

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

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

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



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

We have reviewed the *Independent Auditor's Report* of the Clermont Metropolitan Housing Authority, Clermont County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2017 through September 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2019

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**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, 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 Clermont Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2018, 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 Clermont Metropolitan Housing Authority as of September 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit 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 April 22, 2019, 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.
Certified Public Accountants

April 22, 2019

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(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 12).

FINANCIAL HIGHLIGHTS

- The Authority’s total assets were \$13,745,858 and \$9,654,244 for 2018 and 2017, respectively. The Authority-wide statements reflect an increase in total assets of \$4,091,614 during 2018
- Revenues increased by \$40,001 (or 1 percent) over 2017, and were \$7,359,925 and \$7,319,924 for 2018 and 2017, respectively.
- Total expenses of all Authority programs increased by \$276,707 (or 4 percent). Total expenses were \$7,868,450 and \$7,591,743 for 2018 and 2017, respectively.
- The Authority created a new affiliate, Clermont Housing Corporation, to create additional opportunities for affordable housing for low- and moderate-income people.
- The Authority agency implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issued Related to OPEB Plan Reporting)* causing a restatement of beginning net position that is \$563,853 less than net position reported at September 30, 2017.

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)

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

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 12-14) 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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

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 the 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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(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

	2018	Restated 2017
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 1,818,339	\$ 2,053,405
Capital Assets	11,893,474	7,586,078
Other Assets	34,045	14,761
Total Assets	13,745,858	9,654,244
Deferred Outflows of Resources	211,430	408,556
Total Assets and Deferred Outflows of Resources	\$ 13,957,288	\$ 10,062,800
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 600,915	\$ 352,646
Non-Current Liabilities	6,253,920	2,335,813
Total Liabilities	6,854,835	2,688,459
Deferred Inflows of Resources	251,396	14,759
<u>Net Position</u>		
Net Investment in Capital Assets	6,687,030	6,866,660
Restricted	671,743	626,334
Unrestricted	(507,716)	(133,412)
Total Net Position	6,851,057	7,359,582
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,957,288	\$ 10,062,800

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

Major Factors Affecting the Statement of Net Position

There were many notable changes on the Statement of Net Position. The most significant were to capital assets and non-current liabilities. As noted in the highlights at the beginning of this MD&A, the agency created an affiliate, Clermont Housing Corporation (CHC), and CHC acquired capital assets of about \$5 million, much of which was financed. CHC acquisitions are also partly responsible for the reduction in current assets.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
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A part of the change in non-current liabilities was also related to large changes to deferred outflows of resources and deferred inflows of resources and the restatement of unrestricted net position, all related to financial reporting pursuant to GASB Statements 68 & 75. GASB 68 is a relatively new accounting standard and GASB 75 is an accounting standard implemented this year. These standards essentially require the 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 the Authority 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 and Health Insurance Liabilities are unlike other liabilities the agency has in that it does not represent a bill to be paid by the Authority 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 pension obligations. State law sets contribution rates to the retirement system by employees and employers, and there is no expectation contribution rates will be changed to enable OPERS to fully fund its future pension and healthcare obligations.

Change of Restricted and Unrestricted Net Position

Table 2 presents details of the change in Net Position.

Table 2 - Change of Net Position

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - September 30, 2017 - Restated	\$ (133,412)	\$ 626,334	\$ 6,866,660
Results of Operations	(508,525)	0	0
Current Year Depreciation Expenses (1)	733,546	0	(733,546)
Capital Expenditures (2)	(5,040,942)	0	5,040,942
New Debt in Period (2)	4,640,000	0	(4,640,000)
Debt Retired (2)	(152,974)	0	152,974
Change in Restricted Net Position	(45,409)	45,409	0
Ending Balance - September 30, 2018	\$ (507,716)	\$ 671,743	\$ 6,687,030

(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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2018	2017
<u>Revenues</u>		
Total Tenant Revenues	\$ 1,073,726	\$ 842,896
Operating Subsidies	6,146,929	6,002,803
Capital Grants	0	368,658
Investment Income	12,815	8,443
Other Revenues	126,455	97,124
Total Revenues	7,359,925	7,319,924
<u>Expenses</u>		
Administrative and Tenant Services	1,316,713	1,121,458
Utilities	239,233	179,888
Maintenance	556,797	525,773
Interest and General Expenses	344,634	145,135
Housing Assistance Payments	4,677,527	4,935,989
Depreciation	733,546	683,500
Total Expenses	7,868,450	7,591,743
Change in Net Position	(508,525)	(271,819)
Net Position - Beginning of year - Restated	7,359,582	N/A
Net Position - End of Year	\$ 6,851,057	\$ 7,359,582

