CLINTON METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2016

James G. Zupka, CPA, Inc.

Certified Public Accountants

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Clinton Metropolitan Housing Authority, Clinton County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

October 19, 2017

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

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FOR THE YEAR ENDED DECEMBER 31, 2016

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Clinton Metropolitan Housing Authority
Wilmington, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Clinton Metropolitan Housing Authority as of December 31, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 20, 2017

This Management's Discussion and Analysis (MD&A) for the Clinton Metropolitan Housing Authority (Clinton MHA) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Clinton Metropolitan Housing Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2016, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority's net position increased by $19,226 during 2016. Since the Authority engages in only business-type activities, the increase is in the category of business-type net position. Net Position was $199,210 at fiscal year 2016 and Net Position at fiscal year 2015 was $179,984.

- Revenues increased by $78,265 (or 4.89%) during 2016.

- The total expenses of all Authority programs increased by $37,924 (or 2.34%) during 2016.

Overview of the Authority's Financial Statements

The Basic Financial Statements included elsewhere in this report are:

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

The Statement of Net Position is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Clinton Metropolitan Housing Authority holds at December 31, 2016, that is, the cash Clinton Metropolitan Housing Authority has, the amounts that are owed Clinton Metropolitan Housing Authority from others, and the value of the equipment Clinton Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Clinton Metropolitan Housing Authority has, that is what Clinton Metropolitan owes others at December 31, 2016; and what Net Position (or what is commonly referred to as Equity) Clinton Metropolitan Housing Authority has at December 31, 2016. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

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

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

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

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

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

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

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

Clinton Metropolitan Housing Authority's Business-Type Funds

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

Clinton Metropolitan Housing Authority's programs include the following:

The Housing Choice Voucher program, and
The Business Activities.

Housing Choice Voucher Program

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

Business Activity

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

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

Condensed Financial Statements

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

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

	2016	2015
Assets and Deferred Outflow of Resources		
Current and Other Assets	$ 406,270	$ 206,196
Capital Assets	102,617	111,682
Deferred Outflow of Resources	55,679	17,559
Total Assets	$ 564,566	$ 335,437
Liabilities		
Current Liabilities	$ 24,222	$ 6,942
Long-term Liabilities	222,589	146,790
Total Liabilities	246,811	153,732
Deferred Inflow of Resources	118,545	1,721
Net Position		
Net Investment in Capital Assets	102,617	111,682
Restricted	42,906	14,865
Unrestricted	53,687	53,437
Total Net Position	199,210	179,984
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 564,566	$ 335,437

For more detail information, see Statement of Net Position presented on page 10.

During 2016, Current and Other Assets, increased by almost $200,000. The increase was primarily in cash. This was due to the receipt of HCV program January 2017 revenue in December 2016. Deferred outflows increased by about $38,000 as a result of the impact of the GASB 68 pension activity.

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

Non-current liabilities increased by about $76,000 primarily due to an increase in FSS Escrow of about $30,000 and an increase in the Net Pension Liability of just over $45,000. Deferred inflows increased almost $117,000 because of the HCV January revenue received as previously mentioned.

The decrease in Restricted Net Position is a result of operations, including the excess of Housing Assistance payments over receipts.

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

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

	2016	2015
Revenues		
Operating Grants	$ 1,643,536	$ 1,549,131
Total Tenant Revenues	9,290	8,340
Other Revenues	26,252	43,342
Total Revenues	1,679,078	1,600,813
Expenses		
Administrative	173,434	157,593
Utilities	4,354	5,266
Maintenance	5,802	10,336
Tenant Services	50,223	49,806
General Expenses	8,775	2,516
Housing Assistance Payments	1,408,199	1,387,346
Depreciation	9,065	9,065
Total Expenses	1,659,852	1,621,928
Net Increases (Decreases)	19,226	(21,115)
Prior Period Adjustment	0	(83,776)
Change In Net Position	$ 19,226	$ (104,891)

For more information see Combined Statement of Revenues, Expenses and Changes in Net Assets presented on page 11.

Operating Grants increased $94,000 for the fiscal year. Funding from HUD for the Agency to make rental assistance payments under the Housing Choice Voucher Program is where most of the increased occurred. Tenant revenue increased slightly by $950. Other revenues decreased by about $17,000.

Expenses increased to match the increase in revenue and the biggest increase was in HAP expense, rental assistance payments made under the Voucher Program.

