

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2015**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Clermont Metropolitan Housing Authority, Clermont County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2014 through September 30, 2015. 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 "Dave Yost".

Dave Yost  
Auditor of State

May 13, 2016

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**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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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  
Clermont Metropolitan Housing Authority  
Batavia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of the Clermont Metropolitan Housing Authority, Clermont County, Ohio, as of and for the year ended September 30, 2015, 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 Clermont Metropolitan Housing Authority, as of September 30, 2015, 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.

## ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended September 30, 2015, the Authority adopted Governmental Accounting Standard Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and adjusted its net position at September 30, 2014. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include the Management's Discussion and Analysis on pages 4 through 12 and schedules of net pension liabilities and pension contributions on pages 39 through 40 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clermont Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the Clermont 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 an compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G.  
Zupka, CPA,  
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: 2016.02.29 14:40:10 -05'00'

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

February 25, 2016

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

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

**Management’s Discussion and Analysis**

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

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

**FINANCIAL HIGHLIGHTS**

- The Authority’s total assets and deferred outflows of resources were \$9,750,314 and \$9,684,379 for 2015 and 2014 respectively. The Authority-wide statements reflect an increase in total assets and deferred outflows of resources of \$65,935 during 2015.
- Revenues increased by \$489,284 (or 7.7 percent) during 2015, and were \$6,762,866 and \$6,273,582 for 2015 and 2014 respectively.
- The total expenses of all Authority programs increased by \$33,758 or (.05 percent). Total expenses were \$6,973,427 and \$6,939,669 for 2015 and 2014 respectively.
- The Authority implemented the new accounting standard called GASB No. 68, which resulted in a prior period adjustment of \$(452,596) and a net pension liability of \$517,784.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

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**Using This Annual Report**

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

**MD&A**  
  
**- Management Discussion and Analysis**

**Basic Financial Statements**  
  
**- Authority-Wide Financial Statements  
(new) - pgs 13-15**  
  
**- Notes to Financial Statements  
(Expanded/Restructured) - pgs 16 - 37**

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(Unaudited)**

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**AUTHORITY-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

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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.

**Authority's Programs**

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

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

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

***Shelter Plus Care Program*** - The Shelter Plus Care Program is funded by a grant from HUD. The Authority is awarded an annual grant to house homeless families with disabilities, which includes severe mental illness, chronic substance abuse, physical disabilities, HIV/AIDS, or DD. The grant provides one bedroom rental assistance to 5 households. The housing assistance is provided by the Authority by contracting with independent landlords and subsidizing the family's rent. The supportive services are handled through the local mental health and counseling centers.

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

**AUTHORITY STATEMENTS**

**Statement of Net Position**

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

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

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 2,453,143	\$ 2,235,199
Capital Assets	7,207,967	7,449,180
Other Assets	9,528	0
<b>Total Assets</b>	<u>9,670,638</u>	<u>9,684,379</u>
<b>Deferred Outflows of Resources</b>	<u>79,676</u>	<u>0</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 9,750,314</u>	<u>\$ 9,684,379</u>
Current Liabilities	\$ 288,203	\$ 233,784
Noncurrent Liabilities	738,521	75,852
<b>Total Liabilities</b>	<u>1,026,724</u>	<u>309,636</u>
<b>Deferred Inflows of Resources</b>	<u>12,004</u>	<u>0</u>
Net Position:		
Net Investment in Capital Assets	7,086,465	7,449,180
Restricted	657,798	600,199
Unrestricted	<u>967,323</u>	<u>1,325,364</u>
<b>Total Net Position</b>	<u>8,711,586</u>	<u>9,374,743</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF POSITION AND NET POSITION</b>	<u>\$ 9,750,314</u>	<u>\$ 9,684,379</u>

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

**Major Factors Affecting the Statement of Net Position**

During 2015, current assets increased by \$217,944, but liabilities increased by \$717,088. The primary difference between the increase in current asset and total liabilities was the new Net Pension Liability in the amount of \$517,784, a result of implementing GASB Statement 68.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

Capital assets decreased from \$7,449,180 to \$7,207,967. The decrease reflects that depreciation expense out paced capital expenditures in the period.

**Change of Restricted and Unrestricted Net Position**

Table 2 presents details of the change in Net Position.

**Table 2 - Change of Net Position**

	<u>Unrestricted</u>	<u>Restricted</u>	Net Investment In Capital Assets
Beginning Balance - September 30, 2014	\$ 1,325,364	\$ 600,199	\$ 7,449,180
Results of Operation	(210,561)	0	0
Prior Period Adjustment	(452,596)	0	0
Depreciation Expenses (1)	708,305	0	(708,305)
Capital Expenditures (2)	(469,819)	0	469,819
Capital Deletions (2)	2,727	0	(2,727)
Debt Added (2)	121,502	0	(121,502)
Change in Restricted Net Position	<u>(57,599)</u>	<u>57,599</u>	<u>0</u>
Ending Balance - September 30, 2015	<u>\$ 967,323</u>	<u>\$ 657,798</u>	<u>\$ 7,086,465</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures and deletions, and changes in debt, represent changes in unrestricted net position, but are not treated as an expense against Results of Operations.

