

Clermont Metropolitan Housing Authority

Basic Financial Statements

For the Year Ended September 30, 2004





**Auditor of State  
Betty Montgomery**

Board of Directors  
Clermont Metropolitan Housing Authority  
Batavia, Ohio

We have reviewed the *Independent Auditor's Report* of the Clermont Metropolitan Housing Authority, Clermont County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2003 through September 30, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 21, 2005

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CLERMONT METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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## Independent Auditors' Report

Board of Directors  
Clermont Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the accompanying Basic Financial Statements of Clermont Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2004, as listed in the table of contents. These Basic Financial Statements are the responsibility of the Clermont Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these Basic Financial Statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Basic Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Basic Financial Statements referred to above present fairly, in all material respects, the financial position of Clermont Metropolitan Housing Authority, Ohio, as of September 30, 2004, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As described in Note 1 of the basic financial statements, the Authority adopted the provisions of Government Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as of October 1, 2003. This results in a change to the Authority’s format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 14, 2005, on my consideration of Clermont Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the Basic Financial Statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Clermont Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the Basic Financial Statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the Basic Financial Statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

April 14, 2005

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

UNAUDITED

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 position, and (d) identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- Total assets were \$10,894,062 and \$10,005,189 for 2004 and 2003 respectively. The Authority-wide statements reflect an increase in total assets of \$888,873 (or 9%) during 2004.
- Revenues increased by \$1,502,271 during 2004, and were \$5,660,952 for 2003 and \$7,163,223 for 2004 respectively.
- The total expenses of all Authority programs increased by \$556,704 (or 10%). Total expenses were \$5,515,606 and \$6,072,310 for 2003 and 2004 respectively.

**USING THIS ANNUAL REPORT**

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

<p style="text-align: center;"><b>MD&amp;A</b> ~Management's Discussion and Analysis ~</p>
<p style="text-align: center;"><b>Basic Financial Statement</b> ~Authority Financial Statements ~</p>
<p style="text-align: center;"><b>Other Required Supplementary Information</b> ~Required Supplementary Information ~ (Other than the MD&amp;A)</p>



CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

UNAUDITED

**Authority Financial Statements**

The Authority financial statements 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 Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equals "Net Assets", formerly know 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 Assets (the "Unrestricted Net Assets") is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, net of Related Debt: This component of Net Assets 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 Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related or Debt", or "Restricted Net Assets".

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenue, such as rental income, Operating Expenses, such as administrative, utilities, and 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 Fund Net Assets is the "Change in Net Assets", 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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

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**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. Others are segregated to enhance accountability and control.

**The 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% 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.

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 participants' rent at 30% of household income.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

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**AUTHORITY STATEMENTS**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

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

	<b><u>2004</u></b>	<b>RESTATED <u>2003</u></b>
Current and Other Assets	\$ 3,461,638	\$ 1,735,966
Capital Assets	7,432,094	8,269,223
Other Assets	<u>330</u>	<u>-</u>
 Total Assets	 <u>\$ 10,894,062</u>	 <u>\$ 10,005,189</u>
 Current Liabilities	 \$ 105,571	 \$ 235,499
Long-Term Liabilities	<u>105,276</u>	<u>110,886</u>
 Total Liabilities	 <u>210,847</u>	 <u>346,385</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	7,432,094	8,269,223
Restricted Net Assets	1,845,285	-
Unrestricted Net Assets	<u>1,405,836</u>	<u>1,389,581</u>
 Total Net Assets	 <u>10,683,215</u>	 <u>9,658,804</u>
 Total Liabilities and Net Assets	 <u>\$ 10,894,062</u>	 <u>\$ 10,005,189</u>

For more detail information see Statement of Net Assets presented elsewhere in this report.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Major Factors Affecting the Statement of Net Assets**

During 2004, current and other assets increased by \$1,726,002, and total liabilities decreased by \$26,439. The current and other assets, primarily cash increased due to the proceeds received from the sale of 24 public housing units during 2004. Liabilities decreased due to the reduction in tenant security deposit, PILOT taxes, and accrued wages.

Capital assets also changed, increasing from \$8,269,223 to \$7,432,094. The decrease may be contributed primarily to the sale of 24 public housing units and current year depreciation expense. For more detail see "Capital Assets" below.