The most significant balance on the statement in 2015, is the prior period adjustment amount to reduce Net Position by about $83,776. This was the result of the implementation of GASB 68. GASB 68 has been cited often in this MD&A because implementation of the new accounting standard has had a very big impact on the financial statements of the Authority. The implementation of GASB 68 will have a similar impact on the financial statements of almost all units of government of Ohio. Essentially what it requires of Clinton MHA is for it to report on its financial statements what is determined to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Despite that, the very large Net Position Liability reported by Clinton MHA (more than $143,000 at December 31, 2016) does not represent a true liability of the Authority in terms of if operations ceased today there is no invoice in that amount to be paid. The concept behind the standard is that ultimately for OPERS to resolve the unfunded pension liability is has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Clinton MHA are participants in OPERS and that Clinton MHA makes retirement contributions to OPERS on behalf of all of its employees.

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

Table 3 - Condensed Statement of Changes in Capital Assets

	2016	2015
Land	$ 6,750	$ 6,750
Buildings	353,190	353,190
Equipment	56,356	56,356
Leasehold Improvements	52,534	52,534
Accumulated Depreciation	(366,213)	(357,148)
Total Capital Assets, Net	$ 102,617	$ 111,682

The Authority had no capital additions or deletions in 2016.

Debt

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

Economic Factors

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

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

Financial Contact

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

CLINTON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 156,523
Restricted Cash and Cash Equivalents	226,862
Receivables, Net	2,302
Prepaid Expenses	20,583
Total Current Assets	406,270
Noncurrent Assets	
Non-depreciable Capital Assets	6,750
Depreciable Capital Assets, Net	95,867
Total Noncurrent Assets	102,617
Deferred Outflows of Resources	55,679
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 564,566
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 6,174
Tenant Security Deposits	370
Accrued Wages and Payroll Taxes	3,880
Intergovernmental Payable	884
Unearned Revenue	12,914
Total Current Liabilities	24,222
Noncurrent Liabilities	
Accrued Compensated Absences - Long Term	11,710
FSS Escrow	67,805
Net Pension Liability	143,074
Total Noncurrent Liabilities	222,589
Total Liabilities	246,811
DEFERRED INFLOW OF RESOURCES	
Housing Assistance Payments	115,781
Pension	2,764
Total Deferred Inflow of Resources	118,545
NET POSITION	
Net Investment in Capital Assets	102,617
Restricted	42,906
Unrestricted	53,687
Total Net Position	199,210
TOTAL LIABILITIES AND NET POSITION	$ 564,566

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Operating Revenues	
Government Grants	$ 1,643,536
Tenant Revenue	9,290
Other Revenue	26,045
Total Operating Revenues	1,678,871
Operating Expenses	
Housing Assistance Payments	1,408,199
Administrative	173,434
Tenant Services	50,223
Utilities	4,354
Maintenance	5,802
General	8,775
Total Operating Expenses Before Depreciation	1,650,787
Income Before Depreciation	28,084
Depreciation	9,065
Operating Income (Loss)	19,019
Non-Operating Revenue	
Interest Income	207
Total Non-Operating Revenue	207
Change in Net Position	19,226
Total Net Position, Beginning of Year	179,984
Net Position, End of Year	$ 199,210

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities	
Cash Received from Federal Operating Grants	$ 1,777,832
Cash Received From Tenants	9,290
Cash Received Other Revenue	54,631
Cash Payments for Administrative Expenses	(165,709)
Cash Payments for General Expenses	(64,176)
Cash Payments for Housing Assistance	(1,408,199)
Net Cash Provided (Used) by Operating Activities	203,669
Cash Flows from Investing Activities	
Interest and Investment Income Received	207
Net Cash Provided by Investing Activities	207
Net Increase (Decrease) in Cash and Cash Equivalents	203,876
Cash and Cash Equivalents, Beginning of Year	179,509
Cash and Cash Equivalents, Ending of Year	$ 383,385
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ 19,019
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	9,065
(Increase) Decrease in:	
Accounts Receivable	4,598
Prepaid Expenses	(796)
Deferred Outflows of Resources	(38,120)
Increase (Decrease) in:	
Accounts Payable	5,774
Intergovernmental Payable	(40)
Accrued Expenses	(368)
Unearned Revenue	12,914
Accrued Compensated Absences	1,075
FSS Escrow	28,586
Net Pension Liability	45,138
Deferred Inflows of Resources	116,824
Net Cash (Used by) Operating Activities	$ 203,669

See accompanying notes to the basic financial statements.

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

Organization and Reporting Entity

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

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

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority follows GASB guidance as applicable to enterprise funds.

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

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflows of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statement of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources reported on the government-wide statement of net position include deferred inflow of resources for pension. The deferred inflows of resources related to pension are explained in Note 6.

