHORITY
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# SEPTEMBER 30, 2017

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| 2017(i) | Type of Financial Statement Opinion | Unmodified |
| 2017(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| 2017(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| 2017(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| 2017(iv) | Were there any material internal control weaknesses reported for major Federal programs? | No |
| 2017(iv) | Were there any significant deficiencies in internal control reported for major Federal programs? | No |
| 2017(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| 2017(vi) | Are there any reportable findings under 2 CFR 200.516(a)? | No |
| 2017(vii) | Major Programs (list): | |
| | Housing Choice Voucher Program- CFDA # 14.871 | |
| 2017(viii) | Dollar Threshold: Type A\B Programs | Type A: >$750,000<br>Type B: all others |
| 2017(ix) | Low Risk Auditee? | Yes |

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

**NONE**

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

# CLERMONT METROPOLITAN HOUSING AUTHORITY
# STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
# FOR THE YEAR ENDED SEPTEMBER 30, 2017

The prior year audit report as of September 30, 2016 included no citations or instances of non-compliance.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**APRIL 24, 2018**