OHIO AUDITOR OF STATE
KEITH FABER

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY
SEPTEMBER 30, 2019

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CLERMONT COUNTY
SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Clermont Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Clermont Metropolitan Housing Authority, Clermont County, Ohio (the Authority), as of and for the year ended September 30, 2019, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2019, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

As discussed in Note 18 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. This restatement does not affect our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. As stated in Note 18 to the financial statements, the Financial Data Schedules have been restated to correct a misstatement. This restatement did not affect our opinion on these Schedules.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
September 23, 2021, except for Note 18 which is dated February 23, 2022

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(UNAUDITED)

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 15).

FINANCIAL HIGHLIGHTS

- The Authority's total assets were $13,579,368 and $13,745,858 for 2019 and 2018, respectively. The Authority-wide statements reflect a decrease in total assets of $179,490 during 2019.
- Revenues increased by $396,187 (or 5 percent) over 2018, and were $7,756,122 and $7,359,925 for 2019 and 2018, respectively.
- Total expenses of all Authority programs increased by $312,893 (or 4 percent). Total expenses were $8,181,343 and $7,868,450 for 2019 and 2018, respectively.

Using This Annual Report

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

MD&A
- Management Discussion and Analysis

Basic Financial Statements
Authority-wide Financial Statements
Notes to Financial Statements

Other Required Supplementary Information
Required Supplementary Information (Other than MD&A)

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

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pages 15-17) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

Authority's Programs

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

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

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

Rental Assistance Demonstration (RAD) - The Rental Assistance Program was created in order to give public housing authorities a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households. Residents continue to pay 30 percent of their income towards the rent and they maintain the same basic rights as they possess in the public housing program. In fiscal year-end 2017, the Authority created the component unit, Birney Lane 52, to own 26 former Public Housing Program units converted under RAD.

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 its 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.

In addition, in 2016 the Authority furthered this initiative with the formation of an Authority owned 501 (c) (3) instrumentality. The Clermont Housing Corporation (CHC) was incorporated under the direction of the Clermont Metropolitan Housing Authority Board of Directors as of February 19, 2016. CHC intends to provide affordable housing, supportive programs, and other benefits for low- and moderate- income people. CHC proposes to create affordable housing opportunities through development, ownership, rental and/or sales of housing. CHC may begin to seek grants and other funds to further its goal of developing, owning and/or managing housing units, with a focus on decent, safe and sanitary dwellings for low- and moderate-income persons. CHC, which currently owns and operates 126 affordable housing units in the jurisdiction, envisions developing rental units through a variety of public and private financing sources.
CHC is reported as a component unit of the Authority.

(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

	2019	2018
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 1,757,409	$ 1,818,339
Capital Assets	11,779,023	11,893,474
Other Assets	42,936	34,045
Total Assets	13,579,368	13,745,858
Deferred Outlfows of Resources	468,535	211,430
Total Assets and Deferred Outflows of Resources	$ 14,047,903	$ 13,957,288
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 807,594	$ 600,915
Non-Current Liabilities	6,767,638	6,253,920
Total Liabilities	7,575,232	6,854,835
Deferred Inflows of Resources	46,845	251,396
Net Position		
Net Investment in Capital Assets	6,761,171	6,687,030
Restricted	590,860	671,743
Unrestricted	(926,205)	(507,716)
Total Net Position	6,425,826	6,851,057
Total Liabilites, Deferred Inflows of Resources, and Net Position	$ 14,047,903	$ 13,957,288

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

Major Factors Affecting the Statement of Net Position

The drop in current assets of more than $60,930 was primarily in cash, the result of capital expenditures in the period not funded by capital grant revenue or new debt. Capital Assets dropped modestly (by a little more than $114,000) but by far less than depreciation expense of almost $542,000. New capital debt taken on in the period was just over $50,000 and capital grant revenue was just shy of $151,000, and cash was used to pay for the remainder of the capital expenditures.

Other notable changes on the statement were to current liabilities and restricted net position. Current liabilities increased by more than $206,679. This increase reflects the increased real estate tax liabilities for properties acquired by the component unit Clermont Housing Corporation in recent years. The drop in restricted net position in part was related to the drop in cash as more than $80,883 of the replacement reserve in the other component unit, Birney Lane 52, was used for improvements at the property. The remainder was a result of HAP expense in Housing Choice Voucher program exceeding amounts received from HUD in the period for this purpose, using up some of the carryover from the prior year-end. HAP expense is the expense realized when rental assistance payments are made on behalf of families helped by the program.

And the most significant changes on the statement were to balances affected by financial reporting in accordance with GASB 68 and GASB 75, deferred outflows of resources, deferred inflows of resources, and non-current liabilities. The change in unrestricted net position is also largely due to reporting in accordance with GASB 68 and GASB 75. These standards essentially require Clermont Metropolitan Housing Authority to report what is determined to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of CMHA are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. The net pension liability and the other post-employment benefit (OPEB) liability are unlike other liabilities the agency has in that these do not represent a bill to be paid by Clermont MHA but rather are financial statement balances reflecting estimates of the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its future pension and health care obligations. State law sets contribution rates to the retirement system by employees and employers, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like Clermont MHA. Reporting of the balances has a tremendous effect on unrestricted net position. Pension expense in the period was more than $255,000 which represents a large portion of the drop in unrestricted net position of more than $418,000. In addition, the unrestricted net position at September 30, 2019 of ($926,205) is reduced by more than $1.5 million due to the reporting of balances pursuant to GASB 68 and GASB 75.

Change of Restricted and Unrestricted Net Position

Table 2 presents details of the change in Net Position.

(UNAUDITED)

Table 2 - Change of Net Position

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - September 30, 2018	($507,716)	$671,743	$6,687,030
Results of Operations	(425,231)	0	0
Current Year Depreciation Expenses (1)	541,698	0	(541,698)
Capital Expenditures (2)	(427,247)	0	427,247
New Debt in Period (2)	50,400	0	(50,400)
Debt Retired (2)	(238,992)	0	238,992
Change in Restricted Net Position	80,883	(80,883)	0
Ending Balance - September 30, 2019	($926,205)	$590,860	$6,761,171

(1) Depreciation and Gain on Disposition are treated as expense and revenue and reduce the Results of Operations but does not have an impact on Unrestricted Net Position.
(2) Capital expenditures and changes in debt represent changes in unrestricted net position, but are not reflected in Results of Operations and, therefore, are presented as adjustments in this table.