Deferred Inflows:	
- Pension	$ 2,764
- Housing Assistance subsidy for January 2017	115,781
Total Deferred Inflows	$ 118,545

Pensions

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand
At December 31, 2016, the Authority had undeposited cash on hand (petty cash) of $100.

At December 31, 2016, the carrying amount of the Authority's cash deposits was $383,385 and the bank balance was $387,116. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2016, deposits totaling $250,000 were covered by Federal Depository Insurance.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority. At December 31, 2016, deposits totaling $137,116 were collateralized with eligible securities.

Investments
The Authority has no investments at December 31, 2016.

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

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

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

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

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

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $226,862 on the financial statements represents the following:

FSS Escrow Funds	$ 67,805
Unspent HUD Funding for Housing Assistance Payments	158,687
Tenant Security Deposits	370
Total Restricted Cash	$ 226,862

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NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2016 by class is as follows:

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated				
Land	$ 6,750	$ 0	$ 0	$ 6,750
Total Capital Assets Not Being Depreciated	6,750	0	0	6,750
Capital Assets Being Depreciated				
Buildings and Improvements	353,190	0	0	353,190
Furniture, Equipment, and Machinery - Administrative	56,356	0	0	56,356
Leasehold Improvement	52,534	0	0	52,534
Capital Assets Being Depreciated	462,080	0	0	462,080
Accumulated Depreciation				
Buildings	(277,420)	(4,604)	0	(282,024)
Furniture & Equipment - Administration	(48,210)	(959)	0	(49,169)
Leasehold Improvement	(31,518)	(3,502)	0	(35,020)
Total Accumulated Depreciation	(357,148)	(9,065)	0	(366,213)
Capital Assets Being Depreciated, Net	104,932	(9,065)	0	95,867
Total Capital Assets ,Net	$ 111,682	$ (9,065)	$ 0	$ 102,617

NOTE 5: RESTRICTED NET POSITION

The Authority's restricted net assets are as follows:

Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments	$ 42,906
Total	$ 42,906

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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 long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

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

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

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

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional 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 System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

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

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

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

	State and Local
2016 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $12,510 for 2016.

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

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability - Prior Measurement Date	$ 95,724
Proportionate Share of the Net Pension Liability - Current Measurement Date	143,074
Change in Proportionate Share	$ 47,350
Proportion of the Net Pension Liability/Asset	0.000826%
Pension Expense	$ 20,103

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 42,055
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,114
Authority contributions subsequent to the measurement date	12,510
Total Deferred Outflows of Resources	$ 55,679
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 2,764
Changes in proportion and differences between Authority Contributions and proportionate share of contributions	0
Total Deferred Inflows of Resources	$ 2,764

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

$12,510 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2017	$ 9,712
2018	10,386
2019	10,790
2020	9,517
Total	$ 40,405

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. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3 .75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	In dividual Entry Age

The total pension asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3 .75 percent
Future Salary Increases, including inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	In dividual Entry Age

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

Actuarial Assumptions - OPERS (Continued)

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

The most recent experience study was completed for the five year period ended December 31, 2010.

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 four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust 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 and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving the maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 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%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investements	18.00%	4.59%
Total	100.00%	5.28%

Discount Rate: The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected payments to determine the total pension liability.

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 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	$ 227,951	$ 143,074	$ 71,482

NOTE 7: **POST- EMPLOYMENT BENEFITS**

A. **Plan Description**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, the State and Local employers contributed at a rate of 14.00 percent of earnable salary. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active member contributions do not fund healthcare.

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 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 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 to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent. The portion of actual Authority contributions for the year ended December 31, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were $2,085, $2,055, and $1,991, respectively.

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NOTE 8: **COMPENSATED ABSENCES**

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

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

At December 31, 2016, based on the vesting method, $11,710 was accrued by the Authority for unused vacation and sick time. None is considered to be current.

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

	Beginning Balance	Additions	Used	Ending Balance	Current Portion
Compensated Absences	$ 10,635	$ 15,300	$ (14,225)	$ 11,710	$ 0
FSS Escrows	39,219	41,385	(12,799)	67,805	0
Net Pension Liability	97,936	45,138	0	143,074	0
Totals	$ 147,790	$ 101,823	$ (27,024)	$ 222,589	$ 0

NOTE 9: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-six (36) Ohio housing authorities, of which Clinton is one. Deductibles and coverage limits are summarized below:

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

NOTE 9: **INSURANCE** (Continued)

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

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2016.

