

**CLINTON METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

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





# Dave Yost • Auditor of State

Board of Directors  
Clinton Metropolitan Housing Authority  
478 Thorne Avenue  
Wilmington, Ohio 45177-1222

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, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

August 26, 2014

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**CLINTON METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Clinton Metropolitan Housing Authority  
478 Thorne Avenue  
Wilmington, Ohio 45177-1222

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 Clinton Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clinton Metropolitan Housing Authority, Ohio as of December 31, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 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 opinions on the financial statements that collectively comprise the Clinton Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The 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 July 21, 2014, on our consideration of the Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

James G.  
Zupka, CPA,  
President

Digitally signed by James G. Zupka,  
CPA, President  
DN: cn=James G. Zupka, CPA,  
President, o=James G. Zupka, CPA,  
Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2014.07.30 15:09:07 -04'00'

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

July 21, 2014

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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This Management's Discussion and Analysis (MD&A) for the Clinton Metropolitan Housing Authority (Clinton MHA) 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, 2013, 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 \$72,716 (or 18.42%) during 2013, resulting from changes in operations. Since the Authority engages in only business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by \$87,832 (or 5.04%) during 2013.
- The total expenses of all Authority programs decreased by \$32,916 (or 1.87%).

**Overview of the Authority's Financial Statements**

The Basic Financial Statements included elsewhere in this report are:

The Statement of Net Position,  
The Statement of Revenues, Expenses and Changes in Net Position, and  
The 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 reports the value of assets Clinton Metropolitan Housing Authority holds at December 31, 2013, that is, the cash Clinton Metropolitan Housing Authority has, the amounts that are owed Clinton Metropolitan Housing Authority from others, and the value of the equipment Clinton Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Clinton Metropolitan Housing Authority has, that is what Clinton Metropolitan owes others at December 31, 2013; and what Net Position (or what is commonly referred to as Equity) Clinton Metropolitan Housing Authority has at December 31, 2013. 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, the Net Position part is broken out into three broad categories:

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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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 Clinton Metropolitan Housing 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 Clinton Metropolitan Housing Authority earned, that is what its revenues or incomes were, versus what expenses Clinton Metropolitan Housing 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 Clinton Metropolitan Housing 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 Clinton Metropolitan Housing Authority has equals the total assets Clinton Metropolitan Housing Authority has.

The Statement of Cash Flows is a report that shows how the amount of cash Clinton Metropolitan Housing 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 Clinton Metropolitan Housing 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 Clinton Metropolitan Housing Authority. Clinton Metropolitan Housing 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
- The Business Activities.

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

**Housing Choice Voucher Program**

Under the Section 8 Housing Choice Voucher Program, Clinton Metropolitan Housing 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 Activity**

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 Clinton Metropolitan Housing Authority’s goal to promote home-ownership utilizing this property.

Also reflected here are activities from the Tenant-Based Rental Assistance Program (“TBRA”), funded by State CHIP money, flowing to the City of Wilmington and awarded to CMHA for 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. Clinton Metropolitan Housing Authority is engaged only in business-type activities.

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

	2013	2012
<b><u>Assets</u></b>		
Current and Other Assets	\$ 255,931	\$ 310,843
Capital Assets	119,857	128,074
<b>Total Assets</b>	<b>\$ 375,788</b>	<b>\$ 438,917</b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 9,690	\$ 17,289
Long-term Liabilities	44,101	26,915
<b>Total Liabilities</b>	<b>53,791</b>	<b>44,204</b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	119,857	128,074
Restricted	19,840	82,173
Unrestricted	182,300	184,466
<b>Total Net Position</b>	<b>321,997</b>	<b>394,713</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 375,788</b>	<b>\$ 438,917</b>

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

Total Net Position decreased from the prior year-end by \$72,716. The changes in income and expense from the period causing that change is discussed more in the next section where we discuss Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Position.

During 2013, Current and Other Assets, primarily cash, decreased by \$54,912. This was due to operating income being less than operating expenses in 2013. Current liabilities decreased by \$7,599 in 2013. Non-current liabilities, primarily due to the change in individual tenant balances in FSS escrow accounts increased by \$17,186.