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

Statement of Revenues, Expenses, and Changes in Net Position

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

(UNAUDITED)

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

	2019	2018
Revenues		
Total Tenant Revenues	$1,292,492	$1,073,726
Operating Subsidies	6,083,422	6,146,929
Capital Grants	150,900	0
Investment Income	13,905	12,815
Other Revenues	215,393	126,455
Total Revenues	7,756,112	7,359,925
Expenses		
Administrative and Tenant Services	1,497,339	1,316,713
Utilities	271,769	239,233
Maintenance	738,411	556,797
Interest and General Expenses	595,030	344,634
Housing Assistance Payments	4,537,096	4,677,527
Depreciation	541,698	733,546
Total Expenses	8,181,343	7,868,450
Change in Net Position	(425,231)	(508,525)
Net Position - Beginning of Year	6,851,057	7,359,582
Net Position - End of Year	$6,425,826	$6,851,057

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

Overall revenues increased modestly, by just a little more than 5% with the increase concentrated in tenant revenues and capital grant revenue. The increase in tenant revenue of almost $219,000 was a 20% increase over the prior year. This increase reflects the number of rental units acquired by the component units in recent years, and particularly during the period last year. The increase in capital grant revenue is due to timing of when the funding was expended and not a result of new income to the Authority. HUD provides Capital Grant Funding annually on a formula basis. It is the primary source of funding of capital improvements for units in the Public Housing program. Housing Authorities typically have up to 4 years to expend Capital Grant funding provided in any year. Often funds are accumulated as projects are being planned or until enough has accumulated to pay for needed improvements. And the increase in the revenue this year is just the result of normal fluctuation in spending Capital Fund Program dollars over the prior year.

Expenses also increase modestly, by just a little more than 3%, a total of $312,893. The impact of the reporting of balances in accordance with GASB 68 and GASB 75 played a role in the increase. Pension expense realized when reporting changes in the net pension and OPEB liability was just more than $163,000 more than last year. Otherwise increases in maintenance expense, and general and interest expenses, all related to the number of units acquired in recent periods by the component units, were offset by drops in HAP expense and depreciation expense.

CAPITAL ASSETS

As of year-end, the Authority had $11,779,023 invested in a variety of capital assets as reflected in the following schedule, which represents a net reduction of $114,451 (current additions less depreciation).

Table 4 - Condensed Statement of Changes in Capital Assets

	2019	2018
Land	$2,665,424	$2,657,813
Buildings & Improvements	21,624,043	21,256,938
Equipment - Administrative	524,603	501,293
Equipment - Dwelling	179,008	167,487
Accumulated Depreciation	(13,261,850)	(12,720,152)
Construction-in-Progress	47,795	30,095
Total	$11,779,023	$11,893,474

The following reconciliation summarizes the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - September 30, 2018	$11,893,474
Current Year Additions	427,247
Current Year Depreciation Expense	(541,698)
Ending Balance - September 30, 2019	$11,779,023

Additional information on the Authority's Capital Assets can be found in Note 5.

DEBT

In the period the Authority added new debt related to a property acquired by the new affiliate, Clermont Housing Corporation. The table below summarizes changes in debt in the period.

Table 6 - Changes in Debt

Beginning Balance - September 30, 2018	$5,206,444
New Debt in Period	50,400
Debt Retirement in Period	(238,992)
Ending Balance - September 30, 2019	$5,017,852

Additional information on the Authority's debt can be found in Notes 8 & 9.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wages 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 Alicia Morlatt, 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.

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CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
SEPTEMBER 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Interprogram Receivable	$ 132,227
Cash and Cash Equivalents	1,026,485
Restricted Cash and Cash Equivalents	515,835
Receivables, net	50,852
Prepaid Expenses	32,010
Total Current Assets	1,757,409
Non-Current Assets	
Capital Assets	
Non-Depreciable Capital Assets	2,713,219
Depreciable Capital Assets	9,065,804
Total Capital Assets	11,779,023
Other Assets	42,936
Total Non-Current Assets	11,821,959
Total Assets	13,579,368
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	394,601
Deferred Outflows of Resources - OPEB	73,934
Total Deferred Outflows of Resources	468,535
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 14,047,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 68,752
Accrued Liabilities	102,697
Intergovernmental Payable	117,306
Tenants' Security Deposits	137,961
Long-Term Debt - Current Portion	248,651
Interprogram Payable	132,227
Total Current Liabilities	807,594
Non-Current Liabilities	
Accrued Compensated Absences, Non-Current	24,056
Long-Term Debt - Net of Current	4,769,201
Net Pension Liability	1,242,318
Net OPEB Liability	732,063
Total Non-Current Liabilities	6,767,638
Total Liabilities	7,575,232
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	37,013
Deferred Inflows of Resources - OPEB	9,832
Total Deferred Inflows of Resources	46,845
Net Position	
Net Investment in Capital Assets	6,761,171
Restricted	590,860
Unrestricted	(926,205)
Total Net Position	6,425,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 14,047,903

See accompanying notes to the financial statements.

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Operating Revenues	
Tenant Revenues	$1,292,492
Government Revenue	6,083,422
Other Revenue	215,393
Total Operating Revenues	7,591,307
Operating Expenses	
Administrative	1,487,589
Tenant Services	9,750
Utilities	271,769
Maintenance	738,411
General Expenses	339,243
Housing Assistance Payments	4,537,096
Depreciation	541,698
Total Operating Expenses	7,925,556
Operating Loss	(334,249)
Nonoperating Revenues (Expenses)	
Capital Grant Revenue	150,900
Interest and Investment Revenue	13,905
Interest Expense	(255,787)
Total Nonoperating Revenues (Expenses)	(90,982)
Change in Net Position	(425,231)
Net Position - Beginning of Year	6,851,057
Total Net Position - End of Year	$6,425,826

See accompanying notes to the financial statements.

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Cash Flows from Operating Activities	
Operating Grants Received	$6,084,989
Tenant Revenue Received	1,274,040
Other Revenue Received	223,213
Administrative Expenses	(1,346,279)
Other Operating Expenses	(1,219,026)
Housing Assistance Payments	(4,537,096)
Net Cash Provided by Operating Activities	479,841
Cash Flows from Investing Activities	
Interest Earned	13,905
Net Cash Provided from Investing Activities	13,905
Cash Flows from Capital and Related Financing Activities	
Capital Grants Received	150,900
Retirement of Debt	(188,592)
Interest paid on Debt	(255,787)
Acquisition of Capital Assets	(427,247)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(720,726)
Net Increase in Cash	(226,980)
Cash and Cash Equivalents - Beginning of Year	1,769,300
Cash and Cash Equivalents - End of Year	$1,542,320
Reconciliation of Net Operating Income to	
Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	($334,249)
Adjustments to Reconcile Net Income to Net	
Cash Provided by Operating Activities:	
Depreciation	541,698
(Increase) Decrease in Accounts Receivable	(16,885)
(Increase) Decrease in Prepaid and Other Assets*	(25,829)
(Increase) Decrease in Deferred Outflows	(257,105)
Increase (Decrease) in Accounts Payable	22,589
Increase (Decrease) in Accounts Payable - Other Governments	78,950
Increase (Decrease) in Compensated Accounts Payable	(8,510)
Increase (Decrease) in Accrued and Other Current Liabilities	(34,648)
Increase (Decrease) in Tenant Security Deposits	7,919
Increase (Decrease) in Net Pension Liability	569,143
Increase (Decrease) in OPEB Liability	141,319
Increase (Decrease) in Deferred Inflows	(204,551)
Net Cash Provided by Operating Activities	$479,841

See accompanying notes to the financial statements.

*Prepaid & Other Assets includes Non-Current Assets in the net calculation.

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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.

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.

