CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

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

Dave Yost • Auditor of State

Board of Directors
Clinton Metropolitan Housing Authority
478 Thorne Ave
Wilmington, OH 45177

We have reviewed the *Independent Auditor's Report* of the Clinton Metropolitan Housing Authority, Clinton County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2017 through December 31, 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 Clinton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

September 20, 2018

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CLINTON COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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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
Clinton Metropolitan Housing Authority
Wilmington, 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 Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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 Clinton Metropolitan Housing Authority as of December 31, 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 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 also not a required part of the basic financial statements.

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 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 August 22, 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

August 22, 2018

This Management's Discussion and Analysis (MD&A) for the Clinton Metropolitan Housing Authority (the Authority) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Clinton Metropolitan Housing Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2017, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority's net position decreased by $101,697 during 2017. Since the Authority engages in only business-type activities, the decrease is in the category of business-type net position. Net position was $97,513 at fiscal year 2017 and net position at fiscal year 2016 was $199,210.

- Revenues decreased by $73,269 (or 4.36%) during 2017.

- The total expenses of all Authority programs increased by $47,654 (or 2.87%) during 2017.

Overview of the Authority's Financial Statements

The Basic Financial Statements included elsewhere in this report are:

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

The Statement of Net Position is very similar to, and what most people would think of as, a Balance Sheet. In the first half it generally reports the value of assets the Authority holds at December 31, 2017, that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. In the other half of the report it generally shows the liabilities the Authority has, that is what the Authority owes others at December 31, 2017; and what Net Position (or what is commonly referred to as Equity) the Authority has at December 31, 2017. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

In the statement, Net Position is broken out into three broad categories:

Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owned on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of net position after what is classified in the two previously mentioned components of net position. It reflects the value of assets available to the Authority to use to further its purposes.

The Authority's financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. It is in essence a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. It shows how the fund balance (or net position or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if the Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Fund Balance (or net positions or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that, when added to the liabilities, the Authority has equals the total assets the Authority has.

The Statement of Cash Flows is a report that shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by the Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Clinton Metropolitan Housing Authority's Business-Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business - type funds of the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Clinton Metropolitan Housing Authority's programs include the following:

The Housing Choice Voucher program, and
Business Activities.

Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Vouchers Program, the Authority subsidizes the rent of low to moderate income families and individuals via Housing Assistance Payments Contracts with private, independent landlords. The Program is "tenant-based", meaning the subsidy is attached to the family, not the property. The Program is administered under and funds flow from HUD by virtue of an Annual Contributions Contract ("ACC"). HUD provides funding adequate to assure that participating families pay no more than 30 percent of household income for rent.

Business Activities

The activities in this Program represent the revenue and expenses from the single family home acquired with the proceeds from the sale of Public Housing units. It is the Authority's goal to promote home-ownership in this program.

Also reflected here are administrative activities from the Tenant-Based Rental Assistance Program ("TBRA"), funded by State CHIP money, flowing to the City of Wilmington. The Authority assists the City in administration of the Program. It is operated in form and substance identical to the Section 8 Housing Choice Voucher Program, even utilizing the Section 8 HCV Program existing waiting list.

Condensed Financial Statements

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

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

	2017	2016
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 214,733	$ 406,270
Capital Assets	93,552	102,617
Deferred Outflows of Resources	70,658	55,679
Total Assets and Deferred Outflows of Resources	$ 378,943	$ 564,566
Liabilities		
Current Liabilities	$ 7,160	$ 24,222
Long-term Liabilities	271,482	222,589
Total Liabilities	278,642	246,811
Deferred Inflows of Resources	2,788	118,545
Net Position		
Investment in Capital Assets	93,552	102,617
Restricted	0	42,906
Unrestricted	3,961	53,687
Total Net Position	97,513	199,210
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 378,943	$ 564,566

For more detailed information, see Statement of Net Position presented on page 9.