Capital Assets decreased due to the current year's depreciation.

The decrease in Restricted Net Position arose as a result of HUD funding reductions. The decrease in Unrestricted Net Position is a result of operations, excluding the payment of Housing Assistance.

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

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

	2013	2012
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 6,426	\$ 4,730
Operating Subsidies	1,612,422	1,722,276
Other Revenues	34,551	14,225
<b>Total Revenues</b>	<b>1,653,399</b>	<b>1,741,231</b>
<b><u>Expenses</u></b>		
Administrative	174,276	180,631
Utilities	3,454	2,496
Maintenance	3,693	23,924
General Expenses	17,826	6,658
Housing Assistance Payments	1,518,649	1,532,716
Depreciation	8,217	12,606
<b>Total Expenses</b>	<b>1,726,115</b>	<b>1,759,031</b>
Net Increases (Decreases)	<b>\$ (72,716)</b>	<b>\$ (17,800)</b>

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

Operating subsidies decreased \$109,854 for the fiscal year. Tenant revenue increased slightly by \$1,696. Other revenues increased by \$20,326 mostly due to increased portability in revenue.

Expenses decreased in 2013 by \$32,916 or about 1.87 percent. This was primarily due to a reduction in Housing Assistance Payments made, cutting the Housing Quality Standards inspection fee schedule, avoiding any major maintenance expense and overall curtailment of spending that was not strictly essential to program operations.

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**

	2013	2012
Land	\$ 6,750	\$ 6,750
Buildings	353,190	353,190
Equipment	46,773	46,773
Leasehold Improvements	52,534	52,534
Accumulated Depreciation	(339,390)	(331,173)
<b>Total Capital Assets, Net</b>	<b>\$ 119,857</b>	<b>\$ 128,074</b>

The Authority purchased no new assets or had any disposals in 2013.

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

**Economic Factors**

Significant economic factors affecting Clinton Metropolitan Housing Authority are as follows:

- One of the highest unemployment rate 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 Clinton Metropolitan Housing Authority, at 937-382-5749, extension #3. Specific requests may be submitted to Clinton Metropolitan Housing Authority at 478 Thorne Avenue, Wilmington, Ohio 45177.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents - Unrestricted	\$ 186,099
Restricted Cash and Cash Equivalents	56,472
Receivables, Net	2,302
Prepaid Expenses	<u>11,058</u>
<b>Total Current Assets</b>	<b><u>255,931</u></b>

**Noncurrent Assets**

Non-depreciable Capital Assets	6,750
Depreciable Capital Assets, Net	<u>113,107</u>
<b>Total Noncurrent Assets</b>	<b><u>119,857</u></b>

<b>TOTAL ASSETS</b>	<b><u>\$ 375,788</u></b>
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**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 2,036
Accrued Compensated Absences - Current	870
Tenant Security Deposits	370
Accrued Wages and Payroll Taxes	2,552
Intergovernmental Payable	<u>3,862</u>
<b>Total Current Liabilities</b>	<b><u>9,690</u></b>

**Noncurrent Liabilities**

Accrued Compensated Absences - Long Term	7,839
FSS Escrow	<u>36,262</u>
<b>Total Noncurrent Liabilities</b>	<b><u>44,101</u></b>
<b>Total Liabilities</b>	<b><u>53,791</u></b>

**NET POSITION**

Net Investment in Capital Assets	119,857
Unrestricted	182,300
Restricted	<u>19,840</u>
<b>Total Net Position</b>	<b><u>321,997</u></b>

<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 375,788</u></b>
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See accompanying notes to the basic financial statements.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**Operating Revenues**

Government Grants	\$ 1,612,422
Tenant Revenue	6,426
Other Revenue	<u>34,551</u>
<b>Total Operating Revenues</b>	<b><u>1,653,399</u></b>