N/A - information necessary to restate Net Position and OPEB expense for 2017 is not available

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

Revenues increased by about \$40,000. Increases were in tenant revenue primarily from adding the units owned by the new affiliate, CHC, and operating grants. Offsetting those increases was a reduction in Capital Grant revenue. The drop in Capital Grant revenue does not indicate a drop in funding the Authority was awarded from HUD for the period but rather is more of a timing issue related to when work items to improve agency housing units and properties are being completed. So, this drop in revenue indicates less work was completed using this funding source in the period compared to the prior year.

Expenses increased about \$277,000 and expenses of CHC were the primary reason for the increase.

Otherwise the other notable change on the statement is related to implementation of GASB 75. As was mentioned in the previous section describing changes on the Statement of Net Position, GASB 75 is the new accounting standard that requires the Authority to report its estimated share of the unfunded healthcare liability of the retirement system, OPERS. The implementation of the new accounting standard caused the need for Net Position at the beginning of the period to be restated, reducing it by about \$564,000 less than what was reported at last year-end.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

CAPITAL ASSETS

As of year end, the Authority had \$11,893,474 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (current additions less depreciation) of \$4,307,396 or 57 percent from the end of last year. Additions were primarily related to the new affiliate, Clermont Housing Corporation.

Table 4 - Condensed Statement of Changes in Capital Assets

	2018	2017
Land	\$ 2,657,813	\$ 1,944,213
Buildings & Improvements	21,256,938	16,980,095
Equipment - Administrative	501,293	489,736
Equipment - Dwelling	167,487	158,640
Accumulated Depreciation	(12,720,152)	(11,986,606)
Construction-in-Progress	30,095	0
Total	\$ 11,893,474	\$ 7,586,078

The following reconciliation summarizes the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - September 30, 2017	\$ 7,586,078
Current Year Additions	5,040,942
Current Year Depreciation Expense	(733,546)
Ending Balance - September 30, 2018	\$ 11,893,474

DEBT

In the period the Authority added considerable debt primarily related to properties 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, 2017	\$ 719,418
New Debt in Period	4,640,000
Debt Retirement in Period	(152,974)
Ending Balance - September 30, 2018	\$ 5,206,444

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

FINANCIAL CONTACT

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
SEPTEMBER 30, 2018**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,243,356
Restricted Cash and Cash Equivalents	525,944
Receivables, net	33,967
Prepaid Expenses	15,072
Total Current Assets	1,818,339

Non-Current Assets

Capital Assets	
Non-Depreciable Capital Assets	2,687,908
Depreciable Capital Assets, Net	9,205,566
Total Capital Assets	11,893,474
Other Assets	34,045
Total Non-Current Assets	11,927,519
Total Assets	13,745,858

Deferred Outflows of Resources

Deferred Outflows of Resources - Pension	164,933
Deferred Outflows of Resources - OPEB	46,497
Total Deferred Outflow of Resources	211,430

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$ 13,957,288**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Liabilities

Current Liabilities

Accounts Payable	\$ 46,163
Accrued Liabilities	131,893
Intergovernmental Payable	38,356
Tenants' Security Deposits	130,042
Long-Term Debt - Current Portion	249,009
Other Current Liabilities	5,452
Total Current Liabilities	600,915

Non-Current Liabilities

Accrued Compensated Absences, Non-Current	32,566
Long-Term Debt - Net of Current	4,957,435
Net Pension Liability	673,175
Net OPEB Liability	590,744
Total Non-Current Liabilities	6,253,920
Total Liabilities	6,854,835

Deferred Inflows of Resources

Deferred Inflows of Resources - Pension	192,356
Deferred Inflows of Resources - OPEB	59,040
Total Deferred Inflows of Resources	251,396

Net Position

Net Investment in Capital Assets	6,687,030
Restricted	671,743
Unrestricted	(507,716)
Total Net Position	6,851,057

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION **\$ 13,957,288**

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 FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Operating Revenues

Tenant Revenue	\$ 1,073,726
Governmental Revenue	6,146,929
Other Revenue	126,455
Total Operating Revenues	7,347,110