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 Clermont County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program

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

Housing Choice Voucher Program

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

Non-HUD/Business Activities Programs

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

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

Blended Component Unit – Clermont Housing Corporation - The Clermont Housing Corporation (CHC) was incorporated under the direction of the Clermont Metropolitan Housing Authority Board of Directors as of February 19, 2016. CHC intends to provide affordable housing, supportive programs, and other benefits for low- and moderate-income people. CHC proposes to create affordable housing opportunities through development, ownership, rental and/or sales of housing. CHC may begin to seek grants and other funds to further its goal of developing, owning and/or managing housing units, with a focus on decent, safe and sanitary dwellings for low- and moderate- income persons. CHC, which currently owns and operates 126 affordable housing units in the jurisdiction, envisions developing rental units through a variety of public and private financing sources.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2019 totaled $13,905.

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 deferred outflow of resources, and liabilities and deferred inflow of resources. 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.

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 Statement of Revenue, Expenses, and Changes in Net Position.

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/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports 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) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports 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 are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Change in Accounting Principle

For fiscal year 2019, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations.* The objective of this Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This implementation of GASB Statement No. 83 did not have an effect on the financial statements of Clermont MHA.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporarily relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Authority has postponed the implementation of GASB Statement No. 88.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

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

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

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

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, 2019, the carrying amount of the Authority's deposits totaled $1,542,319 (including petty cash of $200) and its bank balance was $1,559,267. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2019, $593,770 was exposed to custodial risk as discussed below, while $1,250,000 was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Authority's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC). As well as qualified securities pledged by the institution holding the assets, Ohio law requires that deposits either be insured or protected by:

1. Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Authority's financial institutions had enrolled in OPCS as of November 30, 2018.

Investments

The Authority had no investments at September 30, 2019.

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

Restricted cash balance as of September 30, 2019 of $515,835 represents cash on hand for the following:

Proceeds from sale of PH scattered sites plus interest earned	$	108,717
Tenant Security Deposit		153,003
Birney Lane 52 Replacement Reserve		184,508
Unspent HCV Program HAP Funding		69,607
Total Restricted Cash	$	515,835

NOTE 4: RISK MANAGEMENT

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductible and coverage limits are summarized below:

Type of Coverage	**Deductible**	**Coverage Limits**
Property	$ 1,500	$ 250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	100,000,000
Liability:		
General	0	2 ,000,000
Automobile	0	included
Public Officials	0	included
Law Enforcement	0	included
Professional Liability	5,000	1 ,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company.

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 5: **CAPITAL ASSETS**

	Balance 9/30/2018	Additions	Reclasses	Balance 9/30/2019
Capital Assets Not Being Depreciated				
Land	$2,657,813	$7,611	$0	$2,665,424
Construction in Progress	30,095	47,795	(30,095)	47,795
Total Capital Assets Not Being Depreciated	2,687,908	55,406	(30,095)	2,713,219
Capital Assets Being Depreciated				
Buildings and Improvements	21,080,279	155,326	0	21,235,605
Furniture, Equipment, and Machinery	668,780	34,831	0	703,611
Leasehold Improvements	176,659	181,684	30,095	388,438
Subtotal Capital Assets Being Depreciated	21,925,718	371,841	30,095	22,327,654
Accumulated Depreciation				
Buildings and Improvements	(12,260,397)	(453,339)	0	(12,713,736)
Furniture, Equipment, and Machinery	(438,803)	(73,685)	0	(512,488)
Leasehold Improvements	(20,952)	(14,674)	0	(35,626)
Total Accumulated Depreciation	(12,720,152)	(541,698)	0	(13,261,850)
Depreciable Capital Assets, Net	9,205,566	(169,857)	30,095	9,065,804
Total	$11,893,474	($114,451)	$0	$11,779,023

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical longterm 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 bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee*	10.0%
2019 Actual Contribution Rates	
Employer:	
Pension **	14.0%
Post-Employment Health Care Benefits**	0.0%
Total Employer	14.0%

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions was $104,504 for fiscal year ending September 30, 2019.

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

The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset			
Prior Measurement Date	0.004291%	0.025009%	
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	0.004536%	0.024728%	
Change in Proportionate Share	0.000245%	-0.000281%	
Proportionate Share of the Net Position			
Liability/(Asset)	$1,242,318	($27,651)	$1,214,667
Pension Expense	$263,340	$3,509	$266,849

At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and			
actual earnings on pension plan investments	$168,616	$5,959	$174,575
Differences between expected and			
actual experience	56	0	56
Changes of assumptions	108,147	6,175	114,322
Changes in proportion and differences			
between Authority contributions and			
proportionate share of contributions	28,549	776	29,325
Authority contributions subsequent to the			
measurement date	65,768	10,555	76,323
Total Deferred Outflows of Resources	$371,136	$23,465	$394,601
Deferred Inflows of Resources			
Differences between expected and			
actual experience	$16,312	$11,289	$27,601
Changes in proportion and differences			
between Authority contributions and			
proportionate share of contributions	9,051	361	9,412
Total Deferred Inflows of Resources	$25,363	$11,650	$37,013

$76,323 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending September 30:			
2020	$118,393	$973	$119,366
2021	67,550	(215)	67,335
2022	15,644	(90)	15,554
2023	78,418	1,775	80,193
2024	0	(670)	(670)
Thereafter	0	(513)	(513)
Total	$280,005	$1,260	$281,265

Actuarial Assumptions - OPERS

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

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

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.
OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the

same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00%	5.95%

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$1,835,266	$ 1,242,318	$749,574
Combined Plan	($9,149)	$ (27,651)	($41,048)

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

The 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 OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
The Authority's contractually required contribution was $2,873 for fiscal year ending September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005440%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005615%
Change in Proportionate Share	0.000175%
Proportionate Share of the Net OPEB Liability	$ 732,063
OPEB Expense	$ 66,759

At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and	
actual earnings on OPEB plan investments	$33,561
Differences between expected and	
actual experience	248
Changes of assumptions	23,602
Changes in proportion and differences	
between Authority contributions and	
proportionate share of contributions	14,438
Authority contributions subsequent to the	
measurement date	2,085
Total Deferred Outflows of Resources	$73,934
Deferred Inflows of Resources	
Differences between expected and	
actual experience	$1,987
Changes in proportion and differences	
between Authority contributions and	
proportionate share of contributions	7,845
Total Deferred Inflows of Resources	$9,832

$2,085 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30,

2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending September 30:	
2020	$26,161
2021	13,204
2022	5,746
2023	16,906
Total	$62,017

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00%	5.16%

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$936,582	$732,063	$569,417

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.0 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$703,672	$732,063	$764,763

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

The following summarizes changes in long-term liabilities for the period ended September 30, 2019:

Description	Balance at 9/30/2018	Additions	Deletions	Balance 9/30/2019	Amounts Due in One Year
Loan Payable	$5,206,444	$50,400	($238,992)	$5,017,852	$248,651
Net Pension Liability	673,175	569,143	0	1,242,318	0
OPEB Liability	590,744	141,319	0	732,063	0
Compensated Absences	155,708	74,980	(111,131)	119,557	95,500
	$6,626,071	$835,842	($350,123)	$7,111,790	$344,151