**TABLE 2**

**CHANGE OF UNRESTRICTED NET ASSETS**

Table 2 presents details on the change in Unrestricted Net Assets

Beginning Balance - September 30, 2003	\$	1,389,581
Results of Operation		1,090,913
Adjustments:		
Current year Depreciation Expense (1)		398,207
Capital Expenditure (2)		(403,183)
Gain from sale of Capital Assets (3)		(1,033,641)
Prior Period Adjustment		(36,041)
		(36,041)
Ending Balance - September 30, 2004	\$	1,405,836

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted
- (3) The gain from sale of assets was reflected in the result of operation. However, the proceeds from the sale were transfer to Restricted Net Assets.

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

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only Business-Type Activities.

	<u><b>2004</b></u>	<u><b>2003</b></u>
<u><b>Revenues</b></u>		
Total Tenant Revenues	\$ 337,008	\$ 394,667
Operating Subsidies	5,347,238	4,806,586
Capital Grants	383,673	406,271
Investment Income	23,488	15,216
Other Revenues	<u>1,071,816</u>	<u>38,212</u>
<b>Total Revenues</b>	<u><b>7,163,223</b></u>	<u><b>5,660,952</b></u>
<u><b>Expenses</b></u>		
Administrative	920,601	752,635
Tenant Services	7,470	7,296
Utilities	162,907	146,897
Maintenance	372,132	367,616
General Expenses	133,489	99,147
Housing Assistance Payments	4,077,504	3,716,643
Depreciation	<u>398,207</u>	<u>425,372</u>
<b>Total Expenses</b>	<u><b>6,072,310</b></u>	<u><b>5,515,606</b></u>
<b>Net Increases (Decreases)</b>	<u><b>\$ 1,090,913</b></u>	<u><b>\$ 145,346</b></u>

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

UNAUDITED

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS**

Tenant revenue increased slightly during 2004 in comparison to 2003. Operating Subsidies increased while Capital Grants decreased. Over all total revenue remained consistent with prior year. The increase in Other Revenue was due to the gain from the sale of the 24 public housing units.

Administrative and maintenance expenses increased due to employee benefits, travel and training for employees. Due to the administrative changes over the past year, employees who had changed job positions required further training. Utilities also increased due to inflation as well as costs incurred while the Authority was in the process of selling the 24 units. General expenses also increased due to costs involved with the disposition of the units such as attorney fees and relocation of residents. Housing assistance payments increased due to the extra vouchers received for the relocation of the residents displaced due to the disposition. Also, the Voucher Program saw an increase in expenses due to more low income families housed; an increase in the utility allowances as well as residents moving to rental properties with higher rents.

**CAPITAL ASSETS**

**Capital Assets**

As of year end, the Authority had \$7,432,094 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of \$837,219 or 10% from the end of last year.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

UNAUDITED

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END**  
**(NET OF DEPRECIATION)**

	<u><b>2004</b></u>	<u><b>2003</b></u>
Land and Land Rights	\$ 2,122,190	\$ 2,083,290
Buildings	11,509,957	13,505,711
Equipment	239,992	245,085
Construction in Progress	441,003	130,749
Accumulated Depreciation	<u>(6,881,048)</u>	<u>(7,695,612)</u>
 Total	 <u><u>\$ 7,432,094</u></u>	 <u><u>\$ 8,269,223</u></u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**  
**(IN MILLIONS)**

Beginning Balance - September 30, 2003	\$	8,269,223
Current year Additions		403,183
Current year Disposal net of Depreciation		(811,644)
Current year Depreciation Expense		(398,207)
Prior Period Adjustment		<u>(30,461)</u>
 Ending Balance - September 30, 2004	 \$	 <u><u>7,432,094</u></u>

This year's major additions primarily capital expenditures related to modernizing the Authority's housing developments. The net retirements were related to the decrease in the building values with the sale of the 24 public housing units.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004

UNAUDITED

**DEBIT**

**Debt Outstanding**

As of year-end, the Authority had no debt outstanding.

