

Clermont Metropolitan Housing Authority

Financial statements

For the Year Ended September 30, 2005





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Clermont Metropolitan Housing Authority, Clermont County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2004 through September 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 22, 2006

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CLERMONT METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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## Independent Auditors' Report

Board of Directors  
Clermont Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Clermont Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2005, which collectively comprise the Authority financial statements, as listed in the table of contents. These financial statements are the responsibility of the Clermont Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, Ohio, as of September 30, 2005, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 27, 2006, on my consideration of Clermont Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming and opinion on the financial statements that collectively comprise the Clermont Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

April 27, 2006

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

UNAUDITED

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 position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

**FINANCIAL HIGHLIGHTS**

- Total assets were \$10,793,632 and \$10,894,062 for 2005 and 2004 respectively. The Authority-wide statements reflect an decrease in total assets of \$100,430 (or 0.9%) during 2004.
- Revenues decreased by \$1,349,064 during 2005, and were \$5,814,159 for 2005 and \$7,163,223 for 2004 respectively.
- The total expenses of all Authority programs decreased by \$220,084 (or 3.6%). Total expenses were \$5,852,226 and \$6,072,310 for 2005 and 2004 respectively.

**USING THIS ANNUAL REPORT**

This Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Financial statements", and "Other Required Supplementary information":

<p style="text-align: center;"><b>MD&amp;A</b> ~Management's Discussion and Analysis ~</p>
<p style="text-align: center;"><b>Basic Financial Statement</b> ~Authority Financial statements ~</p>
<p style="text-align: center;"><b>Other Required Supplementary Information</b> ~Required Supplementary Information ~ (Other than the MD&amp;A)</p>

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

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**Authority Financial statements**

The Authority financial statements 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 Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equals "Net Assets", formerly know 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 Assets (the "Unrestricted Net Assets") is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, net of Related Debt: This component of Net Assets 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 Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related or Debt", or "Restricted Net Assets".

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenue, such as rental income, Operating Expenses, such as administrative, utilities, and 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 Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

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

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

UNAUDITED

**Fund Financial Statements**

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

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

**The 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% 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.

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 participants' rent at 30% of household income.

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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

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**AUTHORITY STATEMENTS**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

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

	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$ 3,624,267	\$ 3,461,638
Capital Assets	7,169,365	7,432,094
Other Assets	<u>-</u>	<u>330</u>
Total Assets	<u>\$ 10,793,632</u>	<u>\$ 10,894,062</u>
Current Liabilities	\$ 99,039	\$ 105,571
Long-Term Liabilities	<u>72,428</u>	<u>105,276</u>
Total Liabilities	<u>171,467</u>	<u>210,847</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	7,169,365	7,432,094
Restricted Net Assets	1,945,001	1,845,285
Unrestricted Net Assets	<u>1,507,799</u>	<u>1,405,836</u>
Total Net Assets	<u>10,622,165</u>	<u>10,683,215</u>
Total Liabilities and Net Assets	<u>\$ 10,793,632</u>	<u>\$ 10,894,062</u>

For more detail information see Statement of Net Assets presented elsewhere in this report.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Major Factors Affecting the Statement of Net Assets**

During 2005, current and other assets increased by \$162,629, and total liabilities decreased by \$39,380. The current and other assets, primarily cash increased due to the proceeds received from the sale of additional public housing scatter units during 2005. Liabilities decreased due to the reduction in compensated absences, and other non-current liabilities.

Capital assets also changed, decreasing from \$7,432,094 to \$7,169,365. The decrease may be contributed primarily to the sale of additional public housing scatters units and current year depreciation expense. For more detail see "Capital Assets" on table 4.