Operating Expenses

Administrative	1,302,115
Tenant Services	14,598
Utilities	239,233
Maintenance	556,797
General Expenses	156,444
Housing Assistance Payments	4,677,527
Depreciation	733,546
Total Operating Expenses	7,680,260
Operating Loss	(333,150)

Nonoperating Revenues (Expenses)

Interest and Investment Revenue	12,815
Interest Expense	(188,190)
Total Nonoperating Revenues (Expenses)	(175,375)
Change in Net Position	(508,525)

Net Position - Beginning of Year - Restated	7,359,582
Total Net Position - End of Year	\$ 6,851,057

See accompanying notes to the financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Cash Flows from Operating Activities

Operating Grants Received	\$	6,184,638
Tenant Revenue Received		1,118,127
Other Revenue Received		126,455
Administrative Expenses		(1,227,977)
Other Operating Expenses		(916,892)
Housing Assistance Payments		(4,729,594)
Net Cash Provided by Operating Activities		554,757

Cash Flows from Investing Activities

Interest Earned		12,791
Net Cash Provided from Investing Activities		12,791

Cash Flows from Capital and Related Financing Activities

Debt Proceeds Received		4,640,000
Retirement of Debt		(152,974)
Interest Paid on Debt		(185,738)
Acquisition of Capital Assets		(5,040,942)
Net Cash Provided by (Used by) Capital and Related Financing Activities		(739,654)
Net Increase in Cash		(172,106)

Cash and Cash Equivalents - Beginning of Year		1,941,406
Cash and Cash Equivalents - End of Year	\$	1,769,300

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities

Net Operating Income (Loss)	\$	(333,150)
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation		733,546
(Increase) Decrease in HUD Receivable		37,709
(Increase) Decrease in Tenant Accounts Receivable		(14,859)
(Increase) Decrease in Other Accounts Receivable		(5,020)
(Increase) Decrease in Prepaid and Other Assets		25,870
(Increase) Decrease in Deferred Outflows		189,300
Increase (Decrease) in Accounts Payable		6,591
Increase (Decrease) in Accounts Payable - Other Governments		2,580
Increase (Decrease) in Compensated Absences Payable		3,794
Increase (Decrease) in Accrued and Other Current Liabilities		(33,408)
Increase (Decrease) in Tenant Security Deposits		66,755
Increase (Decrease) in Net Pension Liability		(341,432)
Increase (Decrease) in OPEB Liability		26,891
Increase (Decrease) in Non-Current Liabilities - Other		(47,047)
Increase (Decrease) in Deferred Inflows		236,637
Net Cash Provided by Operating Activities	\$	554,757

See accompanying notes to the financial statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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.

During the year ended September 30, 2018, the Authority created 2 blended component units, the Clermont Housing Corporation and the Birney Land 52, LLC, as discussed further in Note 1.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

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

Reporting Entity (Continued)

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

**CLERMONT METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

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

Description of Programs (Continued)

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.

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. 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, 2018 totaled \$12,815.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

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

Capital Assets

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

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

Net Position

Net position represents the difference between assets and 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.

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(CONTINUED)**

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

Compensated Absences (Continued)

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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

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

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 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported September 30, 2017:

Net Position September 30, 2017	\$ 7,923,435
Adjustments:	
Net OPEB Liability	(571,679)
Deferred Outflow - Payments Subsequent to Measurement Date	7,826
Restated Net Position September 30, 2017	\$ 7,359,582

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

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

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, 2018, the carrying amount of the Authority's deposits totaled \$1,769,300 (including petty cash of \$200) and its bank balance was \$1,834,325. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2018, \$398,848 was exposed to custodial risk as discussed below, while \$1,435,477 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 OPS as of November 30, 2018.

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)

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

Investments

The Authority had no investments at September 30, 2018.

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

Restricted cash balance as of September 30, 2018 of \$525,944 represents cash on hand for the following:

Proceeds from sale of PH scattered sites plus interest earned	\$ 90,141
Tenant Security Deposit	130,042
Birney Lane 52 Replacement Reserve	231,897
Unspent HCV Program HAP Funding	73,864
Total Restricted Cash	<u><u>\$ 525,944</u></u>

NOTE 4: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions, injuries to employees and natural disasters. During fiscal year ending September 30, 2018, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 5: **CAPITAL ASSETS**