**Operating Expenses**

Housing Assistance Payments	1,518,649
Administrative	174,276
Utilities	3,454
Maintenance	3,693
General	<u>17,826</u>
<b>Total Operating Expenses Before Depreciation</b>	<b><u>1,717,898</u></b>
Income Before Depreciation	(64,499)

Depreciation	<u>8,217</u>
<b>Operating Income (Loss)</b>	<b><u>(72,716)</u></b>

Total Net Position, Beginning of Year	<u>394,713</u>
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<b>Net Position, End of Year</b>	<b><u>\$ 321,997</u></b>
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See accompanying notes to the basic financial statements.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from HUD and Other Grants	\$ 1,612,422
Cash Received From Tenants	6,426
Cash Payments for Housing Assistance	(1,518,649)
Cash Payments for Administrative Expenses	(178,684)
Cash Payments for Other Operating Expenses	(24,535)
Cash Received - Other	<u>49,071</u>
<b>Net Cash (Provided) by Operating Activities</b>	<b><u>(53,949)</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(53,949)</u>
Cash and Cash Equivalents, Beginning	<u>296,520</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 242,571</u></b>
<b><u>Reconciliation of Operating Loss to Net</u></b>	
<b><u>Cash Provided by Operating Activities</u></b>	
Net Operating (Loss)	\$ (72,716)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	8,217
(Increase) Decrease in:	
Accounts Receivable	5,173
Prepaid Expenses	(4,210)
Increase (Decrease) in:	
Accounts Payable	1,853
Accounts Payable to Other Governments	2,795
Accrued Compensated Absences	3,066
Accrued Wages and Payroll Taxes	(7,474)
FSS Escrow	<u>9,347</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (53,949)</u></b>

See accompanying notes to the basic financial statements.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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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.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

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.

**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.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**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	15-27.5 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.

**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 8.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

**Cash on Hand**

At December 31, 2013, the Authority had undeposited cash on hand (petty cash) of \$100.

At December 31, 2013, the carrying amount of the Authority's cash deposits was \$242,571 and the bank balance was \$253,060. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2013, deposits totaling \$253,060 were covered by Federal Depository Insurance.

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.

**Investments**

The Authority has no investments at December 31, 2013.

**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.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**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 \$56,472 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$ 19,840
FSS Escrow Funds	36,262
Tenant Security Deposits	<u>370</u>
Total Restricted Cash	<u>\$ 56,472</u>

*This space intentionally left blank.*

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at December 31, 2013 by class is as follows:

	Balance 01/01/2013	Additions	Deletions	Balance 12/31/2013
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 6,750	\$ 0	\$ 0	\$ 6,750
<b>Total Capital Assets Not Being Depreciated</b>	<u>6,750</u>	<u>0</u>	<u>0</u>	<u>6,750</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Improvements	353,190	0	0	353,190
Furniture, Equipment, and Machinery - Administrative	46,773	0	0	46,773
Leasehold Improvement	<u>52,534</u>	<u>0</u>	<u>0</u>	<u>52,534</u>
<b>Capital Assets Being Depreciated</b>	<u>452,497</u>	<u>0</u>	<u>0</u>	<u>452,497</u>
<b><u>Accumulated Depreciation</u></b>				
Buildings	(263,604)	(4,607)	0	(268,211)
Furniture & Equipment - Administration	(46,557)	(108)	0	(46,665)
Leasehold Improvement	<u>(21,012)</u>	<u>(3,502)</u>	<u>0</u>	<u>(24,514)</u>
<b>Total Accumulated Depreciation</b>	<u>(331,173)</u>	<u>(8,217)</u>	<u>0</u>	<u>(339,390)</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>121,324</u>	<u>(8,217)</u>	<u>0</u>	<u>113,107</u>
<b>Total Capital Assets ,Net</b>	<u>\$ 128,074</u>	<u>\$ (8,217)</u>	<u>\$ 0</u>	<u>\$ 119,857</u>

**NOTE 5: RESTRICTED NET POSITION**

The Authority's restricted net assets are as follows:

Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments	\$ 19,840
Total	<u>\$ 19,840</u>

*This space intentionally left blank.*

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN**

**Ohio 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 Ohio Public Employees Retirement Board. OPERS provides 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 issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-PERS.

