

**CLINTON METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Clinton Metropolitan Housing Authority, Clinton County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

October 26, 2016

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**CLINTON METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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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 of  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Clinton Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing 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 Housing 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 Housing 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 opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clinton Metropolitan Housing Authority, Ohio, as of December 31, 2015, and the respective 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 described in Note 2 to the basic financial statements, the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities. 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 Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton Metropolitan Housing Authority, Ohio'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 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 was derived from and relates 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 August 23, 2016, on our consideration of the Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.



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

August 23, 2016

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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This Management's Discussion and Analysis (MD&A) for the Clinton Metropolitan Housing Authority (Clinton MHA) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Clinton Metropolitan Housing Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2015, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

**Financial Highlights**

- The Authority implemented the new accounting standard called GASB 68, resulting in a prior period adjustment of (\$83,776) and a Net Pension Liability of \$97,936 at year end 2015. After adjusting Net Position at year end 2014 for the prior adjustment, Net Position decreased by \$21,115 during 2015. Since the Authority engages in only business-type activities, the decrease is in the category of business-type net position. Net Position was \$179,984 at fiscal year 2015 and Net Position at fiscal year 2014, adjusted by the prior period adjustment, was \$201,099.
- Revenues decreased by \$14,347 (or 0.89%) during 2015.
- The total expenses of all Authority programs decreased by \$30,169 (or 1.83%) during 2015.

**Overview of the Authority's Financial Statements**

The Basic Financial Statements included elsewhere in this report are:

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

The Statement of Net Position is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Clinton Metropolitan Housing Authority holds at December 31, 2015, that is, the cash Clinton Metropolitan Housing Authority has, the amounts that are owed Clinton Metropolitan Housing Authority from others, and the value of the equipment Clinton Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Clinton Metropolitan Housing Authority has, that is what Clinton Metropolitan owes others at December 31, 2015; and what Net Position (or what is commonly referred to as Equity) Clinton Metropolitan Housing Authority has at December 31, 2015. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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

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

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

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

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

### **Clinton Metropolitan Housing Authority's Business-Type Funds**

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

Clinton Metropolitan Housing Authority's programs include the following:

- The Housing Choice Voucher program, including the Family Self-Sufficiency Program
- The Business Activities.

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

**Housing Choice Voucher Program**

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

**Business Activity**

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

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

**Condensed Financial Statements**

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

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

	2015	2014 *
<b><u>Assets and Deferred Outflow of Resources</u></b>		
Current and Other Assets	\$ 206,196	\$ 234,874
Capital Assets	111,682	120,747
Deferred Outflow of Resources	17,559	0
<b>Total Assets</b>	<b>\$ 335,437</b>	<b>\$ 355,621</b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 6,942	\$ 11,200
Long-term Liabilities	146,790	143,322
<b>Total Liabilities</b>	<b>153,732</b>	<b>154,522</b>
<b>Deferred Inflow of Resources</b>	1,721	0
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	111,682	120,747
Restricted	14,865	19,862
Unrestricted	53,437	60,490
<b>Total Net Position</b>	<b>179,984</b>	<b>201,099</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 335,437</b>	<b>\$ 355,621</b>

\* Restated

For more detail information, see Statement of Net Position presented on page 9.

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

The 2014 numbers presented in the table have been restated to reflect the effect of the prior period adjustment related to the implementation of GASB 68 so that a more meaningful comparison of 2014 balances to 2015 balances can be made. The biggest changes to the 2014 numbers due to the restatement are to non-current liabilities and unrestricted net position. So while a net position liability of \$97,936 is being reported in 2015 that was not reported in 2014, after adjusting the 2014 numbers for the prior period adjustment, non-current liabilities increased only 2 percent.

During 2015, Current and Other Assets, decreased by almost \$29,000. The drop was primarily in cash. This was due to operating income being less than operating expenses in 2015. Current liabilities decreased by about \$4,300 but non-current liabilities increased by about \$3,468.

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

The decrease in Unrestricted Net Position is a result of operations, excluding the payments of Housing Assistance.