	Balance 9/30/2017	Additions	Reclasses	Balance 9/30/2018
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,944,213	\$ 713,600	\$ 0	\$ 2,657,813
Construction in Progress	0	30,095	0	30,095
Total Capital Assets Not Being Depreciated	<u>1,944,213</u>	<u>743,695</u>	<u>0</u>	<u>2,687,908</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	16,456,810	4,105,578	517,891	21,080,279
Furniture, Equipment, and Machinery	648,376	20,404	0	668,780
Leasehold Improvements	523,285	171,265	(517,891)	176,659
Subtotal Capital Assets Being Depreciated	<u>17,628,471</u>	<u>4,297,247</u>	<u>0</u>	<u>21,925,718</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(11,326,152)	(658,545)	(275,700)	(12,260,397)
Furniture, Machinery, and Equipment	(371,430)	(67,373)	0	(438,803)
Leasehold Improvements	(289,024)	(7,628)	275,700	(20,952)
Total Accumulated Depreciation	<u>(11,986,606)</u>	<u>(733,546)</u>	<u>0</u>	<u>(12,720,152)</u>
Depreciable Capital Assets, Net	<u>5,641,865</u>	<u>3,563,701</u>	<u>0</u>	<u>9,205,566</u>
Total	<u><u>\$ 7,586,078</u></u>	<u><u>\$ 4,307,396</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 11,893,474</u></u>

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CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

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 both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

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

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 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 or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	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.

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(CONTINUED)**

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

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

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

	State and Local
2017 - 2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority’s contractually required contribution for pension was \$96,213 for fiscal year ending September 30, 2018.

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, 2017, 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:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.004468%	0.02652%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.004291%	0.02501%	
Change in Proportionate Share	-0.000177%	-0.00151%	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 673,175	\$ (34,045)	\$ 639,130
Pension Expense	\$ 122,573	\$ 1,747	\$ 124,320

CLERMONT METROPOLITAN HOUSING AUTHORITY
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)

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

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

At September 30, 2018, 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			
Differences between expected and actual experience	\$ 688	\$ 0	\$ 688
Changes of assumptions	80,449	2,976	83,425
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,444	734	9,178
Authority contributions subsequent to the measurement date	61,041	10,601	71,642
Total Deferred Outflows of Resources	<u>\$ 150,622</u>	<u>\$ 14,311</u>	<u>\$ 164,933</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 144,522	\$ 5,370	\$ 149,892
Differences between expected and actual experience	13,266	10,143	23,409
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,633	422	19,055
Total Deferred Inflows of Resources	<u>\$ 176,421</u>	<u>\$ 15,935</u>	<u>\$ 192,356</u>

\$71,642 reported as deferred outflows of resources related to pension resulting from the 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, 2019. 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:			
2019	\$ 58,493	\$ (1,683)	\$ 56,810
2020	(22,309)	(1,828)	(24,137)
2021	(63,638)	(3,033)	(66,671)
2022	(59,386)	(2,906)	(62,292)
2023	0	(1,020)	(1,020)
Thereafter	0	(1,755)	(1,755)
Total	<u>\$ (86,840)</u>	<u>\$ (12,225)</u>	<u>\$ (99,065)</u>

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

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

Actuarial Assumptions – OPERS (Continued)

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 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 and 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 is 16.82 percent for 2017.

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 2017 and the long-term expected real rates of return:

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

Actuarial Assumptions – OPERS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

<u>Authority's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Traditional Pension Plan	\$ 1,195,387	\$ 673,175	\$ 237,807
Combined Plan	\$ (18,507)	\$ (34,045)	\$ (44,766)

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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.

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)

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.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health

reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB).

Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in health care over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in health care over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required.

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(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess

of the cost of the retiree's selected coverage were notionally credited to the retiree's RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member's available RMA balance.

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

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

2018 Statutory Maximum Contribution Rates	<u>State and Local</u>
Employer	14.0 %
Employee	10.0 %

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority’s contractually required contribution was \$2,882 for fiscal year ending September 30, 2018.

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

The net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority’s share of total contributions relative to the total contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005660%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005440%
Change in Proportionate Share	-0.000220%
Proportionate Share of the Net OPEB Liability	\$ 590,744
OPEB Expense	\$ 42,458

At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 460
Changes of assumptions	43,013
Authority contributions subsequent to the measurement date	3,024
Total Deferred Outflows of Resources	\$ 46,497
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 44,006
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,034
Total Deferred Inflows of Resources	\$ 59,040

\$3,024 reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2019. 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:	
2019	\$ 2,595
2020	2,595
2021	(9,757)
2022	(11,000)
2023	0
Thereafter	0
Total	\$ (15,567)

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.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Actuarial Cost Method	Individual Entry Age Normal

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.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits 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 is 15.2 percent for 2017.