The Ohio Public Employees Retirement System administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan.
- The Member-Directed Plan (MD) - a benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**Ohio Public Employees Retirement System** (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2013, 2012, and 2011, were \$13,952, \$15,338, and \$14,006, respectively. The full amount has been contributed for 2013, 2012, and 2011. The Authority had no employees participating in the Member-Directed or Combined Plans for the years ended 2013, 2012, and 2011.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

A. **Plan Description** (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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 for the funding of post-retirement health care benefits.

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

OPER's Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Board of Trustees determines that portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2013, 2012 and 2011, which were used to fund post-employment benefits were \$997, \$4,382 and \$4,001 respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

**NOTE 8: 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, 2013, based on the vesting method, \$8,709 was accrued by the Authority for unused vacation and sick time. All is considered to be current.

A summary of changes in the compensated absences liability follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Used</u>	<u>Ending Balance</u>	<u>Current Portion</u>
\$ 5,643	\$ 11,183	\$ 8,117	\$ 8,709	\$ 870

**NOTE 9: 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 (36) Ohio housing authorities, of which Clinton is one. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,500	\$ 557,200 (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 Aetna Health, Inc. for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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**NOTE 10: CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2013.

**NOTE 11: 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.

**NOTE 12: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2013, the Authority has implemented GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1981 FASB and AICPA Pronouncements*.

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 13: **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**DECEMBER 31, 2013**

	14.871 Housing Choice Vouchers	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	9,013	177,086	186,099		186,099
113 Cash - Other Restricted	56,102		56,102		56,102
114 Cash - Tenant Security Deposits		370	370		370
<b>100 Total Cash</b>	<b>65,115</b>	<b>177,456</b>	<b>242,571</b>	<b>-</b>	<b>242,571</b>
126 Accounts Receivable - Tenants	75		75		75
128 Fraud Recovery	3,885		3,885		3,885
128.1 Allowance for Doubtful Accounts - Fraud	-1,658		-1,658		-1,658
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>2,302</b>	<b>-</b>	<b>2,302</b>	<b>-</b>	<b>2,302</b>
142 Prepaid Expenses and Other Assets	11,058		11,058		11,058
144 Inter Program Due From		120,045	120,045	-120,045	-
<b>150 Total Current Assets</b>	<b>78,475</b>	<b>297,501</b>	<b>375,976</b>	<b>-120,045</b>	<b>255,931</b>
161 Land		6,750	6,750		6,750
162 Buildings	333,581	19,609	353,190		353,190
164 Furniture, Equipment & Machinery - Administration	46,773		46,773		46,773
165 Leasehold Improvements		52,534	52,534		52,534
166 Accumulated Depreciation	-309,140	-30,250	-339,390		-339,390
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>71,214</b>	<b>48,643</b>	<b>119,857</b>	<b>-</b>	<b>119,857</b>
<b>180 Total Non-Current Assets</b>	<b>71,214</b>	<b>48,643</b>	<b>119,857</b>	<b>-</b>	<b>119,857</b>
<b>190 Total Assets</b>	<b>149,689</b>	<b>346,144</b>	<b>495,833</b>	<b>-120,045</b>	<b>375,788</b>
200 Deferred Outflow of Resources			-		-
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>149,689</b>	<b>346,144</b>	<b>495,833</b>	<b>-120,045</b>	<b>375,788</b>
312 Accounts Payable <= 90 Days	2,036		2,036		2,036
321 Accrued Wage/Payroll Taxes Payable	2,552		2,552		2,552
322 Accrued Compensated Absences - Current Portion	870		870		870
324 Accrued Contingency Liability	-	-	-		-
333 Accounts Payable - Other Government	2,575	1,287	3,862		3,862
341 Tenant Security Deposits		370	370		370
347 Inter Program - Due To	120,045		120,045	-120,045	-
<b>310 Total Current Liabilities</b>	<b>128,078</b>	<b>1,657</b>	<b>129,735</b>	<b>-120,045</b>	<b>9,690</b>
353 Non-current Liabilities - Other	36,262		36,262		36,262
354 Accrued Compensated Absences - Non Current	7,839		7,839		7,839
<b>350 Total Non-Current Liabilities</b>	<b>44,101</b>	<b>-</b>	<b>44,101</b>	<b>-</b>	<b>44,101</b>
<b>300 Total Liabilities</b>	<b>172,179</b>	<b>1,657</b>	<b>173,836</b>	<b>-120,045</b>	<b>53,791</b>
400 Deferred Inflow of Resources			-		-
508.4 Net Investment in Capital Assets	71,214	48,643	119,857		119,857
511.4 Restricted Net Position	19,840		19,840		19,840
512.4 Unrestricted Net Position	-113,544	295,844	182,300		182,300
<b>513 Total Equity - Net Assets / Position</b>	<b>-22,490</b>	<b>344,487</b>	<b>321,997</b>	<b>-</b>	<b>321,997</b>
<b>600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position</b>	<b>149,689</b>	<b>346,144</b>	<b>495,833</b>	<b>-120,045</b>	<b>375,788</b>