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

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

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

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

	<u>2015</u>	<u>2014</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 585,530	\$ 544,863
Operating Subsidies	5,866,567	5,629,154
Capital Grants	149,614	81,693
Investment Income	4,583	3,023
Other Revenues	156,572	14,849
<b>Total Revenues</b>	<u>6,762,866</u>	<u>6,273,582</u>
<b><u>Expenses</u></b>		
Administrative	916,583	923,875
Utilities	186,186	198,579
Maintenance	470,969	447,674
Insurance and General Expenses	133,840	138,283
Housing Assistance Payments	4,557,544	4,530,377
Depreciation	708,305	700,881
<b>Total Expenses</b>	<u>6,973,427</u>	<u>6,939,669</u>
Change in Net Position	(210,561)	(666,087)
Prior Period Adjustment	<u>(452,596)</u>	<u>0</u>
<b>Net Increase (Decrease)</b>	<u>\$ (663,157)</u>	<u>\$ (666,087)</u>

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

Total revenue increased by \$489,284 in comparison with last year's statements. The increase is due mainly to the following:

- Increases in Capital Grants due to additional funds drawn down
- Increases in Tenant Revenue
- Increases in other revenue due to property donated to the Authority

Total expenses increased only modestly from last year by \$33,758.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

**CAPITAL ASSETS**

As of year end, the Authority had \$7,207,967 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current additions less depreciation) of \$241,213 or 3 percent from the end of last year.

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

	<u>2015</u>	<u>2014</u>
Land and Land Rights	\$ 1,933,214	\$ 1,931,214
Buildings	16,849,281	16,450,213
Equipment	496,344	550,528
Leasehold Improvement	613,599	581,729
Accumulated Depreciation	<u>(12,684,471)</u>	<u>(12,064,504)</u>
<b>Total</b>	<b><u>\$ 7,207,967</u></b>	<b><u>\$ 7,449,180</u></b>

The following reconciliation summarizes the change in Capital Assets.

**Table 5 - Changes in Capital Assets**

Beginning Balance - September 30, 2014	\$ 7,449,180
Current Year Additions	469,819
Current Year Deletions - Net of Accumulated Depreciation	(2,727)
Current Year Depreciation Expense	<u>(708,305)</u>
<b>Ending Balance - September 30, 2015</b>	<b><u>\$7,207,967</u></b>

**DEBT**

The following is a comparison of debt outstanding at the year-end versus at the end of the prior year.

**Table 4 - Condensed Statement of Changes in Debt Outstanding**

	<u>2015</u>	<u>2014</u>
Current Portion of Debt	\$ 9,885	\$ 0
Long-term Portion of Debt	111,617	0
<b>Total</b>	<b><u>\$ 121,502</u></b>	<b><u>\$ 0</u></b>

In the period the Authority took on debt of \$125,000 to acquire property at 250 Spring Street, an addition to their Business Activities program. Making regular payments on the debt about \$3,500 of it was retired in the period.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Unaudited)**

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**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 1,960,175
Restricted Cash and Cash Equivalents	471,013
Receivables, Net	13,721
Prepaid Expenses and Other Assets	8,234
Total Current Assets	<u>2,453,143</u>

**Non-Current Assets**

Capital Assets:

Non-Depreciable Capital Assets	1,933,214
Depreciable Capital Assets, Net	5,274,753
Total Capital Assets	<u>7,207,967</u>

Other Assets	<u>9,528</u>
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Total Non-Current Assets	<u>7,217,495</u>
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<b>TOTAL ASSETS</b>	9,670,638
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<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>79,676</u>
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<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 9,750,314</u>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 59,026
Accrued Liabilities	111,746
Intergovernmental Payables	33,578
Tenant Security Deposits	65,289
Long-term Debt - Current Portion	7,120
Other Current Liabilities	11,444
Total Current Liabilities	<u>288,203</u>

**Non-Current Liabilities:**

Accrued Compensated Absences Non-Current	27,420
Long-term Debt - Net of Current	114,382
Net Pension Liability	517,784
Other Non-Current Liabilities	78,935
Total Non-Current Liabilities	<u>738,521</u>

Total Non-Current Liabilities	<u>738,521</u>
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<b>TOTAL LIABILITIES</b>	<u>\$ 1,026,724</u>
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<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 12,004</u>
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**NET POSITION**

Net Investment in Capital Assets	\$ 7,086,465
Restricted	657,798
Unrestricted	967,323
Total Net Position	<u>\$ 8,711,586</u>