NOTE 11: **CONTINGENCIES**

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

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

CLINTON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN
LAST THREE FISCAL YEARS (1)

	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.000826%	0.000812%	0.000812%
Authority's Proportionate Share of the Net Pension Liability	$ 143,074	$ 95,724	$ 97,936
Authority's Covered-Employee Payroll	$ 102,775	$ 99,567	$ 99,654
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.21%	96.14%	98.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amount presented as of the Authority's measurement date which is the prior year end.

CLINTON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN
LAST FOUR FISCAL YEARS (1)

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

(1) Information prior to 2013 is not available.

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2016

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	-	-	156,523	156,523		156,523
113 Cash - Other Restricted	-	226,492	-	226,492		226,492
114 Cash - Tenant Security Deposits	-	-	370	370		370
100 Total Cash	-	226,492	156,893	383,385	-	383,385
128 Fraud Recovery	-	9,002	-	9,002		9,002
128.1 Allowance for Doubtful Accounts - Fraud	-	-6,700	-	-6,700		-6,700
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	2,302	-	2,302	-	2,302
142 Prepaid Expenses and Other Assets	-	20,583	-	20,583		20,583
144 Inter Program Due From	-	-	166,704	166,704	-166,704	-
150 Total Current Assets	-	249,377	323,597	572,974	-166,704	406,270
161 Land	-	-	6,750	6,750		6,750
162 Buildings	-	333,581	72,143	405,724		405,724
164 Furniture, Equipment & Machinery - Administration	-	56,356	-	56,356		56,356
166 Accumulated Depreciation	-	-323,495	-42,718	-366,213		-366,213
160 Total Capital Assets, Net of Accumulated Depreciation	-	66,442	36,175	102,617	-	102,617
180 Total Non-Current Assets	-	66,442	36,175	102,617	-	102,617
200 Deferred Outflow of Resources	-	55,679	-	55,679		55,679
290 Total Assets and Deferred Outflow of Resources	-	371,498	359,772	731,270	-166,704	564,566
312 Accounts Payable <= 90 Days	-	6,174	-	6,174		6,174
321 Accrued Wage/Payroll Taxes Payable	-	3,880	-	3,880		3,880
333 Accounts Payable - Other Government	-	-	884	884		884
341 Tenant Security Deposits	-	-	370	370		370
342 Unearned Revenue	-	12,914	-	12,914		12,914
347 Inter Program - Due To	-	166,704	-	166,704	-166,704	-

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2016

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
310 Total Current Liabilities	-	189,672	1,254	190,926	-166,704	24,222
353 Non-current Liabilities - Other	-	67,805	-	67,805		67,805
354 Accrued Compensated Absences - Non Current	-	11,710	-	11,710		11,710
357 Accrued Pension and OPEB Liabilities	-	143,074	-	143,074		143,074
350 Total Non-Current Liabilities	-	222,589	-	222,589	-	222,589
300 Total Liabilities	-	412,261	1,254	413,515	-166,704	246,811
400 Deferred Inflow of Resources	-	118,545	-	118,545		118,545
508.4 Net Investment in Capital Assets	-	66,442	36,175	102,617		102,617
511.4 Restricted Net Position	-	42,906	-	42,906		42,906
512.4 Unrestricted Net Position	-	-268,656	322,343	53,687		53,687
513 Total Equity - Net Assets / Position	-	-159,308	358,518	199,210	-	199,210
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	-	371,498	359,772	731,270	-166,704	564,566

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	-	-	9,290	9,290		9,290
70500 Total Tenant Revenue	-	-	9,290	9,290	-	9,290
70600 HUD PHA Operating Grants	50,223	1,593,313	-	1,643,536		1,643,536
71100 Investment Income - Unrestricted	-	207	-	207		207
71400 Fraud Recovery	-	4,136	-	4,136		4,136
71500 Other Revenue	-	13,700	8,209	21,909		21,909
70000 Total Revenue	50,223	1,611,356	17,499	1,679,078	-	1,679,078
91100 Administrative Salaries	-	68,405	2,381	70,786		70,786
91200 Auditing Fees	-	7,005	-	7,005		7,005
91500 Employee Benefit contributions - Administrative	-	41,908	1,410	43,318		43,318
91600 Office Expenses	-	27,554	-	27,554		27,554
91700 Legal Expense	-	1,680	-	1,680		1,680
91800 Travel	-	6,402	-	6,402		6,402
91900 Other	-	16,689	-	16,689		16,689
91000 Total Operating - Administrative	-	169,643	3,791	173,434	-	173,434
92100 Tenant Services - Salaries	33,525	-	-	33,525		33,525
92300 Employee Benefit Contributions - Tenant Services	16,698	-	-	16,698		16,698
92500 Total Tenant Services	50,223	-	-	50,223	-	50,223
93100 Water	-	268	-	268		268
93200 Electricity	-	3,345	-	3,345		3,345
93300 Gas	-	582	-	582		582
93600 Sewer	-	159	-	159		159
93000 Total Utilities	-	4,354	-	4,354	-	4,354
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-		-
94200 Ordinary Maintenance and Operations - Materials and Other	-	206	-	206		206
94300 Ordinary Maintenance and Operations Contracts	-	5,596	-	5,596		5,596