The allocation of investment assets with the Health Care 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 continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2017 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 %	1.88 %
Domestic Equities	21.00	6.37
REITs	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate – A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.50 percent and a municipal bond rate of 3.31 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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 3.85 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 (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	\$ 784,829	\$ 590,744	\$ 433,731

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 Authority’s proportionate share of 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 2018 is 7.50 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	\$ 565,216	\$ 590,744	\$ 617,114

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NOTE 8: SUMMARY OF CHANGES IN LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities for the period ended September 30, 2018:

<u>Description</u>	<u>Balance at 9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 9/30/2018</u>	<u>Amounts Due in One Year</u>
Loan Payable	\$ 719,418	\$ 4,640,000	\$ (152,974)	\$ 5,206,444	\$ 249,009
Net Pension Liability	1,014,607	0	(341,432)	673,175	0
OPEB Liability	0	590,744	0	590,744	0
Compensated Absences	151,914	67,090	(63,296)	155,708	123,142
FSS Escrows	47,047	3,200	(50,247)	0	0
	<u>\$ 1,932,986</u>	<u>\$ 5,301,034</u>	<u>\$ (607,949)</u>	<u>\$ 6,626,071</u>	<u>\$ 372,151</u>

NOTE 9: LONG-TERM DEBT

As of September 30, 2018, the Authority's long-term debt is as follows:

	<u>Balance 9/30/2018</u>
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 \$823.74.	\$ 100,286
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 July 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.	485,814
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.	90,141
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.	9,567

Schedule continued on next page

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

NOTE 9: **LONG-TERM DEBT** (Continued)

<p>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.</p>	1,841,582
<p>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.</p>	1,252,275
<p>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 Deposit that secures the debt. The next rate change will occur on July 4, 2019. The debt agreements call for monthly payments in the amount of \$1,973.35.</p>	197,711
<p>Promissory note to MCD Apartments, LLC, which matures in January 2025, 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.</p>	470,518
<p>Promissory note to MCD Apartments, LLC, which matures in January 2025, 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.</p>	319,952

Schedule continued on next page

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

NOTE 9: LONG-TERM DEBT (Continued)

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. 206,598

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. 232,000
\$ 5,206,444

Debt maturities for the period after September 30, 2018 are estimated as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 249,009	\$ 247,222	\$ 496,231
2020	260,921	235,308	496,229
2021	273,423	222,804	496,227
2022	286,546	209,684	496,230
2023	300,314	195,916	496,230
2024-2028	1,636,036	72,719	1,708,755
2029-2033	1,250,821	390,908	1,641,729
2034-2038	949,374	92,905	1,042,279
Total	<u>\$ 5,206,444</u>	<u>\$ 1,667,466</u>	<u>\$ 6,873,910</u>

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, 2018, the accrual for compensated absences (including sick leave) totaled \$155,708.

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, 2018 is \$380,636. 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.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

NOTE 12: RESTRICTED NET POSITION

A summary of restricted net position at September 30, 2018 is as follows:

Cash on hand that represent proceeds from the sale of PHA scattered sites plus interest	\$ 90,141
Intercompany Note Receivable to repay PH disposition funds from Non-federal source	275,841
Birney Lane 52 Replacement Reserve	231,897
Unspent HCV Program HAP Funding	73,864
Total Restricted Net Position	<u>\$ 671,743</u>

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, 2018.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigations and claims. At September 30, 2018 the PHA was not aware of any such matters.

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 non-federal 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, 2017	\$ 294,230
Payment made in Period	(18,389)
Balance at September 30, 2018	<u>\$ 275,841</u>

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

NOTE 15: CONDENSED FINANCIAL STATEMENT INFORMATION – COMPONENT UNITS

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

	<u>Birney Lane 52</u>	<u>Clermont Housing Corporation</u>
<u>Balance Sheet</u>		
Current Assets	\$ 248,152	\$ 68,698
Capital Assets	347,946	5,630,979
Current Liabilities	(7,596)	(335,054)
Non-Current Liabilities	(380,636)	(4,957,435)
Net Position	<u>207,866</u>	<u>407,188</u>
<u>Revenues, Expenses, and Changes in Net Position</u>		
Total Revenues	214,100	656,316
Total Expenses	219,040	465,177
Excess Revenue Over Expenses	(4,940)	191,139
Beginning Net Position	173,928	0
Adjustments/Transfers	38,878	216,049
Ending Net Position	<u>\$ 207,866</u>	<u>\$ 407,188</u>