NOTE 9: **LONG-TERM DEBT**

As of September 30, 2019, the Authority's long-term debt is as follows:	Balance 9/30/2019
Promissory note to Park National Bank which matures in March 2030. Proceeds were used to acquire property at 250 Spring Street, Batavia, Ohio. The date of the loan was March 31, 2015, in the amount of $125,000. The rate on the loan is 2 percent above being paid by the bank on a Certificate of Deposit that secures the debt was initially 2.3 percent. The debt agreement calls for monthly installments of $844.26.	$ 92,120
Promissory note to Park National Bank which matures in July 2032. Proceeds were used to acquire property at Starling Street. The date of the loan was May 31, 2017, for the amount of $512,000. The rate on the loan for the first 5 years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $3,960.61.	458,209
Promissory note to Park National Bank which matures in July 2032. Proceeds were used to acquire property at West Main Street. The date of the loan was July 31, 2017, for the amount of $95,000. The rate on the loan for the first 5 years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.5 percentage points. The debt agreements call for monthly payments in the amount of $734.88.	85,019
Promissory note to Park National Bank which matures in September 2032. Proceeds were used to acquire property at Rich Street, Bethel, Ohio. The date of the loan was September 29, 2017, in the amount of $10,000. The rate on the loan for the first 5 years is 4.58 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $77.25.	9,032
Promissory note to Park National Bank which matures in January 2038. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio. The date of the loan was January 12, 2018, in the amount of $1,875,000. The rate on the loan for the first 5 years is 4.99 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points . The debt agreements call for monthly payments in the amount of 12,437.84	1,784,174
Promissory note to Park National Bank which matures in January 2038. Proceeds were used to acquire property at Highview Drive, Milford, Ohio. The date of the loan was January 12, 2018, in the amount of $1,275,000. The rate on the loan for the first 5	

years is 4.99 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points . The debt agreements call for monthly payments in the amount of $8,457.73.	1,213,238
Promissory note to Park National Bank which matures in January 2028. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio, and Highview Drive, Milford, Ohio. The date of the loan was January 12, 2018, in the amount of $210,000. The initial rate on the loan is 2.40 percent and is based on the interest rate paid plus 2 percent by the Bank on a Certificate of Depos it that secures the debt. The current rate is 2.75%. The debt agreements call for monthly payments in the amount of $1,972.30.	178,677
Promissory note to MCD Apartments, LLC, which matures in December 2037, with a balloon payment due. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio, and the note is subordinated to the first mortgages given to Park National Bank on the same property. The date of the loan was January 12, 2018, in the amount of $500,000. The fixed rate on the loan is 4.99 percent and monthly payments are based on a 30-year amortization. The debt agreements call for monthly payments in the amount of $5,300.83.	429,458
Promissory note to MCD Apartments, LLC, which matures in December 2027, with a balloon payment due. Proceeds were used to acquire property at Highview Drive, Milford, Ohio, and the note is subordinated to the first mortgages given to Park National Bank on the same property. The date of the loan was January 12, 2018, in the amount of $340,000. The fixed rate on the loan is 4.99 percent and monthly payments are based on a 30-year amortization. The debt agreement calls for monthly payments in the amount of $3,604.56.	292,030
Promissory note to Park National Bank, which matures in June 2038. Proceeds were used to acquire properties at 226 Spring Street, Batavia, Ohio. The date of the loan was June 5, 2018, in the amount of $208,000. The rate on the loan for the five 5 years is 5.51 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $1,441.52.	200,690
Promissory note to Park National Bank which matures in September 2038. Proceeds were used to acquire property at Front Street, New Richmond, Ohio. The date of the loan was September 26, 2018, in the amount of $232,000. The rate on the loan for the first 5 years is 5.7 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $1,633.14.	225,624

Promissory note to Park National Bank which matures in February 2039. Proceeds were used to acquire property at 52 S. Second Street, Batavia, Ohio. The date of the loan was February 25, 2019, in the amount of $50,400. The rate on the loan is 5.34%. The debt agreements call for monthly payments in the amount of $344.30.	49,563
	$5,017,852

Debt maturities for the period after September 30, 2019 are estimated as follows:

Year Ended September 30	Principal	Interest	Total
2020	254,689	237,680	492,369
2021	266,946	225,423	492,369
2022	279,810	212,559	492,369
2023	293,311	199,058	492,369
2024	307,483	184,887	492,370
2025-2029	1,534,144	685,260	2,219,404
2030-2034	1,269,823	358,796	1,628,619
2035-2038	781,583	62,911	844,494
Total	4,987,789	2,166,574	7,154,363

NOTE 10: **COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2019, the accrual for compensated absences (including sick leave) totaled $119,557.

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

Related to the activities of the RAD conversion, the Authority loaned Birney Lane 52, LLC (the component unit) $416,452. The rate on the loan is 1 percent and repayment of principal and interest is based on cash flows generated by the project. The full unpaid portion of the note is due on the maturity date, December 31, 2046. The note is secured by real property conveyed to the Component Unit upon conversion. The balance outstanding at September 30, 2019 is $368,379. Repayment of principal and interest cannot be projected because repayment is determined by future cash flows to be realized. These intercompany balances are eliminated from the consolidated financial statements.

NOTE 12: **RESTRICTED NET POSITION**

A summary of restricted net position at September 30, 2019 is as follows:

Cash on hand that represent proceeds from the sale of PHA scattered sites plus interest	108,717
Intercompany Note Receivable to repay PH disposition funds from Non-federal source	257,451
Birney Lane 52 Replacement Reserve	158,508
Unspent HCV Program HAP Funding	18,112

RAD Payments	48,072
Total Restricted Net Position	590,860

NOTE 13: **CONTINGENCIES**

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2019.

Litigations and Claims
In the normal course of operations, the Authority may be subject to litigations and claims. At September 30, 2019 the PHA was not aware of any such matters.

Inspector General Audit/HUD Review
During the audit period a suspected theft of Agency funds by an employee was discovered. State and Federal authorities began an investigation and HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio commenced a review of the case. The results of the review are still pending and will be reported separately to the Authority at a later date in a report to be issued by HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio. The effect of the suspected theft on the Agency's financial position is unknown. The Agency maintains fidelity coverage to protect it from loss related to employee theft.

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

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

Balance at September 30, 2018	$ 275,841
Payment made in Period	(18,390)
Balance at September 30, 2019	$ 257,451

NOTE 15: **CONDENSED FINANCIAL STATEMENT INFORMATION – COMPONENT UNITS**

The following information is relating to the 2 blended component units of the Authority.

	Birney Lane 52	Clermont Housing Corporation
Balance Sheet		
Current Assets	$240,759	$131,835
Capital Assets	403,685	5,704,120
Current Liabilities	(18,787)	(521,008)
Non-Current Liabilities	(368,937)	(4,773,254)
Net Position	256,720	541,693
Revenues, Expenses, and Changes in Net Position		
Total Revenues	225,416	916,664
Total Expenses	176,562	782,159
Excess Revenue Over Expenses	48,854	134,505
Beginning Net Position	207,866	407,188
Ending Net Position	$256,720	$541,693

NOTE 16: **SUBSEQUENT EVENTS**
The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of CMHA. The investments of the pension and other post employment benefit plan in which CMHA participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on CMHA's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Due to the ongoing HUD investigation, in anticipation of a formal repayment agreement, related to the questioned costs as reported in the Schedule of Findings, CMHA has begun repayment. As of the report date, the Authority has paid $12,768 toward their informal repayment agreement with HUD. While CMHA is not a going concern, however the blended component unit of the Authority (CHC) is a going concern. This is not presented in the financial statements.