Current and other assets dropped considerably from the prior period year-end (by more than $191,000). A big part of the reason why this happened is the balance at December 31, 2016 was artificially higher than normal because HUD provided funding to the Housing Choice Voucher Program for January 2017 just before the end. The drops in the current liabilities and deferred inflows of resources are also related to the January funding being provided in December last year

Restricted net position dropped to $ 0 at December 31, 2017. Restricted net position for the Authority is unspent funding provided by HUD for the agency to make rental assistance payments under the Housing Choice Vouchers Program. So this change reflects steps taken by management to fully use the funding provided for this purpose to try to help as many families as possible under the program.

Other notable changes were offsetting changes to non-current liabilities and unrestricted net position, non-current liabilities increased almost $49,000 and unrestricted net position decreased by a little more than $49,000. The change in non-current liabilities is concentrated in net pension liability. Net pension liability is reported pursuant to GASB 68 which requires the Authority to report what is estimated to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). State law requires employees of the Authority to be members of OPERS, and requires the Authority to make retirement contributions of behalf of its employees to OPERS, and OPERS makes pension payments to its members. The unfunded pension liability OPERS has is an estimate of how much contributions to the system would have to increase for it to fully fund its estimated future pension obligations. As the net pension liability increases for the agency it results in a drop in unrestricted equity.

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position. The Authority is engaged only in business-type activities.

Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2017	2016
Revenues		
Operating Grants	$ 1,573,183	$1,643,536
Total Tenant Revenues	6,420	9,290
Other Revenues	26,206	26,252
Total Revenues	1,605,809	1,679,078
Expenses		
Administrative	178,063	173,434
Utilities	6,343	4,354
Maintenance	10,165	5,802
Tenant Services	50,225	50,223
General Expenses	5,201	8,775
Housing Assistance Payments	1,448,444	1,408,199
Depreciation	9,065	9,065
Total Expenses	1,707,506	1,659,852
Change in Net Postion	(101,697)	19,226
Beginning Net Position	199,210	179,984
Ending Net Position	$ 97,513	$ 199,210

For more information, see the Combined Statement of Revenues, Expenses, and Changes in Net Position presented on page 10.

Significant changes were isolated to two lines of the statement. Total revenues dropped by a little more than $73,000 and that change was primarily from operating grants. Funding provided for HUD for Housing Choice Vouchers Program dropped by that amount.

Total expenses increased by a little more than $47,000 and $40,000 of that is in HAP expense. HAP expense is what the agency spent to make rental assistance payments under the Housing Choice Vouchers Program and this increase reflects steps taken by management to more fully use funding provided by HUD for this purpose.

The following is a condensed Statement of Changes in Capital Assets comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2017	2016
Land	$ 6,750	$ 6,750
Buildings and Improvements	405,724	405,724
Equipment	56,356	56,356
Accumulated Depreciation	(375,278)	(366,213)
Total Capital Assets, Net	$ 93,552	$ 102,617

The Authority had no capital additions or deletions in 2017.

Debt

The Authority has no debt outstanding at the year-end.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Clinton County has one of the highest unemployment rates in the State of Ohio, affecting resident incomes and employment opportunities, which, therefore, impact the amount of their rental assistance;
- Inflationary trends toward higher utility rates, supply and other costs;
- Federal funding supplied by HUD via Congressional action, sequestration;
- Market conditions creating both decreased opportunity for investment income and increased employee health insurance rates.