**TABLE 2**

**CHANGE OF RESTRICTED AND UNRESTRICTED NET ASSETS**

Table 2 presents details on the change in Restricted and Unrestricted Net Assets

Beginning Balance - September 30, 2004	\$1,405,836	\$1,845,285
Results of Operation	(38,067)	0
Adjustments:		
Current year Depreciation Expense (1)	415,657	0
Capital Expenditure (2)	(191,512)	0
Gain from sale of Capital Assets (3)	(26,397)	0
Proceeds from sale of capital assets	64,981	0
Transfer to restricted net assets	(99,716)	99,716
Prior Period Adjustment	(22,983)	0
	<hr/>	<hr/>
Ending Balance - September 30, 2005	<u>\$1,507,799</u>	<u>\$1,945,001</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted
- (3) The gain from sale of assets was reflected in the result of operation. However, the proceeds from the sale were transfer to Restricted Net Assets.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only Business-Type Activities.

	<u><b>2005</b></u>	<u><b>2004</b></u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 317,555	\$ 337,008
Operating Subsidies	5,198,793	5,347,238
Capital Grants	168,866	383,673
Investment Income	72,730	23,488
Other Revenues	<u>56,215</u>	<u>1,071,816</u>
<b>Total Revenues</b>	<b><u>5,814,159</u></b>	<b><u>7,163,223</u></b>
<b><u>Expenses</u></b>		
Administrative	654,878	920,601
Tenant Services	2,990	7,470
Utilities	148,884	162,907
Maintenance	375,456	372,132
General Expenses	97,818	133,489
Housing Assistance Payments	4,156,543	4,077,504
Depreciation	<u>415,657</u>	<u>398,207</u>
<b>Total Expenses</b>	<b><u>5,852,226</u></b>	<b><u>6,072,310</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (38,067)</u></b>	<b><u>\$ 1,090,913</u></b>

CLERMONT METROPOLITAN HOUSING AUTHORITY  
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**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS**

Tenant revenue decreased slightly during 2005 in comparison to 2004. Operating Subsidies and Capital Grants decreased also. Other revenue decreased by \$976,170. This decrease was mainly due to gain from sale of public housing units in fiscal year 2004. In fiscal year 2004, the Authority had a gain of \$1,033,641 and in 2005 the gain was only \$26,397. This change and the change in HUD grant revenue explain the decrease in total revenue for the year.

Administrative expenses decreased by \$265,723. This was due to cost savings steps the Authority took in prior years by offering early retirement buyout. General Expenses decreased by \$35,671 due to not having additional expenses for the disposition of the public housing units as in 2004.

**CAPITAL ASSETS**

**Capital Assets**

As of year end, the Authority had \$7,169,365 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of \$262,729 or 3.5% from the end of last year.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATON)**

	<u><b>2005</b></u>	<u><b>2004</b></u>
Land and Land Rights	\$ 2,122,190	\$ 2,122,190
Buildings	11,871,772	11,509,957
Equipment	239,869	239,992
Leasehold Improvement	64,426	-
Construction in Progress	82,648	441,003
Accumulated Depreciation	<u>(7,211,540)</u>	<u>(6,881,048)</u>
 Total	 <u><u>\$ 7,169,365</u></u>	 <u><u>\$ 7,432,094</u></u>

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

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The following reconciliation summarizes the change in Capital Assets.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS  
(IN MILLIONS)**

Beginning Balance - September 30, 2004	\$	7,432,094
Current year Additions		191,512
Current year Disposal net of Depreciation		(38,583)
Current year Depreciation Expense		(415,657)
Rounding Diferrence		<u>(1)</u>
Ending Balance - September 30, 2005	\$	<u><u>7,169,365</u></u>

This year's major additions primarily capital expenditures related to modernizing the Authority's housing developments. The net retirements were related to the decrease in the building values with the sale of the public housing units.

**DEBIT**

**Debt Outstanding**

As of year-end, the Authority had no debt outstanding.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

CLERMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005

UNAUDITED

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Sarah Kincaid, 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**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2005**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$1,649,311
Receivables, net	6,711
Prepaid expenses and other assets	23,244
<b>Total current assets</b>	<b><u>1,679,266</u></b>

**Noncurrent assets**

Restricted investments	1,945,001
Capital assets:	
Land	2,122,190
Building and equipment	12,176,067
Construction in Progress	82,648
Less accumulated depreciation	<u>(7,211,540)</u>
Capital assets, net	<u>7,169,365</u>
<b>Total noncurrent assets</b>	<b><u>9,114,366</u></b>
<b>Total assets</b>	<b><u><u>\$10,793,632</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$33,215
Accrued liabilities	12,229
Intergovernmental payables	16,867
Tenant security deposits	36,410
Deferred revenue	318
<b>Total current liabilities</b>	<b><u>99,039</u></b>