NOTE 17: **RELATED PARTY TRANSACTIONS**
A Board Member of the Authority is also the Executive Director of Clermont Senior Services. CMHA contributed $10,833 to CSS during the fiscal year 2019 for the purpose of operating the Community Center located at Bethel Woods.

NOTE 18: **RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**
The financial statements were re-issued due to a correction of an error in the previously issued financial statements. The Financial Data Schedules (FDS) and Financial Statements were corrected to reclassify management fee expense and intergovernmental payable of $13,000 in Clermont Housing Corporation Blended Component Program and management fee revenues and other assets of $13,000 in the Business Activity Program.

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

Traditional Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004536%	0.004291%	0.004468%	0.004277%	0.004293%	0.004293%
Authority's Proportionate Share of the Net Pension Liability	$ 1,242,318	$ 673,175	$ 1,014,607	$ 740,830	$ 517,784	$ 506,089
Authority's Covered Payroll	$ 641,821	$ 566,952	$ 577,568	$ 532,282	$ 526,313	$ 515,866
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.78%	118.74%	175.67%	139.18%	98.38%	98.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.024728%	0.025009%	0.026522%	0.026110%	0.024745%	0.024745%
Authority's Proportionate Share of the Net Pension (Asset)	$ (27,651)	$ (34,045)	$ (14,761)	$ (12,706)	$ (9,528)	$ (2,596)
Authority's Covered Payroll	$ 104,636	$ 102,423	$ 103,236	$ 95,031	$ 86,662	$ 79,146
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	26.15%	33.24%	14.30%	13.37%	10.99%	3.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information.

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions									
Traditional Plan	$ 89,855	$ 81,853	$ 80,069	$ 65,976	$ 64,148	$ 62,249	$ 72,416	$ 66,573	$ 63,682
Combined Plan	$ 14,649	$ 14,360	$ 14,225	$ 11,837	$ 11,403	$ 10,134	$ 10,682	$ 1,638	$ -
Total Required Contributions	$ 104,504	$ 96,213	$ 94,294	$ 77,813	$ 75,551	$ 72,383	$ 83,098	$ 68,211	$ 63,682
Contributions in Relation to the Contractually Required Contribution	$ (104,504)	$ (96,213)	$ (94,294)	$ (77,813)	$ (75,551)	$ (72,383)	$ (83,098)	$ (68,211)	$ (63,682)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll									
Traditional Plan	$ 641,821	$ 595,295	$ 667,242	$ 549,800	$ 534,567	$ 518,742	$ 557,046	$ 665,730	$ 636,820
Combined Plan	$ 104,636	$ 104,436	$ 118,542	$ 98,642	$ 95,025	$ 84,450	$ 82,169	$ 20,604	$ -
Pension Contributions as a Percentage of Covered Payroll									
Traditional Plan	14.00%	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
Combined Plan	14.00%	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%

(1) - Information prior to 2011 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

CLERMONT METROPOLITAN HOUSING AUTHORITY CLERMONT COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.005615 %	0.005440 %	0.005660 %
Authority's Proportionate Share of the Net OPEB Liability	$ 732,063	$ 590,744	$ 571,679
Authority's Covered Payroll	$ 818,275	$ 770,094	$ 782,485
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.88 %	76.71 %	73.06 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33 %	54.14 %	54.05 %

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

CLERMONT METROPOLITAN HOUSING AUTHORITY CLERMONT COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,873	$ 2,882	$ 12,538	$ 15,965	$ 12,705
Contributions in Relation to the Contractually Required Contribution	(2,873)	(2,882)	(12,538)	(15,965)	(12,705)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 818,275	$ 793,240	$ 773,011	$ 745,656	$ 713,865
Contributions as a Percentage of Covered Payroll	0.35%	0.36%	1.62%	2.14%	1.78%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 20142019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 20182019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

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CLERMONT METROPOLITAN HOUSING AUTHORITY (OH038)
BATAVIA, OH
Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	513,594.00	432,619.00	39,321.00	40,954.00	1,026,488.00	-	1,026,488.00
112 Cash - Restricted - Modernization and Development					-	-	-
113 Cash - Other Restricted	108,717.00	69,607.00	184,508.00		362,832.00	-	362,832.00
114 Cash - Tenant Security Deposits	75,630.00		75,173.00	2,200.00	153,003.00	-	153,003.00
115 Cash - Restricted for Payment of Current Liabilities					-	-	-
100 Total Cash	697,941.00	502,226.00	299,002.00	43,154.00	1,542,323.00	-	1,542,323.00
121 Accounts Receivable - PHA Projects				-	-	-	-
122 Accounts Receivable - HUD Other Projects	1,142.00				1,142.00	-	1,142.00
124 Accounts Receivable - Other Government		5,020.00			5,020.00	-	5,020.00
125 Accounts Receivable - Miscellaneous					-	-	-
126 Accounts Receivable - Tenants	27,686.00		17,124.00		44,810.00	-	44,810.00
126.1 Allowance for Doubtful Accounts -Tenants	(2,184.00)		(80.00)		(2,264.00)	-	(2,264.00)
126.2 Allowance for Doubtful Accounts - Other	-	-			-	-	-
127 Notes, Loans, & Mortgages Receivable - Current					-	-	-
128 Fraud Recovery					-	-	-
128.1 Allowance for Doubtful Accounts - Fraud					-	-	-
129 Accrued Interest Receivable	2,033.00	110.00			2,143.00	-	2,143.00
120 Total Receivables, Net of Allowances for Doubtful Accounts	28,677.00	5,130.00	17,044.00	-	50,851.00	-	50,851.00
131 Investments - Unrestricted					-	-	-
132 Investments - Restricted					-	-	-
135 Investments - Restricted for Payment of Current Liability					-	-	-
142 Prepaid Expenses and Other Assets	19,452.00	11,079.00	1,098.00	382.00	32,011.00	-	32,011.00
143 Inventories					-	-	-
143.1 Allowance for Obsolete Inventories					-	-	-
144 Inter Program Due From	18,189.00	1,066.00	40,165.00	72,807.00	132,227.00	-	132,227.00
145 Assets Held for Sale					-	-	-
150 Total Current Assets	764,259.00	519,501.00	357,309.00	116,343.00	1,757,412.00	-	1,757,412.00
161 Land	1,931,214.00		731,210.00	3,000.00	2,665,424.00	-	2,665,424.00
162 Buildings	15,541,096.00	68,899.00	5,311,382.00	314,227.00	21,235,604.00	-	21,235,604.00
163 Furniture, Equipment & Machinery - Dwellings	163,616.00		12,380.00	3,012.00	179,008.00	-	179,008.00
164 Furniture, Equipment & Machinery - Administration	417,577.00	101,632.00		5,394.00	524,603.00	-	524,603.00
165 Leasehold Improvements	18,103.00		329,444.00	40,891.00	388,438.00	-	388,438.00
166 Accumulated Depreciation	(12,751,455.00)	(149,905.00)	(276,612.00)	(83,879.00)	(13,261,851.00)	-	(13,261,851.00)
167 Construction in Progress	47,795.00				47,795.00	-	47,795.00
168 Infrastructure						-	-
160 Total Capital Assets, Net of Accumulated Depreciation	5,367,946.00	20,626.00	6,107,804.00	282,645.00	11,779,021.00	-	11,779,021.00
171 Notes, Loans and Mortgages Receivable - Non-Current				368,379.00	368,379.00	(368,379.00)	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							-
173 Grants Receivable - Non Current							-
174 Other Assets	274,042.00	11,060.00	15,285.00	-	300,387.00	(257,451.00)	42,936.00
176 Investments in Joint Ventures							-
180 Total Non-Current Assets	5,641,988.00	31,686.00	6,123,089.00	651,024.00	12,447,787.00	(625,830.00)	11,821,957.00
200 Deferred Outflow of Resources	281,122.00	187,413.00	-	-	468,535.00	-	468,535.00
290 Total Assets and Deferred Outflow of Resources	6,687,369.00	738,600.00	6,480,398.00	767,367.00	14,673,734.00	(625,830.00)	14,047,904.00
311 Bank Overdraft					-		-
312 Accounts Payable <= 90 Days	43,082.00	12,390.00	12,939.00	341.00	68,752.00		68,752.00
313 Accounts Payable >90 Days Past Due					-		-
321 Accrued Wage/Payroll Taxes Payable	7,197.00				7,197.00		7,197.00
322 Accrued Compensated Absences - Current Portion	40,301.00	20,709.00	33,824.00	665.00	95,499.00		95,499.00
324 Accrued Contingency Liability					-		-
325 Accrued Interest Payable					-		-
331 Accounts Payable - HUD PHA Programs					-		-
332 Account Payable - PHA Projects					-		-
333 Accounts Payable - Other Government	37,837.00		78,478.00	991.00	117,306.00		117,306.00
341 Tenant Security Deposits	60,588.00		75,173.00	2,200.00	137,961.00		137,961.00
342 Unearned Revenue					-		-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			248,651.00		248,651.00		248,651.00
344 Current Portion of Long-term Debt - Operating Borrowings					-		-
345 Other Current Liabilities					-		-
346 Accrued Liabilities - Other					-		-
347 Inter Program - Due To	11,231.00		90,730.00	30,267.00	132,228.00		132,228.00
348 Loan Liability - Current					-		-
310 Total Current Liabilities	200,236.00	33,099.00	539,795.00	34,464.00	807,594.00		807,594.00