<b>TOTAL NET POSITION</b>	<u>\$ 8,711,586</u>
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See the accompanying notes to the basic financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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<b><u>OPERATING REVENUES</u></b>	
Tenant Revenue	\$ 585,530
Government Operating Grants	5,866,567
Other Revenue	<u>133,290</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>6,585,387</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administrative	916,583
Utilities	186,186
Maintenance	470,969
General	132,396
Housing Assistance Payment	4,557,544
Depreciation	<u>708,305</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>6,971,983</u></b>
Operating Income (Loss)	<u>(386,596)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest and Investment Revenue	4,583
Interest Expense	(1,444)
Gain on Sale	<u>23,282</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b><u>26,421</u></b>
Income (Loss) before Contributions	(360,175)
Capital Grants	<u>149,614</u>
Change in Net Position	(210,561)
Total Net Position - Beginning of the Year	9,374,743
Prior Period Adjustment	<u>(452,596)</u>
<b>TOTAL NET POSITION - ENDING OF THE YEAR</b>	<b><u>\$ 8,711,586</u></b>

See the accompanying notes to the basic financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Cash Flows from Operating Activities**

Operating Grants Received	\$ 5,880,523
Tenant Revenue Received	582,279
Other Revenue Received	136,884
Administrative Expenses	(898,276)
Other Operating Expenses	(746,051)
Housing Assistance Payments	(4,557,544)
<b>Net Cash Provided by Operating Activities</b>	<b><u>397,815</u></b>

**Cash Flows from Investing Activities**

Interest Earned	4,234
<b>Net Cash Provided from Investing Activities</b>	<b><u>4,234</u></b>

**Cash Flows from Capital and Related Financing Activities**

Retirement of Debt	121,502
Interest Paid on Debt	(1,444)
Cash from Sales of Assets	26,009
Capital Grant Funds Received	149,614
Acquisition of Capital Assets	(469,819)
<b>Net Cash Provided by (Used by) Capital and Related Financing Activities</b>	<b><u>(174,138)</u></b>

Net Increase in Cash 227,911

Cash and Cash Equivalents at Beginning of Year 2,203,277

**Cash and Cash Equivalents at End of Period** **\$ 2,431,188**

**Reconciliation of Operating Loss to Net**

**Cash Provided by Operating Activities**

Net Operating Income (Loss)	\$(386,596)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	708,305
(Increase) Decrease in HUD Receivable	13,956
(Increase) Decrease in Tenant Accounts Receivable	(3,251)
(Increase) Decrease in Prepaid Assets	(389)
(Increase) Decrease in Deferred Outflows	(79,676)
Increase (Decrease) in Accounts Payable	15,342
Increase (Decrease) in Accounts Payable - Other Governments	2,710
Increase (Decrease) in Compensated Absences Payable	26,690
Increase (Decrease) in Accrued and Other Current Liabilities	418
Increase (Decrease) in Tenant Security Deposits	3,300
Increase (Decrease) in Net Pension Liability *	55,660
Increase (Decrease) in Non-Current Liabilities - Other	29,342
Increase (Decrease) in Deferred Inflows	12,004
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 397,815</u></b>

\* Non-cash increase to Net Pension Liability of \$452,596 is not reflected in the amounts reported.

See the accompanying notes to the basic financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

**Proprietary Fund Types**

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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

**Measurement Focus/Basis of Accounting**

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

**Description of Programs**

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

*Public Housing Program*

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

*Capital Fund Program*

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

*Housing Choice Voucher Program*

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2015 totaled \$4,583.

**Non-HUD/Business Activities Programs**

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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

**Capital Assets**

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

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

**Net Position**

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**Cash and Cash Equivalents**

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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

**Budgetary Accounting**

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

**Accounting and Reporting for Non-Exchange Transactions**

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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

**Estimates**

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

**Pensions**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 7).

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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**NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. GASB Statement No.68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position.

<b>Adjustments:</b>	
Net Pension Liability (OPERS Tradition Plan)	\$ (506,089)
Net Pension Asset (OPERS Combined Plan)	2,596
Deferred Outflow - Payments Subsequent to Measurement Date	50,897
<b>Total Prior Period Adjustment</b>	<b>\$ (452,596)</b>

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 3: DEPOSITS AND INVESTMENTS**

Deposits

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

1. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

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

At fiscal year-end September 30, 2015, the carrying amount of the Authority's deposits totaled \$2,431,188 and its bank balance was \$2,467,778. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2015, \$1,241,999 was exposed to custodial risk as discussed below, while \$1,225,779 was covered by the federal Depository Insurance Corporation.

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

Investments

Clermont Metropolitan Housing Authority had no investments at September 30, 2015.