**Noncurrent liabilities**

Accrued compensated absences non-current	45,143
Noncurrent liabilities - other	<u>27,285</u>
<b>Total noncurrent liabilities</b>	<b><u>72,428</u></b>
<b>Total liabilities</b>	<b><u><u>\$171,467</u></u></b>

The accompanying notes to the financial statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**September 30, 2005**

***NET ASSETS***

Invested in capital assets, net of related debt	\$7,169,365
Restricted net assets	\$1,945,001
Unrestricted net assets	1,507,799
<b>Total net assets</b>	<b><u><u>\$10,622,165</u></u></b>

The accompanying notes to the Financial statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2005**

***OPERATING REVENUES***

Tenant Revenue	\$317,555
Government operating grants	5,198,793
Other revenue	29,818
<b>Total operating revenues</b>	<b><u>5,546,166</u></b>

***OPERATING EXPENSES***

Administrative	654,878
Tenant services	2,990
Utilities	148,884
Maintenance	375,456
General	97,818
Housing assistance payment	4,156,543
Depreciation	415,657
<b>Total operating expenses</b>	<b><u>5,852,226</u></b>
<b>Operating income (loss)</b>	<b><u>(306,060)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	72,730
Gain on sale of assets	26,397
<b>Total nonoperating revenues (expenses)</b>	<b><u>99,127</u></b>
Income (loss) before contributions and transfers	(206,933)

Capital grants	168,866
Change in net assets	(38,067)
Total net assets - beginning	10,683,215
Prior Period Adjustment	(22,983)
<b>Total net assets - ending</b>	<b><u><u>\$10,622,165</u></u></b>

The accompanying notes to the financial statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended September 30, 2005**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$5,365,442
Tenant revenue received	343,487
Other revenue received	19,987
General and administrative expenses paid	(1,348,250)
Housing assistance payments	<u>(4,156,543)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>224,123</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	72,730
Transfer to investments	<u>(1,945,001)</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>(1,872,271)</u></b>
<b>ACTIVITIES</b>	
Proceeds from sale of capital assets	64,981
Capital grant funds received	168,866
Property and equipment purchased	<u>(191,512)</u>
<b>Net cash provided (used) by capital and related activities</b>	<b><u>42,335</u></b>
Net increase (decrease) in cash	(1,605,813)
Cash and cash equivalents - Beginning of year	<u>3,255,124</u>
<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$1,649,311</u></u></b>

The accompanying notes to the financial statements are an integral part of these statements.

**CLERMONT METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2005**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$306,060)
Operating Activities	
- Depreciation	415,657
- (Increases) Decreases in Accounts Receivable	151,956
- (Increases) Decreases in Prepaid Assets	1,620
- (Increases) Decreases in Other Assets	330
- Increases (Decreases) in Accounts Payable	6,507
- Increases (Decreases) in Accounts Payable - Intergovernmental	(543)
- Increases (Decreases) in Accrued Expenses Payable	(88)
- Increases (Decreases) in Compensated Absence Payable	(43,212)
- Increases (Decreases) in Deferred Revenue	59
- Increases (Decreases) in Other Noncurrent Liabilities	(3,568)
- Increases (Decreases) in Tenant Security Deposits	1,465
<b>Net cash provided by operating activities</b>	<b>\$224,123</b>

The accompanying notes to the Financial statements are an integral part of these statements.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**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, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

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

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

**Proprietary Fund Types**

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

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

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

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

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Description of programs**

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

A. **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.

B. **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.

C. **Housing Choice Voucher Program**

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2005 totaled \$72,730. The interest earned represent interest from unrestricted investments of \$33,299 and interest earned from restricted investments of \$39,431.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(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. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are 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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

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

**Compensated Absences**

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

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

In the proprietary fund, 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 are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**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.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

**NOTE 2: DEPOSITS AND INVESTMENTS**

Deposits

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

- A. 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.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period 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.
- C. 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 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.