CLERMONT METROPOLITAN HOUSING AUTHORITY (OH038)

BATAVIA, OH

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			5,137,580.00		5,137,580.00	(368,379.00)	4,769,201.00
352 Long-term Debt, Net of Current - Operating Borrowings					-		-
353 Non-current Liabilities - Other				257,451.00	257,451.00	(257,451.00)	-
354 Accrued Compensated Absences - Non Current	5,593.00	13,735.00	4,612.00	117.00	24,057.00		24,057.00
355 Loan Liability - Non Current					-		-
356 FASB 5 Liabilities					-		-
357 Accrued Pension and OPEB Liabilities	1,184,629.00	789,752.00			1,974,381.00		1,974,381.00
350 Total Non-Current Liabilities	1,190,222.00	803,487.00	5,142,192.00	257,568.00	7,393,469.00	(625,830.00)	6,767,639.00
300 Total Liabilities	1,390,458.00	836,586.00	5,681,987.00	292,032.00	8,201,063.00	(625,830.00)	7,575,233.00
400 Deferred Inflow of Resources	28,107.00	18,738.00	-	-	46,845.00		46,845.00
508.4 Net Investment in Capital Assets	5,367,946.00	20,626.00	721,574.00	282,645.00	6,392,791.00	368,379.00	6,761,170.00
511.4 Restricted Net Position	108,717.00	18,112.00	158,508.00	305,524.00	590,861.00		590,861.00
512.4 Unrestricted Net Position	(207,859.00)	(155,462.00)	(81,671.00)	(112,834.00)	(557,826.00)	(368,379.00)	(926,205.00)
513 Total Equity - Net Assets / Position	5,268,804.00	(116,724.00)	798,411.00	475,335.00	6,425,826.00	-	6,425,826.00
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	6,687,369.00	738,600.00	6,480,398.00	767,367.00	14,673,734.00	(625,830.00)	14,047,904.00

290 Total Assets and Deferred Outflow of Resources	6,687,369.00	738,600.00	6,480,398.00	767,367.00	14,673,734.00	(625,830.00)	14,047,904.00

290 Total Assets and Deferred Outflow of Resources	-	-	-	-	-	-	-

CLERMONT METROPOLITAN HOUSING AUTHORITY (OH038)