**NOTE 4: RESTRICTED CASH AND INVESTMENT**

Restricted cash balance as of September 30, 2015 of \$471,013 represents cash on hand for the following:

- Proceeds from the sale of the PHA scattered sites plus interest earned	\$ 228,637
- Tenant Security Deposit	65,289
- Cash on hand advance from HUD to be used for tenants housing assistance payments	98,152
- FSS Escrow held for tenants	<u>78,935</u>
Total Restricted Cash	<u>\$ 471,013</u>

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

**NOTE 5: 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, 2015 the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

**NOTE 6: CAPITAL ASSETS**

	Balance at <u>9/30/2014</u>	Additions	Deletions	Balance at <u>9/30/2015</u>
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$1,931,214	\$ 2,000	\$ 0	\$ 1,933,214
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,931,214</u>	<u>2,000</u>	<u>0</u>	<u>1,933,214</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Improvements	16,450,213	399,068	0	16,849,281
Furniture, Equipment, and Machinery	550,528	36,881	(91,065)	496,344
Leasehold Improvements	<u>581,729</u>	<u>31,870</u>	<u>0</u>	<u>613,599</u>
<b>Sub-Total Capital Assets Being Depreciated</b>	<u>17,582,470</u>	<u>467,819</u>	<u>(91,065)</u>	<u>17,959,224</u>
<b><u>Accumulated Depreciation</u></b>				
Buildings and Improvements	(11,495,236)	(603,887)	0	(12,099,123)
Furniture, Machinery and Equipment	(266,442)	(66,826)	88,338	(244,930)
Leasehold Improvements	<u>(302,826)</u>	<u>(37,592)</u>	<u>0</u>	<u>(340,418)</u>
<b>Subtotal Accumulated Depreciation</b>	<u>(12,064,504)</u>	<u>(708,305)</u>	<u>88,338</u>	<u>(12,684,471)</u>
Depreciable Assets, Net	<u>5,517,966</u>	<u>(240,486)</u>	<u>(2,727)</u>	<u>5,274,753</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 7,449,180</u>	<u>\$(238,486)</u>	<u>\$ (2,727)</u>	<u>\$ 7,207,967</u>

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

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

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

**Plan Description** – OPERS is a cost-sharing, multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (800) 222-7377, or by visiting the OPERS Web site at [www.opers.org](http://www.opers.org).

OPERS administers three retirement plans, as described below:

- The Traditional Pension Plan (TP) - a defined benefit plan;
- The Member-Directed Plan (MD) - a defined 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 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.

**Pension Benefits** – All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The Board, pursuant to ORC Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343, or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service. Group C is for members eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirements for unreduced benefit receive a percentage reduction in the benefit amounts. The base amounts of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

**Contributions** - The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the System's external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contributions rates, as a percent of covered payroll, were the same for each covered group across all three plans for fiscal year ended September 30, 2015. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determined the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority’s contractually required contributions to OPERS for fiscal year 2015 was \$64,148 for the Traditional Plan and \$11,403 for the Combined Plan. Total contractually required contributions, including contributions for the Member-Directed Plan and post-retirement health care, was \$101,437. The full amount was contributed during the fiscal year.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on the Authority’s share on contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 517,784	\$ (9,528)	\$ 508,256
Proportion of the Net Pension Liability	0.004293%	0.02745%	
Pension Expense	\$ 56,532	\$ 6,331	\$ 62,863

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 27,627	\$ 582	\$ 28,209
Authority Contributions Subsequent to the Measurement Date	43,658	7,809	51,467
<b>Total Deferred Outflows of Resources</b>	<b>\$ 71,285</b>	<b>\$ 8,391</b>	<b>\$ 79,676</b>
<b>Deferred Inflows of Resources</b>			
Difference between expected and actual experience	\$ 9,097	\$ 2,907	\$ 12,004
<b>Total Deferred Inflows of Resources</b>	<b>\$ 9,097</b>	<b>\$ 2,907</b>	<b>\$ 12,004</b>

\$51,467 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional Plan Net Deferred Outflow of Resources</u>	<u>Combined Plan Net Deferred Inflow of Resources</u>	<u>Total</u>
Fiscal Year Ending September 30:			
2016	\$ 2,710	\$ (200)	\$ 2,510
2017	2,710	(200)	2,510
2018	6,205	(200)	6,005
2019	6,905	(200)	6,705
2020	0	(346)	(346)
There after	0	(1,179)	(1,179)
<b>Total</b>	<b>\$ 18,530</b>	<b>\$ (2,325)</b>	<b>\$ 16,205</b>

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

***Actuarial Assumptions - OPERS***

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., future employment, mortality, cost trends). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 year Period Ended December 31, 2010	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25%-10.05% (includes wage inflation at 3.75%)	4.25%-8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions - OPERS* (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.28 %</b>

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

**Discount Rate** The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions - OPERS* (Continued)

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

<u>Authority's proportionate share of the net pension liability (asset)</u>	<u>1% Decrease (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Traditional Pension Plan	\$ 952,574	\$ 517,784	\$ 151,586
Combined Plan	\$ 1,237	\$ (9,528)	\$ (18,064)

NOTE 8: **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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

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.

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 the period, 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 employer units. Active members do not make contributions to the OPEB Plan.

OPERS' 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 the 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

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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**NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)**

**B. Funding Policy (Continued)**

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 2.00 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2015, 2014 and 2013, which were used to fund post-employment benefits were \$12,592, \$11,802, and \$10,740, 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 charges, 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.