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

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

	<u>2015</u>	<u>2014</u>
<b><u>Revenues</u></b>		
Operating Grants	\$ 1,549,131	\$ 1,587,938
Total Tenant Revenues	8,340	7,485
Other Revenues	43,342	19,552
<b>Total Revenues</b>	<u>1,600,813</u>	<u>1,614,975</u>
<b><u>Expenses</u></b>		
Administrative	157,593	164,019
Utilities	5,266	4,508
Maintenance	10,336	6,775
Tenant Services	49,806	49,380
General Expenses	2,516	10,173
Housing Assistance Payments	1,387,346	1,408,549
Depreciation	9,065	8,693
<b>Total Expenses</b>	<u>1,621,928</u>	<u>1,652,097</u>
Net Increases (Decreases)	(21,115)	(37,122)
Prior Period Adjustment	(83,776)	0
<b>Change In Net Position</b>	<u>\$ (104,891)</u>	<u>\$ (37,122)</u>

For more information see Combined Statement of Revenues, Expenses and Changes in Net Assets presented on page 10.

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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Operating Grants subsidies decreased \$38,807 for the fiscal year. Funding from HUD for the Agency to make rental assistance payments under the Housing Choice Voucher Program is where the biggest drop occurred. Tenant revenue increased slightly by \$1,056. Other revenues increased modestly.

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

The most significant balance on the statement, however, is the prior period adjustment amount to reduce Net Position by about \$83,776. This was the result of the implementation of GASB 68. GASB 68 has been cited often in this MD&A because implementation of the new accounting standard has had a very big impact on the financial statements of the Authority. The implementation of GASB 68 will have a similar impact on the financial statements of almost all units of government of Ohio. Essentially what it requires of Clinton MHA is for it to report on its financial statements what is determined to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Despite that, the very large Net Position Liability reported by Clinton MHA (more than \$97,000) does not represent a true liability of the Authority in terms of if operations ceased today there is no invoice in that amount to be paid. The concept behind the standard is that ultimately for OPERS to resolve the unfunded pension liability is has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Clinton MHA are participants in OPERS and that Clinton MHA makes retirement contributions to OPERS on behalf of all of its employees.

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

**Table 3 - Condensed Statement of Changes in Capital Assets**

	2015	2014
Land	\$ 6,750	\$ 6,750
Buildings	353,190	353,190
Equipment	56,356	56,356
Leasehold Improvements	52,534	52,534
Accumulated Depreciation	(357,148)	(348,083)
<b>Total Capital Assets, Net</b>	<b>\$ 111,682</b>	<b>\$ 120,747</b>

The Authority had no capital additions or deletions in 2015.

**Debt**

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Unaudited)**

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**Economic Factors**

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

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

**Financial Contact**

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents - Unrestricted	\$ 125,055
Restricted Cash and Cash Equivalents	54,454
Receivables, Net	6,900
Prepaid Expenses	19,787
<b>Total Current Assets</b>	<b><u>206,196</u></b>

**Noncurrent Assets**

Non-depreciable Capital Assets	6,750
Depreciable Capital Assets, Net	104,932
<b>Total Noncurrent Assets</b>	<b><u>111,682</u></b>

<b>Deferred Outflows of Resources</b>	<b><u>17,559</u></b>
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<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 335,437</u></b>
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**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 400
Accrued Compensated Absences - Current	1,000
Tenant Security Deposits	370
Accrued Wages and Payroll Taxes	4,248
Intergovernmental Payable	924
<b>Total Current Liabilities</b>	<b><u>6,942</u></b>

**Noncurrent Liabilities**

Accrued Compensated Absences - Long Term	9,635
FSS Escrow	39,219
Net Pension Liability	97,936
<b>Total Noncurrent Liabilities</b>	<b><u>146,790</u></b>
<b>Total Liabilities</b>	<b><u>153,732</u></b>

<b>Deferred Inflows of Resources</b>	<b><u>1,721</u></b>
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**NET POSITION**

Net Investment in Capital Assets	111,682
Restricted	14,865
Unrestricted	53,437
<b>Total Net Position</b>	<b><u>179,984</u></b>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 335,437</u></b>
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See accompanying notes to the basic financial statement