Government Accounting Standards Board Statement No. 3 (GASB #3) has established custodial credit risk categories for deposits and investments as follows:

Category 1 – Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 – Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of the Authority's deposits was \$3,594,312 at September 30, 2005. The corresponding bank balance was \$3,611,441. Of the bank balance, \$100,000 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

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

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 2 years.

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirement.

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer. However, the Authority makes certain that the depository is covered by FDIC insurance and any funds on deposit in excess of this amount are covered by security pledged.

The Authority did not have any investments as of September 30, 2005.

**NOTE 3: RESTRICTED CASH**

Restricted cash balance of \$1,945,001 represents the proceeds received from the sale of its scattered site houses. Per U.S. Department of Housing and Urban Development, the proceeds from the sale must be used for future public housing development or to operate a home ownership program.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

**NOTE 4: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2005 the Authority maintains 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 4: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 09/30/04</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 09/30/05</b>
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$2,122,190	\$0	\$0	\$0	\$2,122,190
Construction in Progress	441,003	(441,003)	82,648	0	82,648
<b>Total Capital Assets Not Being Depreciated</b>	<b>2,563,193</b>	<b>(441,003)</b>	<b>82,648</b>	<b>0</b>	<b>2,204,838</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	11,509,957	441,003	7,460	86,648	11,871,772
Furnt, Mach. and Equip.	239,992	0	36,978	37,101	239,869
Leasehold Improv.	0	0	64,426	0	64,426
Total Capital Assets Being Depreciated	11,749,949	441,003	108,864	123,749	12,176,067
Accumulated Depreciation	(6,881,048)	(2)	(415,657)	(85,167)	(7,211,540)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,868,901</b>	<b>441,001</b>	<b>(306,793)</b>	<b>38,582</b>	<b>4,964,527</b>
<b>Total Capital Assets, Net</b>	<b>\$7,432,094</b>	<b>(\$2)</b>	<b>(\$224,145)</b>	<b>\$38,582</b>	<b>\$7,169,365</b>

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's required contributions to OPERS for the years ended September 30, 2005, 2004 and 2003 were \$73,522, \$80,301, and \$84,168, respectively. Ninety-Two percent has been contributed for 2005. All required contributions for the two previous years have been paid.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended September 30, 2005 was 4.0 percent of covered payroll, which amounted to \$21,704. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

CLERMONT METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)

**NOTE 8: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

**NOTE 9 PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment of \$22,983 represents the following:

- HUD adjustment to administration fees earned from the Housing Choice Voucher Program for the fiscal year ended September 30, 2004 of \$8,861.
- Adjustment to Capital Assets to properly state soft-cots of \$14,330.
- Adjustment for voided checks of \$208.