**NOTE 9: COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2015, the accrual for compensated absences (including sick leave) totaled \$124,628 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absences for the year ended September 30, 2015:

<u>Description</u>	<u>Balance at</u> <u>9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>09/30/2015</u>	<u>Amounts Due</u> <u>In One Year</u>
Compensated Absences	\$ 97,938	\$ 67,576	\$ (40,886)	\$ 124,628	\$ 97,208

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

**NOTE10: LONG-TERM DEBT**

The Authority is obligated on a promissory note to The Park National Bank which matures in March of 2030. Proceeds were used to acquire property at 250 Spring Street. The date of the loan was March 31, 2015 for the amount of \$125,000. The rate on the loan is 2 percent above the rate being paid by the bank on the Certificate of Deposit that secures the debt, initially 2.3 percent. The debt agreement calls for monthly installments of \$823.74.

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

<u>Description</u>	<u>Balance at</u> <u>9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>09/30/2015</u>	<u>Amounts Due</u> <u>In One Year</u>
Loan Payable	\$ 0	\$ 125,000	\$ (3,498)	\$ 121,502	\$ 7,120

Debt maturities for the period after September 30, 2015 are estimated as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,120	\$ 2,765	\$ 9,885
2017	7,296	2,589	9,885
2018	7,468	2,417	9,885
2019	7,644	2,241	9,885
2020	7,818	2,067	9,885
2021-2025	41,969	7,456	49,425
2026-2030	42,187	2,293	44,480
Total	<u>\$ 121,502</u>	<u>\$ 21,828</u>	<u>\$ 143,330</u>

**NOTE 11: RESTRICTED NET POSITION**

A summary of Restricted Net Position at September 30, 2015 is as follows:

- Cash on hand advanced from HUD to be used for tenants housing assistance payments	\$ 98,152
- Cash on hand that represent proceeds from the sale of PHA scattered sites plus interest	228,637
- Proceeds from the sale of PHA scattered sites in the form of an inter-company receivable balance from the Agency's Business Activities	<u>331,009</u>
Total Restricted Net Position	<u>\$ 657,798</u>

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

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NOTE 12: **CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2015.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigations and claims. At September 30, 2015 the PHA was not aware of any such matters.

NOTE 13: **LOW RENT PUBLIC HOUSING DISPOSITION FUNDS (LRPH) REPAYMENT AGREEMENT**

In September, 2014, Clermont Metropolitan Housing Authority executed a Repayment Agreement with the U.S. Department of Housing and Urban Development to reimburse its LRPH Disposition Funds from non-federal funds in the amount of \$367,787. The first annual payment, in the amount of \$18,389 was due by calendar year end 2014. A summary of changes in this inter-program balances in the period is below:

Balance at September 30, 2014	\$367,787
Payment made in Period	<u>(36,778)</u>
Balance at September 30, 2015	<u>\$331,009</u>

NOTE 14: **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**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**(CONTINUED)**

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**NOTE 15: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During the fiscal year, the Authority adopted the following GASB statements.

For 2015, the Authority has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority. (See Note 2)

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this statement are effective for periods beginning after December 15, 2013, and the implementation of this statements did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement are to be applied simultaneously with the provisions of Statement 68, and have been implemented by the Authority. (See Note 2)

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

<u>Traditional Plan</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability/Asset	0.004293%	0.004293%
Authority's Proportionate Share of the Net Pension Liability	\$517,784	\$506,089
Authority's Covered-Employee Payroll	\$534,567	\$518,742
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	96.86%	97.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
<u>Combined Plan</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability/Asset	0.024745%	0.024745%
Authority's Proportionate Share of the Net Pension Liability/(Asset)	\$(9,528)	\$(2,596)
Authority's Covered-Employee Payroll	\$95,025	\$84,450
Authority's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Employee Payroll	(10.03)%	(3.07)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.33%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Contractually Required Contributions</b>										
Traditional Plan	\$ 64,148	\$ 62,249	\$ 72,416	\$ 66,573	\$ 63,682	[1]	[1]	[1]	[1]	[1]
Combined Plan	11,403	10,134	10,632	1,638	0	[1]	[1]	[1]	[1]	[1]
<b>Total Required Contributions</b>	<b>\$ 75,551</b>	<b>\$ 72,383</b>	<b>\$ 83,048</b>	<b>\$ 68,211</b>	<b>\$ 63,682</b>	<b>\$ 0</b>				
<b>Contribution In Relation to the Contractually Required Contributions</b>	<b>(75,551)</b>	<b>(72,383)</b>	<b>(83,048)</b>	<b>(68,211)</b>	<b>(63,682)</b>	<b>(83,204)</b>	<b>(83,135)</b>	<b>(81,018)</b>	<b>(78,114)</b>	<b>(74,516)</b>
<b>Contribution Deficiency/(Excess)</b>	<b>\$ 0</b>	<b>\$ (83,204)</b>	<b>\$ (83,135)</b>	<b>\$ (81,018)</b>	<b>\$ (78,114)</b>	<b>\$ (74,516)</b>				
<b>Authority's Covered-Employee Payroll</b>										
Traditional Plan	\$ 534,567	\$ 518,742	\$ 557,046	\$ 665,730	\$ 636,820	[1]	[1]	[1]	[1]	[1]
Combined Plan	\$ 95,025	\$ 84,430	\$ 82,169	\$ 20,169	\$ 0	[1]	[1]	[1]	[1]	[1]
<b>Contributions as a Percentage of Covered-Employee Payroll</b>										
Traditional Plan	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%	7.77%	9.04%
Combined Plan	12.00%	12.00%	13.00%	7.98%	7.95%	9.00%	9.27%	8.10%	7.77%	9.04%