**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b><u>Operating Revenues</u></b>	
Government Grants	\$ 1,549,131
Tenant Revenue	8,340
Other Revenue	<u>43,157</u>
<b>Total Operating Revenues</b>	<b><u>1,600,628</u></b>
 <b><u>Operating Expenses</u></b>	
Housing Assistance Payments	1,387,346
Administrative	157,593
Tenant Services	49,806
Utilities	5,266
Maintenance	10,336
General	<u>2,516</u>
<b>Total Operating Expenses Before Depreciation</b>	<b><u>1,612,863</u></b>
Income Before Depreciation	(12,235)
 Depreciation	 <u>9,065</u>
<b>Operating Income (Loss)</b>	<b><u>(21,300)</u></b>
 <b><u>Non-Operating Revenue</u></b>	
Interest Income	<u>185</u>
<b>Total Non-Operating Revenue</b>	<b><u>185</u></b>
 Change in Net Position	 (21,115)
 Total Net Position, Beginning of Year	 284,875
Prior Period Adjustment	<u>(83,776)</u>
 <b>Net Position, End of Year</b>	 <b><u>\$ 179,984</u></b>

See accompanying notes to the basic financial statements.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Federal Operating Grants	\$ 1,549,131
Cash Received From Tenants	8,340
Cash Received Other Revenue	41,837
Cash Payments for Administrative Expenses	(161,931)
Cash Payments for General Expenses	(87,246)
Cash Payments for Housing Assistance	<u>(1,387,346)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(37,215)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest and Investment Income Received	<u>185</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>185</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,030)
Cash and Cash Equivalents, Beginning of Year	<u>216,539</u>
<b>Cash and Cash Equivalents, Ending of Year</b>	<b><u>\$ 179,509</u></b>
<b><u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u></b>	
Net Operating (Loss)	\$ (21,300)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	9,065
(Increase) Decrease in:	
Accounts Receivable	(1,320)
Prepaid Expenses	(7,032)
Deferred Outflows of Resources	(5,611)
Increase (Decrease) in:	
Accounts Payable	(1,627)
Intergovernmental Payable	(2,894)
Accrued Expenses	663
Accrued Compensated Absences	(3,323)
FSS Escrow	(7,769)
Net Pension Liability	2,212
Deferred Inflows of Resources	<u>1,721</u>
<b>Net Cash (Used by) Operating Activities</b>	<b><u>\$ (37,215)</u></b>

See accompanying notes to the basic financial statements.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

**Organization and Reporting Entity**

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

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

**Basis of Presentation**

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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

**Capital Assets**

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

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

**Capitalization of Interest**

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

**Compensated Absences**

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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**NOTE 2: CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

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

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

A prior period adjustment is required in order to implement GASB Statements No. 68 and 71 as follows:

Adjustments:

Net Pension Liability (OPERS Traditional Plan)	\$ (95,724)
Deferred Outflow - Payment Subsequent to Measurement Date	<u>11,948</u>
Total Prior Period Adjustment	<u>\$ (83,776)</u>

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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NOTE 3: **DEPOSITS AND INVESTMENTS**

**Cash on Hand**

At December 31, 2015, the Authority had undeposited cash on hand (petty cash) of \$100.

At December 31, 2015, the carrying amount of the Authority's cash deposits was \$179,409 and the bank balance was \$183,754. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2015, deposits totaling \$183,754 were covered by Federal Depository Insurance.

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

**Investments**

The Authority has no investments at December 31, 2015.

**Interest Rate Risk**

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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

**Credit Risk**

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

**Custodial Credit Risk**

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

**Concentration of Credit Risk**

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

NOTE 4: **RESTRICTED CASH**

The restricted cash balance of \$54,454 on the financial statements represents the following:

FSS Escrow Funds	\$ 39,219
Unspent HUD Funding for Housing Assistance Payments	14,865
Tenant Security Deposits	<u>370</u>
Total Restricted Cash	<u>\$ 54,454</u>

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**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

A summary of capital assets at December 31, 2015 by class is as follows:

	Balance 01/01/2015	Additions	Deletions	Balance 12/31/2015
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 6,750	\$ 0	\$ 0	\$ 6,750
<b>Total Capital Assets Not Being Depreciated</b>	<u>6,750</u>	<u>0</u>	<u>0</u>	<u>6,750</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Improvements	353,190	0	0	353,190
Furniture, Equipment, and Machinery - Administrative	56,356	0	0	56,356
Leasehold Improvement	<u>52,534</u>	<u>0</u>	<u>0</u>	<u>52,534</u>
<b>Capital Assets Being Depreciated</b>	<u>462,080</u>	<u>0</u>	<u>0</u>	<u>462,080</u>
<b><u>Accumulated Depreciation</u></b>				
Buildings	(272,816)	(4,604)	0	(277,420)
Furniture & Equipment - Administration	(47,251)	(959)	0	(48,210)
Leasehold Improvement	<u>(28,016)</u>	<u>(3,502)</u>	<u>0</u>	<u>(31,518)</u>
<b>Total Accumulated Depreciation</b>	<u>(348,083)</u>	<u>(9,065)</u>	<u>0</u>	<u>(357,148)</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>113,997</u>	<u>(9,065)</u>	<u>0</u>	<u>104,932</u>
<b>Total Capital Assets ,Net</b>	<u>\$ 120,747</u>	<u>\$ (9,065)</u>	<u>\$ 0</u>	<u>\$ 111,682</u>

**NOTE 6: RESTRICTED NET POSITION**

The Authority's restricted net assets are as follows:

Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments	<u>\$ 14,865</u>
Total	<u>\$ 14,865</u>

*This space intentionally left blank.*

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)**

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

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

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (CONTINUED)**

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

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

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

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

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

	State and Local
<b>2015 Statutory Maximum Contribution Rates:</b>	
Employer	14.0%
Employee	10.0%
 <b>2015 Actual Contribution Rates:</b>	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$12,333 for 2015.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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

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

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

Proportionate Share of the Net Pension Liability	\$ 97,936
Proportion of the Net Pension Liability	0.000812%
Pension Expense	\$ 10,693

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 5,226
Authority contributions subsequent to the measurement date	<u>12,333</u>
Total Deferred Outflows of Resources	<u>\$ 17,559</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	<u>\$ 1,721</u>
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\$17,559 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2016	\$ 513
2017	513
2018	1,174
2019	<u>1,305</u>
Total	<u>\$ 3,505</u>

**CLINTON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (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, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(CONTINUED)**

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

*Actuarial Assumptions - OPERS* (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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

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

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

**CLINTON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (CONTINUED)**

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

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	\$ 180,175	\$ 97,936	\$ 28,672

NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(CONTINUED)**

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

A. **Plan Description** (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601, 1-800-222-7377, or by visiting, [www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml).

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the Authority contributed at a rate of 14.00 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employer units. Active member contributions do not fund healthcare.

OPERS maintains two cost-sharing, multiple-employer trusts, the 401(h) Healthcare Trust and the 115 Healthcare trust, that work together to provide healthcare funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2016 remained at 2.00 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of actual Authority contributions for the years ended December 31, 2015, 2014 and 2013, which were used by OPERS to fund healthcare were \$2,055, \$1,991, and \$997, respectively.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
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**(CONTINUED)**

**NOTE 9: COMPENSATED ABSENCES**

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

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

At December 31, 2015, based on the vesting method, \$10,635 was accrued by the Authority for unused vacation and sick time. All is considered to be current.

A summary of changes in the compensated absences liability follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Used</u>	<u>Ending Balance</u>	<u>Current Portion</u>
\$ 13,958	\$ 13,489	\$ 16,812	\$ 10,635	\$ 1,000

**NOTE 10: INSURANCE**

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,500	\$ 998,200 (Per Occurrence)
Boiler and Machinery	1,000	100,000,000
General Liability	0	2,000,000
Automobile Liability	0	2,000,000
Law Enforcement	0	2,000,000
Public Officials	0	2,000,000
Crime	500	500,000
Excess Liability	0	4,000,000

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

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(CONTINUED)**

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**NOTE 11: CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2015.

**NOTE 12: CONTINGENCIES**

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

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

**NOTE 13: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development. The Authority does not charge indirect costs.

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

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	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.000812%	0.000812%
Authority's Proportionate Share of the Net Pension Liability	\$ 95,724	\$ 97,936
Authority's Covered-Employee Payroll	\$ 99,567	\$ 99,654
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	96.14%	98.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

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

(1) Information prior to 2013 is not available.