Financial Contact

The individual to be contacted regarding this report is Kathy Collins, Executive Director of the Clinton Metropolitan Housing Authority, at 937-382-5749, extension #3. Specific requests may be submitted to the Clinton Metropolitan Housing Authority at 478 Thorne Avenue, Wilmington, Ohio 45177.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

Assets		
Current Assets		
Cash and Cash Equivalents - Unrestricted	$	111,392
Restricted Cash and Cash Equivalents		75,251
Receivables, Net		11,300
Prepaid Expenses		16,790
Total Current Assets		214,733
Noncurrent Assets		
Non-depreciable Capital Assets		6,750
Depreciable Capital Assets, Net		86,802
Total Noncurrent Assets		93,552
Deferred Outflows of Resources		70,658
Total Assets and Deferred Outflows of Resources	$	378,943
Liabilities		
Current Liabilities		
Accounts Payable	$	1,730
Tenant Security Deposits		370
Accrued Wages and Payroll Taxes		4,220
Intergovernmental Payable		840
Total Current Liabilities		7,160
Noncurrent Liabilities		
Accrued Compensated Absences - Non-Current		13,572
FSS Escrow		74,881
Net Pension Liabilities		183,029
Total Noncurrent Liabilities		271,482
Total Liabilities		278,642
Deferred Inflows of Resources		2,788
Net Position		
Investment in Capital Assets		93,552
Unresricted		3,961
Total Net Position		97,513
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	378,943

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Operating Revenues	
Government Grants	$ 1,573,183
Tenant Revenue	6,420
Other Revenue	25,984
Total Operating Revenues	1,605,587
Operating Expenses	
Housing Assistance Payments	1,448,444
Administrative	178,063
Tenant Services	50,225
Utilities	6,343
Maintenance	10,165
General	5,201
Total Operating Expenses Before Depreciation	1,698,441
Income (Loss) Before Depreciation	(92,854)
Depreciation	9,065
Operating Income (Loss)	(101,919)
Non-Operating Revenue	
Interest Income	222
Total Non-Operating Revenue	222
Change in Net Position	(101,697)
Net Position, Beginning of Year	199,210
Net Position, End of Year	$ 97,513

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities	
Cash Received from Federal Operating Grants	$ 1,444,468
Cash Received from Tenants	6,420
Cash Received - Other Revenue	24,062
Cash Payments for Administrative Expenses	(150,885)
Cash Payments for General Expenses	(72,585)
Cash Payments for Housing Assistance	(1,448,444)
Net Cash Provided (Used) by Operating Activities	(196,964)
Cash Flows from Investing Activities	
Interest and Investment Income Received	222
Net Cash Provided by Investing Activities	222
Net Increase (Decrease) in Cash and Cash Equivalents	(196,742)
Cash and Cash Equivalents, Beginning of Year	383,385
Cash and Cash Equivalents, End of Year	$ 186,643
Reconcilition of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (101,919)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	9,065
(Increase) Decrease in:	
Accounts Receivable	(8,998)
Prepaid Expenses	3,793
Deferred Outflows of Resources	(14,979)
Increase (Decrease) in:	
Accounts Payable	(4,444)
Intergovernmental Payable	(44)
Accrued Expenses	340
Unearned Revenue	(12,914)
Accrued Compensated Absences	1,862
FSS Escrow	7,076
Net Pension Liability	39,955
Deferred Inflows of Resources	(115,757)
Net Cash (Used by) Operating Activities	$ (196,964)

See accompanying notes to the basic financial statements.

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

Organization and Reporting Entity
The Clinton Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation
The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

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.

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Improvements	15-30 years
Equipment	7 years
Computers	3 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

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

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 absences 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; and **(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 fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 7.

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 outflows 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.

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 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2017, the carrying amount of the Authority's cash deposits was $186,643 (including undeposited petty cash of $100), and the bank balance was $190,842. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2017, deposits totaling $190,842 were covered by Federal Depository Insurance.

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

Cash on Hand (Continued)
Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at 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 a Federal Reserve bank in the name of the Authority. At December 31, 2017, no deposits were subject to custodial risk.

Investments
The Authority has no investments at December 31, 2017.