**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 FIVE FISCAL YEARS (1)**

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004291%	0.004468%	0.004277%	0.004293%	0.004293%
Authority's Proportionate Share of the Net Pension Liability	\$ 673,175	\$ 1,014,607	\$ 740,830	\$ 517,784	\$ 506,089
Authority's Covered Payroll	\$ 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	118.74%	175.67%	139.18%	98.38%	98.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.025009%	0.026522%	0.026110%	0.024745%	0.024745%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (34,045)	\$ (14,761)	\$ (12,706)	\$ (9,528)	\$ (2,596)
Authority's Covered Payroll	\$ 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	33.24%	14.30%	13.37%	10.99%	3.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	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 the information 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
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Contractually Required Contributions</u>								
Traditional Plan	\$ 81,853	\$ 80,069	\$ 65,976	\$ 64,148	\$ 62,249	\$ 72,416	\$ 66,573	\$ 63,682
Combined Plan	14,360	14,225	11,837	11,403	10,134	10,682	1,638	0
Total Required Contributions	96,213	94,294	77,813	75,551	72,383	83,098	68,211	63,682
Contributions in Relation to the Contractually Required Contribution	(96,213)	(94,294)	(77,813)	(75,551)	(72,383)	(83,098)	(68,211)	(63,682)
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Authority's Covered Payroll</u>								
Traditional Plan	\$ 595,295	\$ 667,242	\$ 549,800	\$ 534,567	\$ 518,742	\$ 557,046	\$ 665,730	\$ 636,820
Combined Plan	\$ 104,436	\$ 118,542	\$ 98,642	\$ 95,025	\$ 84,450	\$ 82,169	\$ 20,604	\$ 0
<u>Pension Contributions as a Percentage of Covered Payroll</u>								
Traditional Plan	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
Combined Plan	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%

(1) – Information prior to 2011 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the Member-Directed Plan.

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)**

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 2,882	\$ 12,538	\$ 15,965	\$ 12,705
Contributions in Relation to the Contractually Required Contribution	<u>(2,882)</u>	<u>(12,538)</u>	<u>(15,965)</u>	<u>(12,705)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 793,240	\$ 773,011	\$ 745,656	\$ 713,865
Contributions as a Percentage of Covered Payroll	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 the information becomes available.

See accompanying notes to the required supplementary information

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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 2014-2018.

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.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.

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CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2018

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	707,153	488,998	11,442		35,763	1,243,356		1,243,356
113 Cash - Other Restricted	90,141	73,864	231,897			395,902		395,902
114 Cash - Tenant Security Deposits	59,494		68,348		2,200	130,042		130,042
100 Total Cash	856,788	562,862	311,687	-	37,963	1,769,300	-	1,769,300
121 Accounts Receivable - PHA Projects	2,709	-				2,709		2,709
122 Accounts Receivable - HUD Other Projects		5,020				5,020		5,020
126 Accounts Receivable - Tenants	21,835		3,320			25,155		25,155
126.1 Allowance for Doubtful Accounts -Tenants	-925		-79			-1,004		-1,004
129 Accrued Interest Receivable	2,028	59				2,087		2,087
120 Total Receivables, Net of Allowances for Doubtful Accounts	25,647	5,079	3,241	-	-	33,967	-	33,967
142 Prepaid Expenses and Other Assets	11,951	1,199	1,922			15,072		15,072
144 Inter Program Due From	43,763	-	-		5,585	49,348	-49,348	-
150 Total Current Assets	938,149	569,140	316,850	-	43,548	1,867,687	-49,348	1,818,339
161 Land	1,931,214		723,600		3,000	2,657,814		2,657,814
162 Buildings	15,452,924	68,899	5,244,229		314,227	21,080,279		21,080,279
163 Furniture, Equipment & Machinery - Dwellings	158,975		5,500		3,012	167,487		167,487
164 Furniture, Equipment & Machinery - Administration	402,524	98,769				501,293		501,293
165 Leasehold Improvements	-		130,375		46,284	176,659		176,659
166 Accumulated Depreciation	-12,381,487	-141,251	-124,779		-72,636	-12,720,153		-12,720,153
167 Construction in Progress	30,095					30,095		30,095
160 Total Capital Assets, Net of Accumulated Depreciation	5,594,245	26,417	5,978,925	-	293,887	11,893,474	-	11,893,474
171 Notes, Loans and Mortgages Receivable - Non-Current	-				380,636	380,636	-380,636	-
174 Other Assets	294,225	15,661				309,886	-275,841	34,045
180 Total Non-Current Assets	5,888,470	42,078	5,978,925	-	674,523	12,583,996	-656,477	11,927,519
200 Deferred Outflow of Resources	114,171	97,259				211,430		211,430
290 Total Assets and Deferred Outflow of Resources	6,940,790	708,477	6,295,775	-	718,071	14,663,113	-705,825	13,957,288
312 Accounts Payable <= 90 Days	39,347	4,378	2,353		85	46,163		46,163
321 Accrued Wage/Payroll Taxes Payable	8,751					8,751		8,751
322 Accrued Compensated Absences - Current Portion	90,494	32,648				123,142		123,142
325 Accrued Interest Payable			2,452			2,452		2,452
333 Accounts Payable - Other Government	37,715				641	38,356		38,356
341 Tenant Security Deposits	59,494		68,348		2,200	130,042		130,042