Clermont Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$1,025,496	\$458,431	\$0	\$1,483,927
113	Cash - Other Restricted	\$0	\$27,285	\$0	\$27,285
114	Cash - Tenant Security Deposits	\$36,136	\$0	\$0	\$36,136
100	Total Cash	\$1,061,632	\$485,716	\$0	\$1,547,348
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$6,815	\$0	\$0	\$6,815
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$104)	\$0	\$0	(\$104)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$6,711	\$0	\$0	\$6,711
131	Investments - Unrestricted	\$0	\$101,963	\$0	\$101,963
132	Investments Restricted	\$1,945,001	\$0	\$0	\$1,945,001
142	Prepaid Expenses and Other Assets	\$23,244	\$0	\$0	\$23,244
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
150	Total Current Assets	\$3,036,588	\$587,679	\$0	\$3,624,267
161	Land	\$2,122,190	\$0	\$0	\$2,122,190
162	Buildings	\$11,372,452	\$34,425	\$464,895	\$11,871,772
164	Furniture, Equipment & Machinery - Administration	\$217,620	\$22,249	\$0	\$239,869
165	Leasehold Improvements	\$0	\$0	\$64,426	\$64,426
166	Accumulated Depreciation	(\$7,167,027)	(\$24,851)	(\$19,662)	(\$7,211,540)
167	Construction In Progress	\$0	\$0	\$82,648	\$82,648
160	Total Fixed Assets, Net of Accumulated Depreciation	\$6,545,235	\$31,823	\$592,307	\$7,169,365
190	Total Assets	\$9,581,823	\$619,502	\$592,307	\$10,793,632
312	Accounts Payable <= 90 Days	\$21,645	\$11,570	\$0	\$33,215
321	Accrued Wage/Payroll Taxes Payable	\$3,608	\$0	\$0	\$3,608
322	Accrued Compensated Absences - Current Portion	\$4,223	\$4,398	\$0	\$8,621
333	Accounts Payable - Other Government	\$16,867	\$0	\$0	\$16,867
341	Tenant Security Deposits	\$36,410	\$0	\$0	\$36,410
342	Deferred Revenues	\$318	\$0	\$0	\$318
310	Total Current Liabilities	\$83,071	\$15,968	\$0	\$99,039
354	Accrued Compensated Absences - Non Current	\$27,947	\$17,196	\$0	\$45,143
353	Noncurrent Liabilities - Other	\$0	\$27,285	\$0	\$27,285
350	Total Noncurrent Liabilities	\$27,947	\$44,481	\$0	\$72,428
300	Total Liabilities	\$111,018	\$60,449	\$0	\$171,467

Clermont Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
508.1	Invested in Capital Assets, Net of Related Debt	\$6,545,235	\$31,823	\$592,307	\$7,169,365
511.1	Restricted Net Assets	\$1,945,001	\$0	\$0	\$1,945,001
512.1	Unrestricted Net Assets	\$980,569	\$527,230	\$0	\$1,507,799
513	Total Equity/Net Assets	\$9,470,805	\$559,053	\$592,307	\$10,622,165
600	Total Liabilities and Equity/Net Assets	\$9,581,823	\$619,502	\$592,307	\$10,793,632
703	Net Tenant Rental Revenue	\$311,104	\$0	\$0	\$311,104
704	Tenant Revenue - Other	\$6,451	\$0	\$0	\$6,451
705	Total Tenant Revenue	\$317,555	\$0	\$0	\$317,555
706	HUD PHA Operating Grants	\$532,324	\$4,574,462	\$92,007	\$5,198,793
706.1	Capital Grants	\$0	\$0	\$168,866	\$168,866
711	Investment Income - Unrestricted	\$20,313	\$12,986	\$0	\$33,299
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$2,262	\$0	\$2,262
715	Other Revenue	\$27,556	\$0	\$0	\$27,556
716	Gain/Loss on Sale of Fixed Assets	\$26,397	\$0	\$0	\$26,397
720	Investment Income - Restricted	\$39,431	\$0	\$0	\$39,431
700	Total Revenue	\$963,576	\$4,589,710	\$260,873	\$5,814,159
911	Administrative Salaries	\$133,745	\$247,385	\$0	\$381,130
912	Auditing Fees	\$1,520	\$2,480	\$0	\$4,000
915	Employee Benefit Contributions - Administrative	\$66,472	\$97,182	\$0	\$163,654
916	Other Operating - Administrative	\$51,654	\$54,440	\$0	\$106,094
924	Tenant Services - Other	\$2,990	\$0	\$0	\$2,990
931	Water	\$33,622	\$0	\$0	\$33,622
932	Electricity	\$88,022	\$0	\$0	\$88,022
933	Gas	\$2,913	\$0	\$0	\$2,913
938	Other Utilities Expense	\$24,327	\$0	\$0	\$24,327
941	Ordinary Maintenance and Operations - Labor	\$93,109	\$0	\$0	\$93,109
942	Ordinary Maintenance and Operations - Materials and Other	\$50,632	\$22,024	\$79,743	\$152,399
943	Ordinary Maintenance and Operations - Contract Costs	\$83,681	\$0	\$0	\$83,681
945	Employee Benefit Contributions - Ordinary Maintenance	\$46,192	\$0	\$0	\$46,192
961	Insurance Premiums	\$50,078	\$2,748	\$0	\$52,826
962	Other General Expenses	\$0	\$2,773	\$0	\$2,773
963	Payments in Lieu of Taxes	\$16,867	\$0	\$0	\$16,867
964	Bad Debt - Tenant Rents	\$15,521	\$0	\$0	\$15,521
966	Bad Debt - Other	\$9,831	\$0	\$0	\$9,831
969	Total Operating Expenses	\$771,176	\$429,032	\$79,743	\$1,279,951
970	Excess Operating Revenue over Operating Expenses	\$192,400	\$4,160,678	\$181,130	\$4,534,208