[1] Information prior to 2011 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the Member-Directed plan and other post employment benefits in addition to the Traditional and Combined plans.

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

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

	<u>OH10P03850104</u>
Funds Approved	\$ 398,610
Funds Expended	<u>398,610</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 398,610
Funds Expended	<u>398,610</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>
	<u>OH10P03850105</u>
Funds Approved	\$ 315,600
Funds Expended	<u>315,600</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 315,600
Funds Expended	<u>315,600</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**SEPTEMBER 30, 2015**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,436,014	504,770	7,360	12,031	1,960,175		1,960,175
113 Cash - Other Restricted	228,637	177,087	-	-	405,724		405,724
114 Cash - Tenant Security Deposits	61,914	-	-	3,375	65,289		65,289
<b>100 Total Cash</b>	<b>1,726,565</b>	<b>681,857</b>	<b>7,360</b>	<b>15,406</b>	<b>2,431,188</b>	<b>-</b>	<b>2,431,188</b>
122 Accounts Receivable - HUD Other Projects	3,378	5,197	-	-	8,575		8,575
126 Accounts Receivable - Tenants	5,147	-	-	-	5,147		5,147
126.1 Allowance for Doubtful Accounts -Tenants	-350	-	-	-	-350		-350
129 Accrued Interest Receivable	349	-	-	-	349		349
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>8,524</b>	<b>5,197</b>	<b>-</b>	<b>-</b>	<b>13,721</b>	<b>-</b>	<b>13,721</b>
142 Prepaid Expenses and Other Assets	8,234	-	-	-	8,234		8,234
144 Inter Program Due From	-	-	-	1,775	1,775	-1,775	-
<b>150 Total Current Assets</b>	<b>1,743,323</b>	<b>687,054</b>	<b>7,360</b>	<b>17,181</b>	<b>2,454,918</b>	<b>-1,775</b>	<b>2,453,143</b>
161 Land	1,933,214	-	-	-	1,933,214		1,933,214
162 Buildings	16,222,048	68,899	-	558,334	16,849,281		16,849,281
163 Furniture, Equipment & Machinery - Dwellings	150,888	-	-	-	150,888		150,888
164 Furniture, Equipment & Machinery - Administration	244,663	100,793	-	-	345,456		345,456
165 Leasehold Improvements	608,205	-	-	5,394	613,599		613,599
166 Accumulated Depreciation	-12,535,701	-108,303	-	-40,467	-12,684,471		-12,684,471
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>6,623,317</b>	<b>61,389</b>	<b>-</b>	<b>523,261</b>	<b>7,207,967</b>	<b>-</b>	<b>7,207,967</b>
174 Other Assets	336,059	4,478	-	-	340,537	-331,009	9,528
<b>180 Total Non-Current Assets</b>	<b>6,959,376</b>	<b>65,867</b>	<b>-</b>	<b>523,261</b>	<b>7,548,504</b>	<b>-331,009</b>	<b>7,217,495</b>
200 Deferred Outflow of Resources	43,930	35,746	-	-	79,676		79,676
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>8,746,629</b>	<b>788,667</b>	<b>7,360</b>	<b>540,442</b>	<b>10,083,098</b>	<b>-332,784</b>	<b>9,750,314</b>

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**CLERMONT COUNTY, OHIO**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**SEPTEMBER 30, 2015**