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2018

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			249,009			249,009		249,009
345 Other Current Liabilities			3,000			3,000		3,000
347 Inter Program - Due To	-	31,860	17,488		-	49,348	-49,348	-
310 Total Current Liabilities	235,801	68,886	342,650	-	2,926	650,263	-49,348	600,915
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			5,338,071			5,338,071	-380,636	4,957,435
353 Non-current Liabilities - Other					275,841	275,841	-275,841	-
354 Accrued Compensated Absences - Non Current	17,883	14,683				32,566		32,566
357 Accrued Pension and OPEB Liabilities	682,517	581,402				1,263,919		1,263,919
350 Total Non-Current Liabilities	700,400	596,085	5,338,071	-	275,841	6,910,397	-656,477	6,253,920
300 Total Liabilities	936,201	664,971	5,680,721	-	278,767	7,560,660	-705,825	6,854,835
400 Deferred Inflow of Resources	135,754	115,642				251,396		251,396
508.4 Net Investment in Capital Assets	5,594,245	26,417	391,845		293,887	6,306,394	380,636	6,687,030
511.4 Restricted Net Position	365,982	73,864	231,897			671,743		671,743
512.4 Unrestricted Net Position	-91,392	-172,417	-8,688		145,417	-127,080	-380,636	-507,716
513 Total Equity - Net Assets / Position	5,868,835	-72,136	615,054	-	439,304	6,851,057	-	6,851,057
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	6,940,790	708,477	6,295,775	-	718,071	14,663,113	-705,825	13,957,288

**CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	537,241		805,654		32,770	1,375,665	-336,966	1,038,699
70400 Tenant Revenue - Other	19,660		13,939		1,428	35,027		35,027
70500 Total Tenant Revenue	556,901	-	819,593	-	34,198	1,410,692	-336,966	1,073,726
70600 HUD PHA Operating Grants	552,006	5,594,923				6,146,929		6,146,929
70710 Management Fee	123,787				15,600	139,387	-139,387	-
70700 Total Fee Revenue	123,787	-	-	-	15,600	139,387	-139,387	-
71100 Investment Income - Unrestricted	10,491	1,793	497		34	12,815		12,815
71400 Fraud Recovery		28,619				28,619		28,619
71500 Other Revenue	18,656	17,898	50,326		10,956	97,836		97,836
70000 Total Revenue	1,261,841	5,643,233	870,416	-	60,788	7,836,278	-476,353	7,359,925
91100 Administrative Salaries	319,976	292,906				612,882		612,882
91200 Auditing Fees	6,179	4,843				11,022		11,022
91300 Management Fee			15,600			15,600	-15,600	-
91500 Employee Benefit contributions - Administrative	130,330	312,745				443,075		443,075
91600 Office Expenses	43,197	23,546	4,778		116	71,637		71,637
91700 Legal Expense	1,918	1,090	22,151			25,159		25,159
91800 Travel	5,357					5,357		5,357
91900 Other	39,942	39,346	53,055		640	132,983		132,983
91000 Total Operating - Administrative	546,899	674,476	95,584	-	756	1,317,715	-15,600	1,302,115
92400 Tenant Services - Other	14,598					14,598		14,598
92500 Total Tenant Services	14,598	-	-	-	-	14,598	-	14,598
93100 Water	48,140	33	40,619			88,792		88,792
93200 Electricity	75,381	1,473	21,313			98,167		98,167
93300 Gas	4,934	1,045	10,083			16,062		16,062
93600 Sewer	22,866	282	13,064			36,212		36,212
93000 Total Utilities	151,321	2,833	85,079	-	-	239,233	-	239,233
94100 Ordinary Maintenance and Operations - Labor	202,268	210	121		279	202,878		202,878
94200 Ordinary Maintenance and Operations - Materials and Other	85,626	1,057	5,692			92,375		92,375
94300 Ordinary Maintenance and Operations Contracts	154,621	8,699	143,446		225	306,991	-123,787	183,204
94500 Employee Benefit Contributions - Ordinary Maintenance	63,926					63,926		63,926
94000 Total Maintenance	506,441	9,966	149,259	-	504	666,170	-123,787	542,383
96110 Property Insurance	20,375	2,183	6,471		165	29,194		29,194
96120 Liability Insurance	9,988		3,509			13,497		13,497

**CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
96130 Workmen's Compensation	7,955	2,694				10,649		10,649
96140 All Other Insurance	11,517		15,382			26,899		26,899
96100 Total insurance Premiums	49,835	4,877	25,362	-	165	80,239	-	80,239
96200 Other General Expenses	1,797		3,269			5,066		5,066
96300 Payments in Lieu of Taxes	38,903		24,741			63,644		63,644
96400 Bad debt - Tenant Rents	5,718		1,777			7,495		7,495
96000 Total Other General Expenses	46,418	-	29,787	-	-	76,205	-	76,205
96710 Interest of Mortgage (or Bonds) Payable			188,190			188,190		188,190
96700 Total Interest Expense and Amortization Cost	-	-	188,190	-	-	188,190	-	188,190
96900 Total Operating Expenses	1,315,512	692,152	573,261	-	1,425	2,582,350	-139,387	2,442,963
97000 Excess of Operating Revenue over Operating Expenses	-53,671	4,951,081	297,155	-	59,363	5,253,928	-336,966	4,916,962
97200 Casualty Losses - Non-capitalized			14,414			14,414		14,414
97300 Housing Assistance Payments		5,004,249				5,004,249	-336,966	4,667,283
97350 HAP Portability-In		10,244				10,244		10,244
97400 Depreciation Expense	605,876	17,530	96,542		13,598	733,546		733,546
90000 Total Expenses	1,921,388	5,724,175	684,217	-	15,023	8,344,803	-476,353	7,868,450
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-659,547	-80,942	186,199	-	45,765	-508,525	-	-508,525
11030 Beginning Equity	7,299,540	259,144	173,928	9,034	181,789	7,923,435		7,923,435
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-771,158	-250,338	254,927	-9,034	211,750	-563,853		-563,853
11170 Administrative Fee Equity		-146,000				-146,000		-146,000
11180 Housing Assistance Payments Equity		73,864				73,864		73,864
11190 Unit Months Available	2,340	11,172	1,407		36	14,955		14,955
11210 Number of Unit Months Leased	2,335	10,750	1,367		36	14,488		14,488

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

FEDERAL GRANTOR/ Pass Through Grantor/ Program/Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Public and Indian Housing	14.850	\$ 529,070
Public Housing Capital Fund	14.872	22,936
<u>Housing Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	5,594,923
Total Housing Voucher Cluster		5,594,923
<i>Total Direct Programs</i>		6,146,929
Total U.S. Department of Housing and Urban Development		6,146,929
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 6,146,929

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1: PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Clermont Metropolitan Housing Authority under programs of the federal government for the year ended September 30, 2018. 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 Clermont Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Clermont Metropolitan Housing Authority.

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.

NOTE 3: INDIRECT COST RATE

The Clermont 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

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

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, 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 Clermont Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 22, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

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

April 22, 2019

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

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

To the Members of the Board
Clermont Metropolitan Housing Authority
Batavia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Clermont Metropolitan Housing Authority, Ohio's (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 September 30, 2018. 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 Clermont Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

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.
Certified Public Accountants

April 22, 2019

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

2018(i) Type of Financial Statement Opinion	Unmodified
2018(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2018(v) Type of Major Programs' Compliance Opinion	Unmodified
2018(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii) Major Programs (list): <div style="margin-left: 40px;">Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871</div>	
2018(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2018(ix) Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

The prior audit report, as of September 30, 2017, included no citations or instances of noncompliance.

OHIO AUDITOR OF STATE KEITH FABER



CLERMONT METROPOLITAN HOUSING AUTHORITY

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 4, 2019**