**CLINTON METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	14,871 Housing Choice Vouchers	Business Activities	Sub total	ELIM	Total
70300 Net Tenant Rental Revenue		6,426	6,426		6,426
<b>70500 Total Tenant Revenue</b>	-	6,426	6,426	-	6,426
70600 HUDPHA Operating Grants	1,612,422		1,612,422		1,612,422
70800 Other Government Grants		-	-		-
71400 Fraud Recovery	3,331		3,331		3,331
71500 Other Revenue	24,425	6,795	31,220		31,220
<b>70000 Total Revenue</b>	<b>1,640,178</b>	<b>13,221</b>	<b>1,653,399</b>	-	<b>1,653,399</b>
91100 Administrative Salaries	104,160		104,160		104,160
91200 Auditing Fees	7,495		7,495		7,495
91310 Book-keeping Fee	-		-		-
91500 Employee Benefit contributions - Administrative	37,534		37,534		37,534
91600 Office Expenses	19,839		19,839		19,839
91800 Travel	1,498		1,498		1,498
91900 Other	3,750		3,750		3,750
<b>91000 Total Operating - Administrative</b>	<b>174,276</b>	-	<b>174,276</b>	-	<b>174,276</b>
93100 Water	175		175		175
93200 Electricity	2,119		2,119		2,119
93300 Gas	788		788		788
93600 Sewer	165		165		165
93800 Other Utilities Expense	207		207		207
<b>93000 Total Utilities</b>	<b>3,454</b>	-	<b>3,454</b>	-	<b>3,454</b>
94200 Ordinary Maintenance and Operations - Materials and Other	30		30		30
94300 Ordinary Maintenance and Operations Contracts	3,663		3,663		3,663
<b>94000 Total Maintenance</b>	<b>3,693</b>	-	<b>3,693</b>	-	<b>3,693</b>
96110 Property Insurance	1,633		1,633		1,633
96130 Workmen's Compensation	1,349		1,349		1,349
<b>96100 Total insurance Premiums</b>	<b>2,982</b>	-	<b>2,982</b>	-	<b>2,982</b>
96200 Other General Expenses	11,778		11,778		11,778
96210 Compensated Absences	3,066		3,066		3,066
<b>96000 Total Other General Expenses</b>	<b>14,844</b>	-	<b>14,844</b>	-	<b>14,844</b>
<b>96900 Total Operating Expenses</b>	<b>199,249</b>	-	<b>199,249</b>	-	<b>199,249</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>1,440,929</b>	<b>13,221</b>	<b>1,454,150</b>	-	<b>1,454,150</b>