BATAVIA, OH

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit   Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	553,541.00		1,113,099.00	31,315.00	1,697,955.00	(443,809.00)	1,254,146.00
70400 Tenant Revenue - Other	13,230.00		22,879.00	2,236.00	38,345.00		38,345.00
70500 Total Tenant Revenue	566,771.00	-	1,135,978.00	33,551.00	1,736,300.00	(443,809.00)	1,292,491.00
70600 HUD PHA Operating Grants	586,104.00	5,497,318.00			6,083,422.00		6,083,422.00
70610 Capital Grants	150,900.00				150,900.00		150,900.00
70710 Management Fee					-		-
70720 Asset Management Fee					-		-
70730 Book Keeping Fee					-		-
70740 Front Line Service Fee					-		-
70750 Other Fees				13,000.00	13,000.00		13,000.00
70700 Total Fee Revenue	737,004.00	5,497,318.00	-	13,000.00	6,247,322.00		6,247,322.00
70800 Other Government Grants	-				-		-
71100 Investment Income - Unrestricted	10,320.00	2,376.00	1,147.00	62.00	13,905.00		13,905.00
71200 Mortgage Interest Income	-				-		-
71300 Proceeds from Disposition of Assets Held for Sale	-				-		-
71310 Cost of Sale of Assets	-				-		-
71400 Fraud Recovery	-	27,330.00			27,330.00		27,330.00
71500 Other Revenue	143,945.00	22,343.00	4,954.00	3,817.00	175,059.00		175,059.00
71600 Gain or Loss on Sale of Capital Assets	-				-		-
72000 Investment Income - Restricted	-				-		-
70000 Total Revenue	1,458,040.00	5,549,367.00	1,142,079.00	50,430.00	8,199,916.00	(443,809.00)	7,756,107.00
91100 Administrative Salaries	261,345.00	291,236.00	26,226.00	627.00	579,434.00		579,434.00
91200 Auditing Fees	9,723.00	6,482.00			16,205.00		16,205.00
91300 Management Fee		-	13,000.00	233.00	13,233.00		13,233.00
91310 Book-keeping Fee					-		-
91400 Advertising and Marketing	279.00	179.00			458.00		458.00
91500 Employee Benefit contributions - Administrative	297,392.00	263,333.00			560,725.00		560,725.00
91600 Office Expenses	52,696.00	36,586.00	3,924.00	1.00	93,207.00		93,207.00
91700 Legal Expense	15,184.00	578.00	11,244.00		27,006.00		27,006.00
91800 Travel					-		-
91810 Allocated Overhead					-		-
91900 Other	89,343.00	56,371.00	50,850.00	757.00	197,321.00		197,321.00
91000 Total Operating - Administrative	725,962.00	654,765.00	105,244.00	1,618.00	1,487,589.00		1,487,589.00
92000 Asset Management Fee					-		-
92100 Tenant Services - Salaries					-		-
92200 Relocation Costs					-		-
92300 Employee Benefit Contributions - Tenant Services					-		-
92400 Tenant Services - Other	9,750.00				9,750.00		9,750.00
92500 Total Tenant Services	9,750.00	-	-	-	9,750.00	-	9,750.00
93100 Water	46,001.00	96.00	23,317.00		69,414.00		69,414.00
93200 Electricity	103,713.00	2,098.00	375.00	5.00	106,191.00		106,191.00
93300 Gas	4,473.00	903.00	13,965.00	1.00	19,342.00		19,342.00
93400 Fuel			8,805.00		8,805.00		8,805.00
93500 Labor					-		-
93600 Sewer	27,009.00	225.00	23,928.00	1.00	51,163.00		51,163.00
93700 Employee Benefit Contributions - Utilities							-
93800 Other Utilities Expense			16,854.00		16,854.00		16,854.00
93000 Total Utilities	181,196.00	3,322.00	87,244.00	7.00	271,769.00		271,769.00
94100 Ordinary Maintenance and Operations - Labor	213,303.00		12,287.00	155.00	225,745.00		225,745.00
94200 Ordinary Maintenance and Operations - Materials and Other	94,140.00		27,262.00		121,402.00		121,402.00
94300 Ordinary Maintenance and Operations Contracts	164,111.00	12,366.00	101,394.00	315.00	278,186.00		278,186.00
94500 Employee Benefit Contributions - Ordinary Maintenance	113,078.00				113,078.00		113,078.00
94000 Total Maintenance	584,632.00	12,366.00	140,943.00	470.00	738,411.00		738,411.00
95100 Protective Services - Labor					-		-
95200 Protective Services - Other Contract Costs					-		-
95300 Protective Services - Other					-		-
95500 Employee Benefit Contributions - Protective Services					-		-
95000 Total Protective Services	-	-	-	-	-	-	-
96110 Property Insurance	27,168.00		7,175.00	263.00	34,606.00		34,606.00
96120 Liability Insurance	13,607.00	3,312.00	3,565.00	131.00	20,615.00		20,615.00
96130 Workmen's Compensation	4,967.00		10,704.00		15,671.00		15,671.00
96140 All Other Insurance	10,693.00	6,822.00	6,517.00	164.00	24,196.00		24,196.00
96100 Total insurance Premiums	56,435.00	10,134.00	27,961.00	558.00	95,088.00		95,088.00
96200 Other General Expenses					-		-
96210 Compensated Absences					-		-
96300 Payments in Lieu of Taxes	37,705.00		187,228.00	505.00	225,438.00		225,438.00
96400 Bad debt - Tenant Rents	12,182.00		1,475.00		13,657.00		13,657.00
96500 Bad debt - Mortgages					-		-

CLERMONT METROPOLITAN HOUSING AUTHORITY (OH038)

BATAVIA, OH

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
96600 Bad debt - Other	4,052.00		1,008.00		5,060.00		5,060.00
96800 Severance Expense					-		-
96000 Total Other General Expenses	53,939.00	-	189,711.00	505.00	244,155.00		244,155.00
96710 Interest of Mortgage (or Bonds) Payable			255,787.00		255,787.00		255,787.00
96720 Interest on Notes Payable (Short and Long Term)					-		-
96730 Amortization of Bond Issue Costs					-		-
96700 Total Interest Expense and Amortization Cost	-	-	255,787.00	-	255,787.00		255,787.00
96900 Total Operating Expenses	1,611,914.00	680,587.00	806,890.00	3,158.00	3,102,549.00	-	3,102,549.00
97000 Excess of Operating Revenue over Operating Expenses	(153,874.00)	4,868,780.00	335,189.00	47,272.00	5,097,367.00	(443,809.00)	4,653,558.00
97100 Extraordinary Maintenance							-
97200 Casualty Losses - Non-capitalized							-
97300 Housing Assistance Payments		4,967,247.00			4,967,247.00	(443,809.00)	4,523,438.00
97350 HAP Portability-In		13,658.00			13,658.00		13,658.00
97400 Depreciation Expense	369,969.00	8,654.00	151,832.00	11,243.00	541,698.00		541,698.00
97500 Fraud Losses					-		-
97600 Capital Outlays - Governmental Funds					-		-
97700 Debt Principal Payment - Governmental Funds					-		-
97800 Dwelling Units Rent Expense					-		-
90000 Total Expenses	1,981,883.00	5,670,146.00	958,722.00	14,401.00	8,625,152.00	(443,809.00)	8,181,343.00
10010 Operating Transfer In	62,727.00				62,727.00		62,727.00
10020 Operating transfer Out	(62,727.00)				(62,727.00)		(62,727.00)
10030 Operating Transfers from/to Primary Government					-		-
10040 Operating Transfers from/to Component Unit					-		-
10050 Proceeds from Notes, Loans and Bonds					-		-
10060 Proceeds from Property Sales					-		-
10070 Extraordinary Items, Net Gain/Loss					-		-
10080 Special Items (Net Gain/Loss)					-		-
10091 Inter Project Excess Cash Transfer In					-		-
10092 Inter Project Excess Cash Transfer Out					-		-
10093 Transfers between Program and Project - In					-		-
10094 Transfers between Project and Program - Out					-		-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(523,843.00)	(120,779.00)	183,357.00	36,029.00	(425,236.00)	1.00	(425,235.00)
11020 Required Annual Debt Principal Payments	-	-	251,249.00	18,389.00	269,638.00		269,638.00
11030 Beginning Equity	5,868,835.00	(72,136.00)	615,054.00	439,304.00	6,851,057.00		6,851,057.00
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(76,188.00)	76,191.00		2.00	5.00		5.00
11050 Changes in Compensated Absence Balance					-		
11060 Changes in Contingent Liability Balance					-		
11070 Changes in Unrecognized Pension Transition Liability					-		
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity		(186,331.00)			(186,331.00)		(186,331.00)
11180 Housing Assistance Payments Equity		69,607.00			69,607.00		69,607.00
11190 Unit Months Available	2340	11172	1807	36	15355		15355
11210 Number of Unit Months Leased	2309	10507	1779	36	14631		14631
11270 Excess Cash	304,978.00				304,978.00		304,978.00
11610 Land Purchases	-				-		-
11620 Building Purchases	88,173.00				88,173.00		88,173.00
11630 Furniture & Equipment - Dwelling Purchases	-				-		-
11640 Furniture & Equipment - Administrative Purchases	-				-		-
11650 Leasehold Improvements Purchases	-				-		-
11660 Infrastructure Purchases	-				-		-
13510 CFFP Debt Service Payments	-				-		-
13901 Replacement Housing Factor Funds	-				-		-

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs		
Public and Indian Housing	14.850	$535,413
Public Housing Capital Fund	14.872	201,591
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	5,492,959
Total Housing Voucher Cluster		5,492,959
Total U.S. Department of Housing and Urban Development		**6,229,963**
Total Expenditures of Federal Awards		**$6,229,963**

The accompanying notes are an integral part of this schedule.