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk
The Authority has no investment policy that would limit its investment choices in this regard.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk
The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represents 100 percent of its deposits.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $75,251 on the financial statements represents the following:

FSS Escrow Funds	$	74,881
Tenant Security Deposits		370
Total Restricted Cash	$	75,251

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2017 by class is as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital Assets Not Being Depreciated				
Land	$ 6,750	$ 0	$ 0	$ 6,750
Total Capital Assets Not Being Depreciated	6,750	0	0	6,750
Capital Assets Being Depreciated				
Buildings and Improvements	353,190	0	0	353,190
Furniture, Equipment, and Machinery - Administrative	56,356	0	0	56,356
Leasehold Improvements	52,534	0	0	52,534
Total Capital Assets Being Depreciated	462,080	0	0	462,080
Accumulated Depreciation				
Buildings	(282,024)	(4,604)	0	(286,628)
Furniture and Equipment - Admnistrative	(49,169)	(959)	0	(50,128)
Leasehold Improvements	(35,020)	(3,502)	0	(38,522)
Total Accumulated Depreciation	(366,213)	(9,065)	0	(375,278)
Capital Assets Being Depreciated, Net	95,867	(9,065)	0	86,802
Total Capital Assets, Net	$ 102,617	$ (9,065)	$ 0	$ 93,552

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (Continued)

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 the accrual and modified accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional 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 members (e.g. Authority employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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 issues 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 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 for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-Employment Health Care Benefits	1.0
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 $13,523 for 2017.

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
Proportion of the Net Pension Liability/Asset - Prior Measurement Date	0.000826%
Proportion of the Net Pension Liability/Asset - Current Measurement Date	0.000806%
Change in Proportionate Share	-0.000020%
Proportionate Share of the Net Pension Liability/(Asset)	$ 183,029
Pension Expense	$ 38,857

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 27,256
Changes of assumptions	29,031
Differences between expected and actual experience	248
Changes in proportion and differences between Authority contributions and proportionate share on contributions	600
Authority contributions subsequent to the measurement date	13,523
Total Deferred Outflows of Resources	$ 70,658
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 1,090
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,698
Total Deferred Inflows of Resources	$ 2,788

$13,523 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 December 31, 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:

Year Ending December 31:	
2018	$ 22,571
2019	22,956
2020	9,619
2021	(799)
2022	0
Thereafter	0
Total	$ 54,347

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all 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:

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 Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent 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 disables 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 5: **DEFINED BENEFIT PENSION PLANS** (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 expense 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 the 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	Weighted Average 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 %

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 payments to determine the total pension liability.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 279,618	$ 183,029	$ 102,539

NOTE 6: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains a cost-sharing, multiple-employer defined post-employment health care trust, which funds 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. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of 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 No. 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

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

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 to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, the State and local employers contributed at a rate of 14.00 percent of earnable salary. These are the maximum employer contributions 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 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent 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 for Member-Directed Plan participates for 2017 was 4 percent. The portion of actual Authority contributions for the year ended December 31, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were $1,040, $2,085, and $2,055, respectively.

NOTE 7: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to fifty (50) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued to exceed 240 hours. Any vacation accrued in excess of 240 hours shall be forfeited.

At December 31, 2017, based on the vesting method, $13,572 was accrued by the Authority for unused vacation and sick time. None is considered to be current.

NOTE 7: **COMPENSATED ABSENCES** (Continued)

A summary of changes in the long-term liabilities follows:

	Beginning Balance	Additions	Used	Ending Balance	Current Portion
Compensated Absences	$ 11,710	$ 12,640	$ (10,778)	$ 13,572	$ 0
FSS Escrows	67,805	43,354	(36,278)	74,881	0
Net Pension Liability	143,074	39,955	0	183,029	0
Totals	$ 222,589	$ 95,949	$ (47,056)	$ 271,482	$ 0

NOTE 8: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-six (40) Ohio housing authorities, of which the Authority is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$ 996,800 (per occurrence)
Boiler and Machinery	1,000	100,000,000
General Liability	0	6,000,000
Automobile Liability	0	6,000,000
Law Enforcement	0	6,000,000
Public Officials	0	6,000,000
Crime	500	500,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Medical Mutual of Ohio for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 9: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2017.