312 Accounts Payable <= 90 Days	49,456	8,996	-	574	59,026		59,026
321 Accrued Wage/Payroll Taxes Payable	10,972	3,566	-	-	14,538		14,538
322 Accrued Compensated Absences - Current Portion	53,440	43,768	-	-	97,208		97,208
333 Accounts Payable - Other Government	33,578	-	-	-	33,578		33,578
341 Tenant Security Deposits	61,914	-	-	3,375	65,289		65,289
342 Unearned Revenue	758	-	-	-	758		758
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	7,120	7,120		7,120
346 Accrued Liabilities - Other	10,686	-	-	-	10,686		10,686
347 Inter Program - Due To	1,775	-	-	-	1,775	-1,775	-
<b>310 Total Current Liabilities</b>	<b>222,579</b>	<b>56,330</b>	<b>-</b>	<b>11,069</b>	<b>289,978</b>	<b>-1,775</b>	<b>288,203</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	114,382	114,382		114,382
353 Non-current Liabilities - Other	-	78,935	-	331,009	409,944	-331,009	78,935
354 Accrued Compensated Absences - Non Current	18,614	8,806	-	-	27,420		27,420
357 Accrued Pension and OPEB Liabilities	274,426	243,358	-	-	517,784		517,784
<b>350 Total Non-Current Liabilities</b>	<b>293,040</b>	<b>331,099</b>	<b>-</b>	<b>445,391</b>	<b>1,069,530</b>	<b>-331,009</b>	<b>738,521</b>
<b>300 Total Liabilities</b>	<b>515,619</b>	<b>387,429</b>	<b>-</b>	<b>456,460</b>	<b>1,359,508</b>	<b>-332,784</b>	<b>1,026,724</b>
400 Deferred Inflow of Resources	6,362	5,642			12,004		12,004
508.4 Net Investment in Capital Assets	6,623,317	61,389	-	401,759	7,086,465		7,086,465
511.4 Restricted Net Position	559,646	98,152	-	-	657,798		657,798
512.4 Unrestricted Net Position	1,041,685	236,055	7,360	-317,777	967,323		967,323
<b>513 Total Equity - Net Assets / Position</b>	<b>8,224,648</b>	<b>395,596</b>	<b>7,360</b>	<b>83,982</b>	<b>8,711,586</b>	<b>-</b>	<b>8,711,586</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>8,746,629</b>	<b>788,667</b>	<b>7,360</b>	<b>540,442</b>	<b>10,083,098</b>	<b>-332,784</b>	<b>9,750,314</b>

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	509,638	-	-	32,390	542,028		542,028
70400 Tenant Revenue - Other	41,242	-	-	2,260	43,502		43,502
<b>70500 Total Tenant Revenue</b>	<b>550,880</b>	<b>-</b>	<b>-</b>	<b>34,650</b>	<b>585,530</b>	<b>-</b>	<b>585,530</b>
70600 HUD PHA Operating Grants	692,425	5,144,239	29,903		5,866,567		5,866,567
70610 Capital Grants	149,614	-	-		149,614		149,614
71100 Investment Income - Unrestricted	3,521	1,028	-	34	4,583		4,583
71400 Fraud Recovery	-	29,490	-	-	29,490		29,490
71500 Other Revenue	-	-	-	103,800	103,800		103,800
71600 Gain or Loss on Sale of Capital Assets	26,010	-2,728	-	-	23,282		23,282
<b>70000 Total Revenue</b>	<b>1,422,450</b>	<b>5,172,029</b>	<b>29,903</b>	<b>138,484</b>	<b>6,762,866</b>	<b>-</b>	<b>6,762,866</b>
91100 Administrative Salaries	226,574	315,911	-	-	542,485		542,485
91200 Auditing Fees	5,115	4,185	-	-	9,300		9,300
91500 Employee Benefit contributions - Administrative	83,290	126,504	-	-	209,794		209,794
91600 Office Expenses	42,489	36,879	-	1,271	80,639		80,639
91700 Legal Expense	16,251	1,500	-	-	17,751		17,751
91800 Travel	13,547	15,642	-	-	29,189		29,189
91900 Other	7,295	19,040	-	1,090	27,425		27,425
<b>91000 Total Operating - Administrative</b>	<b>394,561</b>	<b>519,661</b>	<b>-</b>	<b>2,361</b>	<b>916,583</b>	<b>-</b>	<b>916,583</b>
93100 Water	42,668	-	-	69	42,737		42,737
93200 Electricity	108,070	3,238	-	226	111,534		111,534
93300 Gas	3,687	305	-	236	4,228		4,228
93800 Other Utilities Expense	27,033	524	-	130	27,687		27,687
<b>93000 Total Utilities</b>	<b>181,458</b>	<b>4,067</b>	<b>-</b>	<b>661</b>	<b>186,186</b>	<b>-</b>	<b>186,186</b>
94100 Ordinary Maintenance and Operations - Labor	174,137	-	-	263	174,400		174,400
94200 Ordinary Maintenance and Operations - Materials and Other	85,685	5,433	-	-	91,118		91,118
94300 Ordinary Maintenance and Operations Contracts	137,076	5,739	-	1,136	143,951		143,951
94500 Employee Benefit Contributions - Ordinary Maintenance	59,476	-	-	-	59,476		59,476
<b>94000 Total Maintenance</b>	<b>456,374</b>	<b>11,172</b>	<b>-</b>	<b>1,399</b>	<b>468,945</b>	<b>-</b>	<b>468,945</b>