**CLINTON METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	14.871 Housing Choice Vouchers	Business Activities	Subtotal	ELIM	Total
97300 Housing Assistance Payments	1,499,505		1,499,505		1,499,505
97350 HAP Portability-In	19,144		19,144		19,144
97400 Depreciation Expense	4,058	4,159	8,217		8,217
<b>90000 Total Expenses</b>	<b>1,721,956</b>	<b>4,159</b>	<b>1,726,115</b>	<b>-</b>	<b>1,726,115</b>
10010 Operating Transfer In	6,795		6,795		6,795
10020 Operating Transfer Out		-6,795	-6,795		-6,795
<b>10100 Total Other Financing Sources (Uses)</b>	<b>6,795</b>	<b>-6,795</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-74,983</b>	<b>2,267</b>	<b>-72,716</b>	<b>-</b>	<b>-72,716</b>
11030 Beginning Equity	52,493	342,220	394,713		394,713
11170 Administrative Fee Equity	-53,515		-53,515		-53,515
11180 Housing Assistance Payments Equity	19,840		19,840		19,840
11190 Unit Months Available	3,516	12	3,528		3,528
11210 Number of Unit Months Leased	3,360	12	3,372		3,372

**CLINTON METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
<b><u>Section 8 Tenant Based Programs</u></b>		
Section 8 Housing Choice Voucher Program	14.871	\$ <u>1,612,422</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>1,612,422</u>
<b>Total Federal Expenditures</b>		<u>\$ 1,612,422</u>

This schedule is prepared on the accrual basis of accounting.

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

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

Board of Directors  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

Regional Inspector General for Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Clinton Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated July 21, 2014.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questions Costs that we consider to be a significant deficiency, which is identified as **Finding 2013-001**.

## **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*.

## **Clinton Metropolitan Housing Authority's Responses to Findings**

The Clinton Metropolitan Housing Authority, Ohio's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

James G.  
Zupka, CPA,  
President

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc, ou=Accounting,  
email=jgz@jgzcpainc.com, c=US  
Date: 2014.07.30 15:09:52 -0400

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

July 21, 2014

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Clinton Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2013. The Clinton Metropolitan Housing Authority, Ohio'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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Clinton Metropolitan Housing Authority, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 its major federal program. However, our audit does not provide a legal determination of the Clinton Metropolitan Housing Authority, Ohio's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the Clinton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

## **Report on Internal Control Over Compliance**

The management of the Clinton Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**James G.  
Zupka, CPA,  
President**

Digitally signed by James G. Zupka,  
CPA, President  
DN: cn=James G. Zupka, CPA,  
President, o=James G. Zupka, CPA,  
Inc., ou=Accounting,  
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James G. Zupka CPA, Inc.  
Certified Public Accountants

July 21, 2014

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
DECEMBER 31, 2013**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	Yes
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2013(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510?	No
2013(vii)	Major Programs (list):	
	Section 8 Housing Choice Voucher - CFDA# 14.871	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2013(ix)	Low Risk Auditee?	Yes

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505 (CONTINUED)  
DECEMBER 31, 2013**

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

**Finding 2013-001: Significant Deficiency in Internal Control - Timely Financial Reporting to the Department of Housing and Urban Development**

**Condition**

While the financial reporting to the Department of Housing and Urban Development (DHUD) was completed in a timely manner, the submission was rejected and the required re-submission to correct issues causing the rejection was not completed timely.

**Criteria**

A proper system of internal control would ensure that satisfactory financial reporting is completed in a timely manner.

**Cause**

This condition is the result of the lack of an effective financial reporting system.

**Effect**

This deficiency resulted in the Authority failing to file the unaudited Financial Data Schedule in a timely manner.

**Recommendation**

We recommend that an effective system of internal controls be implemented to ensure that financial reporting is completed in a timely manner.

**Client Response**

The Authority will implement changes in its system of controls over financial reporting to ensure that this does not occur in future periods.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE

**CLINTON METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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The prior audit report, as of December 31, 2012, included a citation that has been corrected. Management letter comments have been corrected or repeated in the current period.

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# Dave Yost • Auditor of State

**CLINTON 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  
SEPTEMBER 9, 2014**