Clermont Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
971	Extraordinary Maintenance	\$75	\$0	\$0	\$75
973	Housing Assistance Payments	\$0	\$4,156,543	\$0	\$4,156,543
974	Depreciation Expense	\$389,663	\$6,879	\$19,115	\$415,657
900	Total Expenses	\$1,160,914	\$4,592,454	\$98,858	\$5,852,226
1001	Operating Transfers In	\$12,264	\$0	\$0	\$12,264
1002	Operating Transfers Out	\$0	\$0	(\$12,264)	(\$12,264)
1010	Total Other Financing Sources (Uses)	\$12,264	\$0	(\$12,264)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$185,074)	(\$2,744)	\$149,751	(\$38,067)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$9,655,671	\$570,658	\$456,886	\$10,683,215
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$208	(\$8,861)	(\$14,330)	(\$22,983)
	Ending Equity	\$9,470,805	\$559,053	\$592,307	\$10,622,165
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$3,859,110	\$0	\$3,859,110
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$59,400	\$0	\$59,400
1116	Total Annual Contributions Available	\$0	\$3,918,510	\$0	\$3,918,510
1120	Unit Months Available	2,436	10,692	0	13,128
1121	Number of Unit Months Leased	2,420	10,375	0	12,795

Clermont Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
September 30, 2005

Capital Fund Program Number OH10P03850102

1. The Program Costs are as follows:

Funds Approved	\$430,878
Funds Expended	<u>430,878</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$430,878
Funds Expended	<u>430,878</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 20, 2005.
4. The final costs on the certification agree to the Authority's records.

Clermont Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
September 30, 2005

Capital Fund Program Number OH10P03850103

5. The Program Costs are as follows:

Funds Approved	\$344,195
Funds Expended	<u>344,195</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$344,195
Funds Expended	<u>344,195</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on September 30, 2005.
8. The final costs on the certification agree to the Authority's records.

Clermont Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
September 30, 2005

Capital Fund Program Number OH10P03850203

9. The Program Costs are as follows:

Funds Approved	\$68,596
Funds Expended	<u>68,596</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$68,596
Funds Expended	<u>68,596</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

10. All costs have been paid and there are no outstanding obligations.

11. The Final Financial Status Report was signed and filed on September 22, 2005.

12. The final costs on the certification agree to the Authority's records.

Clermont Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended September 30, 2005

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$532,324
Housing Choice Vouchers	14.871	4,631,754
Public Housing Capital Fund Program	14.872	<u>260,873</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$5,424,951</u></u></b>



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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

Board of Directors  
Clermont Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Clermont Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2005, which collectively comprise the Clermont Metropolitan Housing Authority, Ohio's basic financial statements and have issued my report thereon dated April 27, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Clermont Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Clermont Metropolitan Housing Authority, Ohio, in a separate letter dated April 27, 2006.

### Compliance

As part of obtaining reasonable assurance about whether Clermont Metropolitan Housing Authority, Ohio's Financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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Salvatore Consiglio, CPA, Inc.

April 27, 2006



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North Royalton, Ohio 44133  
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Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Clermont Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Clermont Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2005. Clermont Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Clermont Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Clermont Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Clermont Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Clermont Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Clermont Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

## **Internal Control Over Compliance**

The management of Clermont Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Clermont Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



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Salvatore Consiglio, CPA, Inc.

April 27, 2006

Clermont Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2005

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 – Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended September 30, 2005.

<b>3. FINDINGS RELATED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended September 30, 2005.

Clermont Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2005

The audit report for the fiscal year ending September 30, 2004 contained no audit finding.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
JULY 11, 2006**