**CLINTON METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**DECEMBER 31, 2015**

	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,748	123,307		125,055		125,055
113 Cash - Other Restricted	54,084			54,084		54,084
114 Cash - Tenant Security Deposits		370		370		370
<b>100 Total Cash</b>	<b>55,832</b>	<b>123,677</b>	<b>-</b>	<b>179,509</b>	<b>-</b>	<b>179,509</b>
122 Accounts Receivable - HUD Other Projects			4	4		4
124 Accounts Receivable - Other Government		4,594		4,594		4,594
128 Fraud Recovery	3,302			3,302		3,302
128.1 Allowance for Doubtful Accounts - Fraud	-1,000			-1,000		-1,000
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>2,302</b>	<b>4,594</b>	<b>4</b>	<b>6,900</b>	<b>-</b>	<b>6,900</b>
142 Prepaid Expenses and Other Assets	19,787			19,787		19,787
144 Inter Program Due From		182,113		182,113	-182,113	-
<b>150 Total Current Assets</b>	<b>77,921</b>	<b>310,384</b>	<b>4</b>	<b>388,309</b>	<b>-182,113</b>	<b>206,196</b>
161 Land		6,750		6,750		6,750
162 Buildings	333,581	19,609		353,190		353,190
164 Furniture, Equipment & Machinery - Administration	56,356			56,356		56,356
165 Leasehold Improvements		52,534		52,534		52,534
166 Accumulated Depreciation	-318,586	-38,562		-357,148		-357,148
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>71,351</b>	<b>40,331</b>	<b>-</b>	<b>111,682</b>	<b>-</b>	<b>111,682</b>
<b>180 Total Non-Current Assets</b>	<b>71,351</b>	<b>40,331</b>	<b>-</b>	<b>111,682</b>	<b>-</b>	<b>111,682</b>
200 Deferred Outflow of Resources	17,559			17,559		17,559
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>166,831</b>	<b>350,715</b>	<b>4</b>	<b>517,550</b>	<b>-182,113</b>	<b>335,437</b>
312 Accounts Payable <= 90 Days	400			400		400
321 Accrued Wage/Payroll Taxes Payable	4,248			4,248		4,248
322 Accrued Compensated Absences - Current Portion	1,000			1,000		1,000
333 Accounts Payable - Other Government		924		924		924
341 Tenant Security Deposits		370		370		370
347 Inter Program - Due To	182,109		4	182,113	-182,113	-
<b>310 Total Current Liabilities</b>	<b>187,757</b>	<b>1,294</b>	<b>4</b>	<b>189,055</b>	<b>-182,113</b>	<b>6,942</b>
353 Non-current Liabilities - Other	39,219			39,219		39,219
354 Accrued Compensated Absences - Non Current	9,635			9,635		9,635
357 Accrued Pension and OPEB Liabilities	97,936			97,936		97,936
<b>350 Total Non-Current Liabilities</b>	<b>146,790</b>	<b>-</b>	<b>-</b>	<b>146,790</b>	<b>-</b>	<b>146,790</b>
<b>300 Total Liabilities</b>	<b>334,547</b>	<b>1,294</b>	<b>4</b>	<b>335,845</b>	<b>-182,113</b>	<b>153,732</b>
400 Deferred Inflow of Resources	1,721			1,721		1,721
508.4 Net Investment in Capital Assets	71,351	40,331		111,682		111,682
511.4 Restricted Net Position	14,865			14,865		14,865
512.4 Unrestricted Net Position	-255,653	309,090		53,437		53,437
<b>513 Total Equity - Net Assets / Position</b>	<b>-169,437</b>	<b>349,421</b>	<b>-</b>	<b>179,984</b>	<b>-</b>	<b>179,984</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity Net</b>	<b>166,831</b>	<b>350,715</b>	<b>4</b>	<b>517,550</b>	<b>-182,113</b>	<b>335,437</b>