**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 Sarah Kincaid, 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**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2004**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$1,409,839
Restricted Cash	1,845,285
Receivables, net	181,650
Prepaid expenses and other assets	24,864
<b>Total current assets</b>	<b><u>3,461,638</u></b>

**Noncurrent assets**

Capital assets:	
Land	2,122,190
Building and equipment	11,749,949
Construction in Progress	441,003
Less accumulated depreciation	<u>(6,881,048)</u>
Capital assets, net	7,432,094
Other noncurrent assets	<u>330</u>
<b>Total noncurrent assets</b>	<b><u>7,432,424</u></b>
<b>Total assets</b>	<b><u><u>\$10,894,062</u></u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$26,708
Accrued liabilities	26,249
Intergovernmental payables	17,410
Tenant security deposits	34,945
Deferred revenue	<u>259</u>
<b>Total current liabilities</b>	<b><u>105,571</u></b>

**Noncurrent liabilities**

Accrued compensated absences non-current	74,423
Noncurrent liabilities - other	<u>30,853</u>
<b>Total noncurrent liabilities</b>	<b><u>105,276</u></b>
<b>Total liabilities</b>	<b><u><u>\$210,847</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**September 30, 2004**

**NET ASSETS**

Invested in capital assets, net of related debt	\$7,432,094
Restricted net assets	1,845,285
Unrestricted net assets	1,405,836
<b>Total net assets</b>	<b><u><u>\$10,683,215</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2004**

**OPERATING REVENUES**

Tenant Revenue	\$337,008
Government operating grants	5,347,238
Other revenue	38,175
<b>Total operating revenues</b>	<b><u>5,722,421</u></b>

**OPERATING EXPENSES**

Administrative	920,601
Tenant services	7,470
Utilities	162,907
Maintenance	372,132
General	133,489
Housing assistance payment	4,077,504
Depreciation	398,207
<b>Total operating expenses</b>	<b><u>6,072,310</u></b>
<b>Operating income (loss)</b>	<b><u>(349,889)</u></b>

**NONOPERATING REVENUES (EXPENSES)**

Interest and investment revenue	23,488
Gain from sale of capital assets	1,033,641
<b>Total nonoperating revenues (expenses)</b>	<b><u>1,057,129</u></b>
Income (loss) before contributions and transfers	707,240

Capital grants	383,673
Change in net assets	1,090,913
Total net assets - beginning	9,658,804
Prior Period Adjustment	(66,502)
<b>Total net assets - ending</b>	<b><u><u>\$10,683,215</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended September 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$5,247,784
Tenant revenue received	335,081
Other revenue received	38,175
General and administrative expenses paid	(1,747,140)
Housing assistance payments	(4,077,504)

**Net cash provided (used) by operating activities** **(203,604)**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	<u>23,488</u>
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**Net cash provided (used) by investing activities** **23,488**

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Proceeds from sale of capital assets	1,845,285
Capital grant funds received	383,673
Property and equipment purchased	<u>(403,183)</u>

**Net cash provided (used) by capital and related activities** **1,825,775**

Net increase (decrease) in cash 1,645,659

Cash and cash equivalents - Beginning of year 1,609,465

**Cash and cash equivalents - End of year** **\$3,255,124**

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

**Proprietary Funds**  
**For the Year Ended September 30, 2004**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$349,889)
Activities	
- Depreciation	398,207
- (Increases) Decreases in Accounts Receivable	(114,426)
- (Increases) Decreases in Prepaid Assets	(1,696)
- (Increases) Decreases in Other Assets	(330)
- Increases (Decreases) in Accounts Payable	(9,270)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(7,367)
- Increases (Decreases) in Accrued Expenses Payable	(30,949)
- Increases (Decreases) in Deferred Revenue	(85,904)
- Increases (Decreases) in Other Noncurrent Liabilities	1,982
- Increases (Decreases) in Tenant Security Deposits	(4,030)
- Prior Period Adjustment - Write off stale dated checks	68
	<hr/>
<b>Net cash provided by operating activities</b>	<b><u><u>(\$203,604)</u></u></b>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

**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.

In June 1999, GASB approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statements include the following:

- For the first time the financial statements include a Management Discussion and Analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operation.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Authority has elected to implement GASB 34 in the current fiscal year.

**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 Basic Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, 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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

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

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.

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.