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of **Clermont Metropolitan Housing Authority** (CMHA) referred to as "The Government" under programs of the federal government for the year ended **September 30, 2019**. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The Government has elected **not** to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Clermont Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Clermont Metropolitan Housing Authority, Clermont County, (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 23, 2021 except for the restatement described in Note 18, which is as of February 23, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
September 23, 2021, except for the restatement described in Note 18, which is as of February 23, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Clermont Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Clermont Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Clermont Metropolitan Housing Authority's major federal program for the year ended September 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, Clermont Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2019-001. Our opinion on *the* major federal program is not modified with respect to these matters.

The Authority's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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. Therefore, we cannot assure we have identified 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, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2019-001.

The Authority's response to our internal control over compliance finding is described in the accompanying schedule of findings and questioned costs and / or corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
September 23, 2021

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CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
SEPTEMBER 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	CFDA #14.871 Section 8 Housing Choice Voucher
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	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

FINDING NUMBER 2019-001

Cost Allocation

Finding Number:	**2019-001**
CFDA Number and Title:	**14.871 Section 8 Housing Choice Voucher** **14.850 Public and Indian Housing**
Federal Award Identification Number / Year:	**2019**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Allowable Costs and Cost Principles**
Pass-Through Entity:	**N/A**
Repeat Finding from Prior Audit?	**No**

Questioned Cost/Noncompliance/Significant Deficiency

Allowable Costs and Cost Principles

24 CFR § 990.280(a) states that all PHAs covered by this subpart shall develop and maintain a system of budgeting and accounting for each project in a manner that allows for analysis of the actual revenues and expenses associated with each property. Furthermore, **24 CFR § 990.280(c)** states, that in addition to project-specific records, PHAs may establish central office cost centers to account for non-project specific costs (e.g., human resources, Executive Director's office, etc.). These costs shall be funded from the property-management fees received from each property, and from the asset management fees to the extent these are available. Also, **24 CFR § 990.280(d)** states in the case where a PHA chooses to centralize functions that directly support a project (e.g., central maintenance), it must charge each project using a fee-for-service approach. Each project shall be charged for the actual services received and only to the extent that such amounts are reasonable.

The Authority did not have a proper cost allocation method and had other unallowable expenditures. A 60/40 split was used, paying 40% of indirect costs from the Housing Choice Voucher Program and 60% from the Public and Indian Housing Program. This is not an allowable cost allocation under the aforementioned requirements.

An unallowable cost allocation plan and other unallowable costs resulted in $95,003 of questioned costs from Section 8 Housing Choice Voucher federal funds and $132,230 of questioned costs from Public and Indian Housing federal funds during fiscal year 2019.

In addition to the above, additional questioned costs in the amount of $1,839 from Section 8 Housing Choice Voucher federal funds and $14,788 of questioned costs from Public and Indian Housing federal funds were noted as we didn’t have sufficient appropriate evidential matter to determine that expenditures met the program guidelines.

Failure to maintain and implement an appropriate cost allocation plan or fee-for service approach or maintain sufficient appropriate evidential matter to determine program expenditures meet program guidelines could result in further questioned costs in the future.

FINDING NUMBER 2019-001
(Continued)

The Authority should utilize a Cost Allocation Plan or Fee-For-Service Approach for allocation of indirect costs of federal expenditures. In addition, the Authority should maintain sufficient appropriate evidential matter for all expenditures to document expenditures were for allowable costs of the program.

Officials' Response:

See Corrective Action Plan for officials' response.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FDS - September 30, 2019

Finding Number:	**2019-001**
Finding Name:	**Cost Allocation**
CFDA Number & Title:	**14.871 Section 8 HCV** **14.850 PIH**
Compliance Requirement:	**Allowable Cost & Cost Principles**
Planned Corrective Action:	**Revision of Clermont Metropolitan Housing Authority (CMHA)'s Cost Allocation Model**
Anticipated Completion Date:	**10/31/2021**
Responsible Contact Person:	**Alicia Morlatt, Executive Director**

Questioned Cost/Noncompliance/Significant Deficiency
Allowable Costs and Cost Principles
24 CFR § 990.280(a) states that all PHAs covered by this subpart shall develop and maintain a system of budgeting and accounting for each project in a manner that allows for analysis of the actual revenues and expenses associated with each property. Furthermore, 24 CFR § 990.280(c) states, that in addition to project-specific records, PHAs may establish central office cost centers to account for non-project specific costs (e.g., human resources, Executive Director's office, etc.). These costs shall be funded from the property-management fees received from each property, and from the asset management fees to the extent these are available. Also, 24 CFR § 990.280(d) states in the case where a PHA chooses to centralize functions that directly support a project (e.g., central maintenance), it must charge each project using a Fee-For-Service approach. Each project shall be charged for the actual services received and only to the extent that such amounts are reasonable.

The Authority did not have a proper cost allocation method and had other unallowable expenditures. A 60/40 split was used, paying 40% of indirect costs from the Housing Choice Voucher Program and 60% from the Public and Indian Housing Program. This is not an allowable cost allocation under the requirements. An unallowable cost allocation plan and other unallowable costs resulted in $95,003 of questioned costs from Section 8 Housing Choice Voucher federal funds and $132,230 of questioned costs from Public and Indian Housing federal funds during fiscal year 2019.

Failure to maintain and implement an appropriate cost allocation plan or fee-for service approach could result in further questioned costs in the future. The Authority should utilize a Cost Allocation Plan or Fee-For-Service Approach for allocation of indirect costs of federal expenditures.

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Clermont Metropolitan Housing Authority (CMHA)'s Response

Shortly after the HUD OIG completed their audit of Clermont Metropolitan Housing Authority (CMHA) in the summer of 2019, a time study was conducted by the employees and calculated by management staff in July & August to be implemented immediately.

This cost allocation was used until 4/12/20, when after ROMAR was hired to do the day-to-day operations and management of CHC, the cost allocation was revised to include only 2% of shared business allocations. This was based on the information gathered during the Time Study in the Summer of 2019.

On January 15, 2021, Alicia Morlatt and Matt Koch spoke with our HUD Financial Analyst, Marcy Dirks, and after getting clarification on how we could spread indirect costs for each of the scenarios that we were experiencing at CMHA. The cost allocation was changed effective February 1, 2021. This change took the percentages attributed to each program to the hundredths place, reflected a cost allocation for expenses that do not include CHC, a cost allocation that did include CHC and how to calculate payroll and fringes for employees who part of their salary are attributed to CHC. The Board approved this revision to the cost allocation on 1/27/2021.

Beginning on September 13, 2021, and concluding on October 15, 2021, CMHA will undergo a new time study to ensure that the percentages being used currently are still accurate. Since the middle of 2020, there have been considerable changes due to COVID-19's impact to business practices and there have been changes to CMHA's workforce (retiring staff members, changing roles, and adding two new clerical positions in maintenance and finance). Restructuring has been done to place emphasis on limiting security risks, strengthening inventory protocol, increasing procurement efforts & documentation, providing better contract maintenance, increasing compliance, and increasing data entry accuracy within the financial management system.

OHIO AUDITOR OF STATE
KEITH FABER

CLERMONT METROPOLITAN HOUSING AUTHORITY

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/1/2022

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