NOTE 10: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
REQUIRED SUPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO – TRADITIONAL PLAN
LAST FOUR FISCAL YEARS (1)

Traditional Plan	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.000806%	0.000826%	0.000812%	0.000812%
Authority's Proportionate Share of the Net Pension Liability	$ 183,029	$ 143,074	$ 95,724	$ 97,936
Authority's Covered-Employee Payroll	$ 104,250	$ 102,775	$ 99,567	$ 99,654
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	175.57%	139.21%	96.14%	98.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as it becomes available.

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

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
REQUIRED SUPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO – TRADITIONAL PLAN
LAST FIVE FISCAL YEARS (1)

	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 13,523	$ 12,510	$ 12,333	$ 11,948	$ 12,955
Contribution In Relation to the Contractually Required Contributions	(13,523)	(12,510)	(12,333)	(11,948)	(12,955)
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll	$ 104,023	$ 104,250	$ 102,775	$ 99,567	$ 99,654
Pension Contributions as Percentage of Covered Employee Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) - Information prior to 2013 is not available.

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%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2017

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	-	-	111,392	111,392	-	111,392
113 Cash - Other Restricted	-	74,881	-	74,881	-	74,881
114 Cash - Tenant Security Deposits	-	-	370	370	-	370
100 Total Cash	-	74,881	111,762	186,643	-	186,643
124 Accounts Receivable - Other Government	-	-	8,998	8,998	-	8,998
128 Fraud Recovery	-	6,202	-	6,202	-	6,202
128.1 Allowance for Doubtful Accounts - Fraud	-	-3,900	-	-3,900	-	-3,900
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	2,302	8,998	11,300	-	11,300
142 Prepaid Expenses and Other Assets	-	16,790	-	16,790	-	16,790
150 Total Current Assets	-	93,973	120,760	214,733	-	214,733
161 Land	-	-	6,750	6,750	-	6,750
162 Buildings	-	333,581	72,143	405,724	-	405,724
164 Furniture, Equipment & Machinery - Administration	-	56,356	-	56,356	-	56,356
166 Accumulated Depreciation	-	-328,404	-46,874	-375,278	-	-375,278
160 Total Capital Assets, Net of Accumulated Depreciation	-	61,533	32,019	93,552	-	93,552
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	204,177	204,177	-204,177	-
180 Total Non-Current Assets	-	61,533	236,196	297,729	-204,177	93,552
200 Deferred Outflow of Resources	-	70,658	-	70,658	-	70,658
290 Total Assets and Deferred Outflow of Resources	-	226,164	356,956	583,120	-204,177	378,943
312 Accounts Payable <= 90 Days	-	1,730	-	1,730	-	1,730
321 Accrued Wage/Payroll Taxes Payable	-	4,220	-	4,220	-	4,220
333 Accounts Payable - Other Government	-	-	840	840	-	840
341 Tenant Security Deposits	-	-	370	370	-	370
310 Total Current Liabilities	-	5,950	1,210	7,160	-	7,160
353 Non-current Liabilities - Other	-	279,058	-	279,058	-204,177	74,881
354 Accrued Compensated Absences - Non Current	-	13,572	-	13,572	-	13,572
357 Accrued Pension and OPEB Liabilities	-	183,029	-	183,029	-	183,029
350 Total Non-Current Liabilities	-	475,659	-	475,659	-204,177	271,482
300 Total Liabilities	-	481,609	1,210	482,819	-204,177	278,642
400 Deferred Inflow of Resources	-	2,788	-	2,788	-	2,788
508.4 Net Investment in Capital Assets	-	61,533	32,019	93,552	-	93,552
512.4 Unrestricted Net Position	-	-319,766	323,727	3,961	-	3,961
513 Total Equity - Net Assets / Position	-	-258,233	355,746	97,513	-	97,513
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	-	226,164	356,956	583,120	-204,177	378,943