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 basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes net assets, 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:

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

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

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.

**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. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Description of programs**

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

A. **Public Housing Program**

The public housing program is designed to provide low-cost housing within the Jackson 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.

B. **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.

C. **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.



CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2004 totaled \$23,488.

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

**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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

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

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

**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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 2: CASH AND INVESTMENTS**

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash Equivalents	\$1,419,258	\$1,419,258	\$0	\$0	\$1,409,839
Restricted Cash	1,845,285	1,845,285	0	0	1,845,285
Total Deposits	\$3,264,543	\$3,264,543	\$0	\$0	\$3,255,124

The carrying amount above includes \$200 of petty cash.

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA's name.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

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

Category 2 – Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the PHA's name.

Category 3 – Uninsured and unregistered, with securities held by the counterpart, or its trust department or agent but not in the PHA's name.

The PHA's nonnegotiable certificates of deposit are classified as investments on the Financial Data Schedule but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

**NOTE 3: RESTRICTED CASH**

Restricted cash balance of \$1,845,285 represents the proceeds received from the sale of 24 scattered site houses. Per U.S. Department of Housing and Urban Development, the proceeds from the sale must be used for future public housing development or to operate a home ownership program.

**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, 2004 the Authority maintains 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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 4: FIXED ASSETS**

The following is a summary:

Land	\$2,122,190
Buildings	11,509,957
Furniture, Machinery and Equipment	239,992
Construction in Progress	441,003
Total Fixed Assets	14,313,142
Accumulated Depreciation	(6,881,048)
Net Fixed Assets	\$7,432,094

The following is a summary of changes:

	<b>Balance 09/30/03</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/04</b>
Land	\$2,083,290	\$0	\$38,900	\$0	\$2,122,190
Buildings	13,505,711	19,797	16,431	2,031,982	11,509,957
Furnt, Mach. and Equip.	245,085	0	0	5,093	239,992
Construction in Progress	130,749	(37,598)	347,852	0	441,003
Total Fixed Assets	\$15,964,835	(\$17,801)	\$403,183	\$2,037,075	\$14,313,142

The depreciation expense for the year ended September 30, 2004 was \$398,207.

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (Continued)**

parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to OPERS for the years ended September 30, 2004, 2003 and 2002 were \$80,301, \$84,168, and \$80,410, respectively. The full amount has been contributed for 2002 and 2003. Ninety-three percent has been contributed for 2004, with the remainder being reported as a liability with the enterprise fund.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year ended September 30, 2004 was 5.0 percent of covered payroll, which amounted to \$29,445. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2002 was \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

**NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year ended September 30, 2004 the Clermont Metropolitan Housing Authority implemented Governmental Accounting Standards Board Statement (GASB) No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus; and GASB Statement No. 38, "Certain Financial Statement Note Disclosures.

GASB Statement No. 34 creates new basic financial statements for reporting on the CMHA's financial activities. The financial statements now include entity-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type.

The entity-wide financial statements reflect only enterprise fund activities. The implementation of GASB 34 had no effect on the total enterprise fund equity. However, it did effect the classification of the equity.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues, and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES** (Continued)

The table below shows the reclassification adjustment necessary.

	Contributed Capital	Retained Earnings	Invested in Capital Assets, Net Of Debt	Restricted Net Assets	Unrestricted Net Assets	Total
Beginning Balance	\$8,882,497	\$776,307	\$0	\$0	\$0	\$9,658,804
Reclassification- GASB 34	(8,882,497)	(776,307)	8,269,223	0	1,389,581	0
Restated Beginning Balance	0	0	8,269,223	0	1,389,581	9,658,804
Fixed Assets Addition Unrestricted Assets used for Fixed Assets	0	0	403,183	0	0	403,183
Fixed Assets Disposal net of Depreciation	0	0	(811,644)	0	(19,510)	(19,510)
Depreciation Expense	0	0	(398,207)	0	0	(398,207)
Current Year Profit	0	0	0	0	71,806	71,806
Proceeds from Sale of Capital Assets	0	0	0	1,845,285	0	1,845,285
Prior Period Adjustment	0	0	(30,461)	0	(36,041)	(66,502)
Ending Net Assets	\$0	\$0	\$7,432,094	\$1,845,285	\$1,405,836	\$10,683,215