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	14,871 Housing Choice Vouchers	1 Business Activities	14,896 PIH Family Self- Sufficiency Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		8,340		8,340		8,340
<b>70500 Total Tenant Revenue</b>	-	8,340	-	8,340	-	8,340
70600 HUD PHA Operating Grants	1,499,325		49,806	1,549,131		1,549,131
71100 Investment Income - Unrestricted	185			185		185
71400 Fraud Recovery	4,300			4,300		4,300
71500 Other Revenue	34,798	4,059		38,857		38,857
<b>70000 Total Revenue</b>	1,538,608	12,399	49,806	1,600,813	-	1,600,813
91100 Administrative Salaries	69,588	2,900		72,488		72,488
91200 Auditing Fees	7,680			7,680		7,680
91500 Employee Benefit contributions - Administrative	28,795	1,338		30,133		30,133
91600 Office Expenses	29,818			29,818		29,818
91800 Travel	2,680			2,680		2,680
91900 Other	14,794			14,794		14,794
<b>91000 Total Operating - Administrative</b>	153,355	4,238	-	157,593	-	157,593
92100 Tenant Services - Salaries			30,372	30,372		30,372
92300 Employee Benefit Contributions - Tenant Services			19,434	19,434		19,434
<b>92500 Total Tenant Services</b>	-	-	49,806	49,806	-	49,806
93100 Water	253			253		253
93200 Electricity	3,981			3,981		3,981
93300 Gas	896			896		896
93600 Sewer	136			136		136
<b>93000 Total Utilities</b>	5,266	-	-	5,266	-	5,266
94200 Ordinary Maintenance and Operations - Materials and Other	1,446	481		1,927		1,927
94300 Ordinary Maintenance and Operations Contracts	6,407	2,002		8,409		8,409
<b>94000 Total Maintenance</b>	7,853	2,483	-	10,336	-	10,336
96120 Liability Insurance	2,050	450		2,500		2,500
<b>96100 Total insurance Premiums</b>	2,050	450	-	2,500	-	2,500
96200 Other General Expenses	16			16		16
<b>96000 Total Other General Expenses</b>	16	-	-	16	-	16
<b>96900 Total Operating Expenses</b>	168,540	7,171	49,806	225,517	-	225,517
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	1,370,068	5,228	-	1,375,296	-	1,375,296
97300 Housing Assistance Payments	1,386,491			1,386,491		1,386,491
97350 HAP Portability-In	855			855		855
97400 Depreciation Expense	4,909	4,156		9,065		9,065
<b>90000 Total Expenses</b>	1,560,795	11,327	49,806	1,621,928	-	1,621,928
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	-22,187	1,072	-	-21,115	-	-21,115
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-147,250	348,349		201,099		201,099
11170 Administrative Fee Equity	-184,302			-184,302		-184,302
11180 Housing Assistance Payments Equity	14,865			14,865		14,865
11190 Unit Months Available	3,516			3,516		3,516
11210 Number of Unit Months Leased	3,502			3,502		3,502

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
<b><u>Section 8 Tenant Based Programs</u></b>		
PIH Family Self-Sufficiency Program	14.896	\$ 49,806
Section 8 Housing Choice Voucher Program	14.871	<u>1,499,325</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>1,549,131</u>
<b>Total Federal Expenditures</b>		<u>\$ 1,549,131</u>

This schedule is prepared on the accrual basis of accounting.



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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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**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 of  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Clinton Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated August 23, 2016, wherein we noted that the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinton Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as item **2005-001**.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Clinton Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **2005-001**

### **Responses to Findings**

The Clinton Metropolitan Housing Authority, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Clinton Metropolitan Housing Authority, Ohio's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on them.

### ***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 Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

August 23, 2016

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Clinton Metropolitan Housing Authority, Ohio's (Housing Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Clinton Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2015. The Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio'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 Clinton Metropolitan Housing Authority, Ohio's compliance.

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

In our opinion, the Clinton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

### ***Report on Internal Control over Compliance***

Management of the Clinton Metropolitan Housing Authority, Ohio, 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 Clinton Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Clinton Metropolitan Housing Authority, Ohio'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.

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

August 23, 2016

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2015**

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

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2015(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2015(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510?	No
2015(vii)	Major Programs (list):  Section 8 Housing Choice Voucher - CFDA# 14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$750,000 Type B: all others
2015(ix)	Low Risk Auditee?	Yes

**CLINTON METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
DECEMBER 31, 2015**

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

**Finding 2015-001 - Material Weakness - Internal Controls Over Financial Reporting and Compliance Violation**

Condition/Criteria

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

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

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

Cause/Effect

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

Client Response

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

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

None.

**CLINTON METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The prior audit report, as of December 31, 2014, included management letter recommendations. The management letter recommendations have been repeated in the audit period.





# Dave Yost • Auditor of State

**CLINTON METROPOLITAN HOUSING AUTHORITY**

**CLINTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 10, 2016**