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	Business Activities	Subtotal	ELIM	Total
96110 Property Insurance	28,373	2,059	-	155	30,587		30,587
96120 Liability Insurance	12,724	-	-	-	12,724		12,724
96130 Workmen's Compensation	5,215	2,516	-	-	7,731		7,731
96140 All Other Insurance	10,709	-	-	-	10,709		10,709
<b>96100 Total insurance Premiums</b>	<b>57,021</b>	<b>4,575</b>	<b>-</b>	<b>155</b>	<b>61,751</b>	<b>-</b>	<b>61,751</b>
96200 Other General Expenses	-	2,478	-	-	2,478		2,478
96210 Compensated Absences	25,615	1,074	-	-	26,689		26,689
96300 Payments in Lieu of Taxes	33,578	-	-	-	33,578		33,578
96400 Bad debt - Tenant Rents	7,900	-	-	-	7,900		7,900
<b>96000 Total Other General Expenses</b>	<b>67,093</b>	<b>3,552</b>	<b>-</b>	<b>-</b>	<b>70,645</b>	<b>-</b>	<b>70,645</b>
96710 Interest of Mortgage (or Bonds) Payable				1,444	1,444		1,444
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,444</b>	<b>1,444</b>	<b>-</b>	<b>1,444</b>
<b>96900 Total Operating Expenses</b>	<b>1,156,507</b>	<b>543,027</b>	<b>-</b>	<b>6,020</b>	<b>1,705,554</b>	<b>-</b>	<b>1,705,554</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>265,943</b>	<b>4,629,002</b>	<b>29,903</b>	<b>132,464</b>	<b>5,057,312</b>	<b>-</b>	<b>5,057,312</b>
97200 Casualty Losses - Non-capitalized	2,024	-	-	-	2,024		2,024
97300 Housing Assistance Payments	-	4,534,520	23,024	-	4,557,544		4,557,544
97400 Depreciation Expense	677,534	18,184	-	12,587	708,305		708,305
<b>90000 Total Expenses</b>	<b>1,836,065</b>	<b>5,095,731</b>	<b>23,024</b>	<b>18,607</b>	<b>6,973,427</b>	<b>-</b>	<b>6,973,427</b>
10010 Operating Transfer In	46,042				46,042	-46,042	-
10020 Operating transfer Out	-46,042				-46,042	46,042	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-413,615</b>	<b>76,298</b>	<b>6,879</b>	<b>119,877</b>	<b>-210,561</b>	<b>-</b>	<b>-210,561</b>
11020 Required Annual Debt Principal Payments	-	-	-	9,885	9,885		9,885
11030 Beginning Equity	8,878,139	532,018	481	-35,895	9,374,743		9,374,743
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-239,876	-212,720	-	-	-452,596		-452,596
11170 Administrative Fee Equity	-	297,444	-	-	297,444		297,444
11180 Housing Assistance Payments Equity	-	98,152	-	-	98,152		98,152
11190 Unit Months Available	2,628	10,992	60	39	13,719		13,719
11210 Number of Unit Months Leased	2,625	10,928	60	39	13,652		13,652

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
CLERMONT COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<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>		
Low Rent Public Housing Program	14.850	\$ <u>605,516</u>
Capital Fund Program	14.872	<u>236,523</u>
Section 8 Housing Choice Voucher Program	14.871	<u>5,144,239</u>
Shelter Plus Care	14.238	<u>29,903</u>
<b>Total Direct Awards</b>		<u>6,016,181</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>6,016,181</u>
<b>Total Federal Expenditures</b>		<u>\$ 6,016,181</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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Ohio Society of Certified Public Accountants

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

Board of Directors  
Clermont Metropolitan Housing Authority  
Batavia, 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 Clermont Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clermont Metropolitan Housing Authority, Ohio's basic financial statements, and have issued our report thereon dated February 25, 2016, wherein we noted that during the year ended September 30, 2015, the Authority adopted Government Standards Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and adjusted its net position at September 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Clermont Metropolitan Housing Authority, Ohio'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

James G. Zupka, CPA, President  
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: 2016.02.29 14:41:13 -0500

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

February 25, 2016

**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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON SCHEDULE OF EXPENDITURES  
FOR FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Clermont Metropolitan Housing Authority  
Batavia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Clermont Metropolitan Housing Authority, Ohio's 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 Clermont Metropolitan Housing Authority, Ohio's major federal program for the year ended September 30, 2015. Clermont Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with 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 Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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 Authority's compliance.

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

In our opinion, the Clermont Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its of its major federal program for the year ended September 30, 2015.

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

Management of the Clermont Metropolitan Housing Authority, is responsible for establishing and maintaining and effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each 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 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  
James G. Zupka CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
ou=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2016.02.29 14:41:50 -0500

February 25, 2016

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
SEPTEMBER 30, 2015**

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

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510(a)?	No
2015(vii)	Major Programs (list):  Housing Choice Voucher - CFDA # 14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2015(ix)	Low Risk Auditee?	Yes

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

NONE

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

NONE

**CLERMONT METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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The prior year audit report as of September 30, 2014 included no citations or instances of non-compliance.

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# Dave Yost • Auditor of State

**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  
MAY 26, 2016**