**NOTE 8: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.



CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
(CONTINUED)

**NOTE 9 PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment of \$66,502 represents the following:

**Capital Fund Program:**

Adjustment for equity transfer from Capital Fund 2001 (\$16,313)

**Low Rent Public Housing:**

Adjustment to write-off stale dated checks 68

Adjustment to expense soft-costs that were previously reported as capital asset in the construction in progress (40,675)

**Housing Choice Voucher:**

Adjustment to write-off receivable from HUD that will not be collected (9,347)

Removal of equipment under the capitalization policy (235)

Total Prior Period Adjustment (\$66,502)

Clermont Metropolitan Housing Authority  
Combining Balance Sheet  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$813,388	\$429,845	\$0	\$1,243,233
113	Cash - Restricted	\$0	\$30,853	\$0	\$30,853
114	Cash - Tenant Security Deposit	\$34,945	\$0	\$0	\$34,945
100	Total Cash	\$848,333	\$460,698	\$0	\$1,309,031
122	Accounts Receivable - HUD Other Projects	\$0	\$62,558	\$104,091	\$166,649
126	Accounts Receivable - Tenants - Dwelling Rents	\$17,226	\$0	\$0	\$17,226
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$2,225)	\$0	\$0	(\$2,225)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$15,001	\$62,558	\$104,091	\$181,650
131	Investments - Unrestricted	\$0	\$100,808	\$0	\$100,808
132	Investments Restricted	\$1,845,285	\$0	\$0	\$1,845,285
142	Prepaid Expenses and Other Assets	\$24,864	\$0	\$0	\$24,864
144	Interprogram Due From	\$123,341	\$0	\$0	\$123,341
150	Total Current Assets	\$2,856,824	\$624,064	\$104,091	\$3,584,979
161	Land	\$2,122,190	\$0	\$0	\$2,122,190
162	Buildings	\$11,459,101	\$34,425	\$16,431	\$11,509,957
164	Furniture, Equipment & Machinery - Administration	\$217,826	\$22,166	\$0	\$239,992
165	Leasehold Improvements	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$6,861,188)	(\$19,312)	(\$548)	(\$6,881,048)
167	Construction In Progress	\$0	\$0	\$441,003	\$441,003
160	Total Fixed Assets, Net of Accumulated Depreciation	\$6,937,929	\$37,279	\$456,886	\$7,432,094
174	Other Assets	\$0	\$330	\$0	\$330
180	Total Non-Current Assets	\$6,937,929	\$37,609	\$456,886	\$7,432,424
190	Total Assets	\$9,794,753	\$661,673	\$560,977	\$11,017,403
312	Accounts Payable <= 90 Days	\$21,925	\$4,783	\$0	\$26,708
321	Accrued Wage/Payroll Taxes Payable	\$3,696	\$0	\$0	\$3,696



Clermont Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in Fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$331,649	\$0	\$0	\$331,649
704	Tenant Revenue - Other	\$5,359	\$0	\$0	\$5,359
705	Total Tenant Revenue	\$337,008	\$0	\$0	\$337,008
706	HUD PHA Operating Grants	\$541,715	\$4,598,371	\$207,152	\$5,347,238
706.1	Capital Grants	\$0	\$0	\$383,673	\$383,673
711	Investment Income - Unrestricted	\$17,581	\$5,857	\$0	\$23,438
714	Fraud Recovery	\$0	\$925	\$0	\$925
715	Other Revenue	\$36,819	\$431	\$0	\$37,250
716	Gain/Loss on Sale of Fixed Assets	\$1,033,641	\$0	\$0	\$1,033,641
720	Investment Income - Restricted	\$0	\$50	\$0	\$50
700	Total Revenue	\$1,966,764	\$4,605,634	\$590,825	\$7,163,223
911	Administrative Salaries	\$153,994	\$259,495	\$26,546	\$440,035
912	Auditing Fees	\$1,862	\$3,038	\$0	\$4,900
914	Compensated Absences	\$24,861	\$20,135	\$0	\$44,996
915	Employee Benefit Contributions - Administrative	\$136,732	\$118,859	\$0	\$255,591
916	Other Operating - Administrative	\$49,851	\$52,226	\$73,002	\$175,079
924	Tenant Services - Other	\$7,470	\$0	\$0	\$7,470
931	Water	\$33,877	\$0	\$0	\$33,877
932	Electricity	\$97,877	\$0	\$0	\$97,877
933	Gas	\$8,019	\$0	\$0	\$8,019
938	Other Utilities Expense	\$23,134	\$0	\$0	\$23,134
941	Ordinary Maintenance and Operations - Labor	\$110,504	\$0	\$0	\$110,504
942	Ordinary Maintenance and Operations - Materials and Other	\$46,253	\$32,613	\$3,600	\$82,466
943	Ordinary Maintenance and Operations - Contract Costs	\$73,749	\$0	\$0	\$73,749
945	Employee Benefit Contributions - Ordinary Maintenance	\$99,013	\$0	\$0	\$99,013
961	Insurance Premiums	\$52,061	\$5,652	\$0	\$57,713
962	Other General Expenses	\$42,341	\$0	\$0	\$42,341
963	Payments in Lieu of Taxes	\$17,410	\$0	\$0	\$17,410
964	Bad Debt - Tenant Rents	\$14,881	\$0	\$0	\$14,881
966	Bad Debt - Other	\$0	\$1,144	\$0	\$1,144