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2017

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	-	-	6,420	6,420	-	6,420
70500 Total Tenant Revenue	-	-	6,420	6,420	-	6,420
70600 HUD PHA Operating Grants	50,225	1,522,958	-	1,573,183	-	1,573,183
71100 Investment Income - Unrestricted	-	222	-	222	-	222
71400 Fraud Recovery	-	4,924	-	4,924	-	4,924
71500 Other Revenue	-	21,060	-	21,060	-	21,060
70000 Total Revenue	50,225	1,549,164	6,420	1,605,809	-	1,605,809
91100 Administrative Salaries	-	66,989	2,791	69,780	-	69,780
91200 Auditing Fees	-	8,400	-	8,400	-	8,400
91500 Employee Benefit contributions - Administrative	-	52,987	1,779	54,766	-	54,766
91600 Office Expenses	-	26,607	-	26,607	-	26,607
91800 Travel	-	3,919	-	3,919	-	3,919
91900 Other	-	14,591	-	14,591	-	14,591
91000 Total Operating - Administrative	-	173,493	4,570	178,063	-	178,063
92100 Tenant Services - Salaries	35,158	-	-	35,158	-	35,158
92300 Employee Benefit Contributions - Tenant Services	15,067	-	-	15,067	-	15,067
92500 Total Tenant Services	50,225	-	-	50,225	-	50,225
93100 Water	-	251	-	251	-	251
93200 Electricity	-	5,371	-	5,371	-	5,371
93300 Gas	-	586	-	586	-	586
93600 Sewer	-	135	-	135	-	135
93000 Total Utilities	-	6,343	-	6,343	-	6,343
94300 Ordinary Maintenance and Operations Contracts	-	10,165	-	10,165	-	10,165
94000 Total Maintenance	-	10,165	-	10,165	-	10,165
96110 Property Insurance	-	2,122	466	2,588	-	2,588
96130 Workmen's Compensation	-	610	-	610	-	610
96100 Total insurance Premiums	-	2,732	466	3,198	-	3,198
96200 Other General Expenses	-	141	-	141	-	141
96210 Compensated Absences	-	1,862	-	1,862	-	1,862
96000 Total Other General Expenses	-	2,003	-	2,003	-	2,003
96900 Total Operating Expenses	50,225	194,736	5,036	249,997	-	249,997
97000 Excess of Operating Revenue over Operating Expenses	-	1,354,428	1,384	1,355,812	-	1,355,812
97300 Housing Assistance Payments	-	1,434,248	-	1,434,248	-	1,434,248
97350 HAP Portability-In	-	14,196	-	14,196	-	14,196
97400 Depreciation Expense	-	4,909	4,156	9,065	-	9,065
90000 Total Expenses	50,225	1,648,089	9,192	1,707,506	-	1,707,506
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-98,925	-2,772	-101,697	-	-101,697

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CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Tenant Based Programs		
Family Self-Sufficiency Program	14.896	$ 50,225
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	1,522,958
Total Housing Choice Vouchers		1,522,958
Total Direct Programs		1,573,183
Total U.S. Department of Housing and Urban Development		1,573,183
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 1,573,183

See the accompanying notes to the financial statements.

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Clinton Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 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 the Clinton Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Clinton Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: INDIRECT COST RATE

Clinton 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
Clinton Metropolitan Housing Authority
Wilmington, 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 Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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 August 22, 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

August 22, 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
Clinton Metropolitan Housing Authority
Wilmington, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Clinton 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 December 31, 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 Clinton 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 December 31, 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

August 22, 2018

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 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 Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2017(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: All Others
2017(ix)	Low Risk Auditee?	No

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.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF PRIOR CITATIONS AND RECOMMENDATIONS
DECEMBER 31, 2017

The prior issued audit report, as of December 31, 2016, included a material weakness citation.

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness - Internal Controls over Financial Reporting	Corrected	None

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

Dave Yost • Auditor of State

CLINTON COUNTY METROPOLITAN HOUSING AUTHORITY

CLINTON 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
OCTOBER 2, 2018

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