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94000 Total Maintenance	-	5,802	-	5,802	-	5,802
96110 Property Insurance	-	-	455	455		455
96140 All Other Insurance	-	2,072	-	2,072		2,072
96100 Total insurance Premiums	-	2,072	455	2,527	-	2,527
96200 Other General Expenses	-	5,173	-	5,173		5,173
96210 Compensated Absences	-	1,075	-	1,075		1,075
96000 Total Other General Expenses	-	6,248	-	6,248	-	6,248
96900 Total Operating Expenses	50,223	188,119	4,246	242,588	-	242,588
97000 Excess of Operating Revenue over Operating Expenses	-	1,423,237	13,253	1,436,490	-	1,436,490
97300 Housing Assistance Payments	-	1,398,775	-	1,398,775		1,398,775
97350 HAP Portability-In	-	9,424	-	9,424		9,424
97400 Depreciation Expense	-	4,909	4,156	9,065		9,065
90000 Total Expenses	50,223	1,601,227	8,402	1,659,852	-	1,659,852
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	10,129	9,097	19,226	-	19,226
11030 Beginning Equity	-	-169,437	349,421	179,984		179,984
11170 Administrative Fee Equity	-	-202,214	-	-202,214		-202,214
11180 Housing Assistance Payments Equity	-	42,906	-	42,906		42,906
11190 Unit Months Available	-	3,516	12	3,528		3,528
11210 Number of Unit Months Leased	-	3,456	12	3,468		3,468

CLINTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Tenant Based Programs		
PIH Family Self-Sufficiency Program	14.896	$ 50,223
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	1,593,313
Total U.S. Department of Housing and Urban Development		1,643,536
Total Federal Expenditures		$ 1,643,536

This schedule is prepared on the accrual basis of accounting.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

NOTE 1: **PRESENTATION**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the Clinton Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Clinton Metropolitan Housing Authority, is not intended to and does not present the financial position, changes in net assets, or cash flows of Clinton Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business in amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

The Clinton Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Clinton Metropolitan Housing Authority
Wilmington, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2016, 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 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as item **2016-001**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2016-001**.

Authority's Response to Findings

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 20, 2017

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Clinton Metropolitan Housing Authority
Wilmington, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Clinton Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2016. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Clinton Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

James G. Zupka, CPA, Inc.

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

September 20, 2017

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

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2016(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2016(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under .510?	No
2016(vii)	Major Programs (list):	
	Section 8 Housing Choice Voucher - CFDA# 14.871	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: >$750,000 Type B: all others
2016(ix)	Low Risk Auditee?	No

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

Finding 2016-001 - Material Weakness - Internal Controls Over Financial Reporting and Compliance Violation

Condition/Criteria

Ohio Administration Code 117-2-03(B) and 125:3-1-01 (A)(2), and Ohio Revised Code Sections 117.38, 1724.05, and 1726.11, and AOS Bulletin 2015-07 - Annual Financial Reporting - state, in part, ..."All other entity types required to file with the Auditor of State are required to report via the Hinkle System for periods ended in 2015 and thereafter". Also, per Ohio Revised Code Section 117.38, entities filing on a GAAP-basis must file annual reports within 150 days of the entity's fiscal year end.

Clinton Metropolitan Housing Authority did not file its annual report within 150 days of its fiscal year end. In addition, the Authority missed its reporting deadline with the Department of Housing and Urban Development REAC electronic filing system.

Financial reporting is the responsibility of the entity's Finance Department and is essential to ensure the information provided to the readers of the financial statements is complete, accurate, and timely.

Cause/Effect

The lack of controls over filing complete and accurate financial statements on a timely basis can result in errors and irregularities that may go undetected and decreases the reliability of the financial data at year end.

Client Response
The Authority understands the importance of financial reporting and will strive to meet all filing requirements in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CLINTON METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Finding Number	Finding Summary	Fully Corrected?	Explain
2015-001	Material Weakness - Internal Controls over Financial Reporting	No	Repeated as Finding 2016-001

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CLINTON METROPOLITAN HOUSING AUTHORITY

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 9, 2017