Clermont Metropolitan Housing Authority  
Combining Statement of Revenue, Expenses and Change in Fund Equity  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
969	Total Operating Expenses	\$993,889	\$493,162	\$103,148	\$1,590,199
970	Excess Operating Revenue over Operating Expenses	\$972,875	\$4,112,472	\$487,677	\$5,573,024
971	Extraordinary Maintenance	\$6,400	\$0	\$0	\$6,400
973	Housing Assistance Payments	\$0	\$4,077,504	\$0	\$4,077,504
974	Depreciation Expense	\$390,342	\$7,317	\$548	\$398,207
900	Total Expenses	\$1,390,631	\$4,577,983	\$103,696	\$6,072,310
1001	Operating Transfers In	\$104,004	\$0	\$0	\$104,004
1002	Operating Transfers Out	\$0	\$0	(\$104,004)	(\$104,004)
1010	Total Other Financing Sources (Uses)	\$104,004	\$0	(\$104,004)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$680,137	\$27,651	\$383,125	\$1,090,913
1103	Beginning Equity	\$8,639,745	\$552,590	\$466,469	\$9,658,804
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$335,789	(\$9,583)	(\$392,708)	(\$66,502)
	Ending Equity	\$9,655,671	\$570,658	\$456,886	\$10,683,215
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$4,598,981	\$0	\$4,598,981
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$106,780	\$0	\$106,780
1116	Total Annual Contributions Available	\$0	\$4,705,761	\$0	\$4,705,761
1120	Unit Months Available	2,439	10,692	0	13,131
1121	Number of Unit Months Leased	2,426	10,589	0	13,015

Clermont Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended September 30, 2004

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$541,715
Housing Choice Vouchers	14.871	4,598,371
Public Housing Capital Fund Program	14.872	<u>590,825</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$5,730,911</u></u></b>



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

Board of Directors  
Clermont Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the Basic Financial Statements of the Clermont Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2004, which has adopted GASB Statement No. 34, and have issued my report thereon dated April 14, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Clermont Metropolitan Housing Authority, Ohio's Basic Financial Statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Clermont Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the Basic Financial Statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Clermont Metropolitan Housing Authority, Ohio, in a separate letter dated April 14, 2005.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Salvatore Consiglio". The signature is written in black ink and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.

April 14, 2005





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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Clermont Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

I have audited the compliance of the Clermont Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2004. Clermont Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Clermont Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Clermont Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Clermont Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Clermont Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Clermont Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

## **Internal Control Over Compliance**

The management of Clermont Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Clermont Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



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Salvatore Consiglio, CPA, Inc.

April 14, 2005

Clermont Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2004

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.850 – Low Rent Public Housing & 14.871 – Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended September 30, 2004.

<b>3. FINDINGS REALTED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended September 30, 2004.

Clermont Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2004

The audit report for the fiscal year ending September 30, 2003 contained not audit finding.



**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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  
JULY 5, 2005**