CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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

OHIO AUDITOR OF STATE
KEITH FABER

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Board Members
Clinton Metropolitan Housing Authority
478 Thorne Avenue
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, 2019 through December 31, 2019. 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.

Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2020

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CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Clinton Metropolitan Housing Authority as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

August 6, 2020

This Management's Discussion and Analysis (MD&A) for the Clinton Metropolitan Housing Authority (the Authority) 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, 2019, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority's net position increased by $20,279 during 2019. Since the Authority engages in only business-type activities, the increase is in the category of business-type net position. Net position was $119,597 at fiscal year-end 2019 and net position at fiscal year-end 2018 was $99,318.

- Revenues decreased by $115,427 (or 6.58%) during 2019.

- The total expenses of all Authority programs decreased by $59,188 (or 3.53%) during 2019.

Overview of the Authority's Financial Statements

The Basic Financial Statements included elsewhere in this report are:

Statement of Net Position
Statement of Revenues, Expenses, and Changes in Net Position, and
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 generally reports the value of assets the Authority holds at December 31, 2019, that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. In the other half of the report it generally shows the liabilities the Authority has, that is what the Authority owes others at December 31, 2019; and what Net Position (or what is commonly referred to as Equity) the Authority has at December 31, 2019. 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, Net Position is broken out into three broad categories:

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

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

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

The balance in Unrestricted Net Position is what is left over of net position after what is classified in the two previously mentioned components of net position. It reflects the value of assets available to the Authority 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 the Authority earned, that is what its revenues or incomes were, versus what expenses the 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 the 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 position 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 and deferred inflows of resources, the Authority has equaled the total assets and deferred inflows of resources the Authority has.

The Statement of Cash Flows is a report that shows how the amount of cash the 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 the 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 the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Clinton Metropolitan Housing Authority's programs include the following:

The Housing Choice Voucher program, and
Business Activities.

Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Vouchers (HCV) Program, the 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 Activities

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 the Authority's goal to promote home-ownership in this program.

Also often reflected in this Program are administrative activities from the Tenant-Based Rental Assistance Program ("TBRA"), funded by State CHIP money, flowing to the City of Wilmington and/or Clinton County, when the Authority assists the City/County 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. However, in the current period no administrative revenue from this activity was earned by the Authority.

Condensed Financial Statements

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

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

	2019	2018
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 348,904	$ 344,444
Capital Assets	85,004	93,444
Deferred Outflows of Resources	63,860	33,904
Total Assets and Deferred Outflows of Resources	$ 497,768	$ 471,792
Liabilities		
Current Liabilities	$ 9,063	$ 17,189
Long-term Liabilities	347,519	316,100
Total Liabilities	356,582	333,289
Deferred Inflows of Resources	21,589	39,185
Net Position		
Investment in Capital Assets	85,004	93,444
Restricted	110,036	70,093
Unrestricted	(75,443)	(64,219)
Total Net Position	119,597	99,318
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 497,768	$ 471,792

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

Net position increased a little over $20,000 (a little more than 20 percent). Two components of net position dropped slightly, unrestricted net position and investment in capital assets, offset by a nearly $40,000 increase in restricted net position. Restricted net position is funding provided by HUD to make rental assistance payments to clients helped by the Authority's Section 8 Housing Choice Voucher (HCV) Program. The Authority will have this carry over to provide assistance to clients in the coming periods.

Despite the increase in net position, current and other assets only increased a little more than $4,000. The biggest reason why current assets did not increase more is FSS escrow liabilities, escrows of families participating in the Authority's Family Self-Sufficiency (FSS) Program, reported as part of non-current liabilities, dropped by about $40,000. Participation in the FSS Program is available to families assisted by the HCV Program. In FSS, families establish a plan to become self-sufficient by working to improve family incomes. As family incomes increase, a portion of rental assistance paid by the Authority is placed in escrow for the families to use for training, education, or needs of the family, to enable family members to get to school or employment. Families successfully completing FSS graduate and are eligible for the escrow that has accumulated. So, the drop in FSS escrow liability reflects pay-outs during the period to families to purchase what the families needed to work toward increasing family incomes and to program graduates.

Otherwise significant changes on the Statement of Net Position were to deferred outflows of resources, net pension liability, and other postemployment liabilities (OPEB) reported as part of non-current liabilities and deferred inflows of resources balances reported in accordance with GASB 68 and GASB 75.

GASB 68 and GASB 75 are accounting standards that essentially require governments like Clinton MHA to report what is determined to be its share of the unfunded pension and health insurance liability of the pension system. The pension system is the Ohio Public Employees Retirement System (OPERS). Employees of Clinton MHA are required by state law to be members of OPERS, and Clinton MHA is required to make retirement contributions to OPERS on behalf of its employees. The net pension liability and OPEB liability reported as non-current liabilities are unlike other liabilities the Authority has, in that these liabilities do not represent invoices or debts to be paid by the Authority, but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order to OPERS to fully fund its future pension and health care obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like Clinton MHA. Reporting of the balances has a tremendous effect on unrestricted net position. Unrestricted net position at December 31, 2019, is $(75,443) and is being reduced by more than $231,000 due to the reporting of balances pursuant to GASB 68 and GASB 75.

Pension expense is the expense realized when there are changes in pension and OPEB balances reported in accordance with GASB 68 and GASB 75. Pension expense of $23,602 contributed to the reduction in unrestricted net position of a little over $11,000 this year.

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

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

	2019	2018
Revenues		
Operating Grants	$ 1,601,153	$ 1,716,480
Total Tenant Revenues	8,400	8,400
Other Revenues	28,133	28,233
Total Revenues	1,637,686	1,753,113
Expenses		
Administrative	171,697	166,472
Utilities	5,717	5,894
Maintenance	2,598	2,555
Tenant Services	50,676	50,681
General Expenses	3,467	5,055
Housing Assistance Payments	1,373,162	1,436,403
Depreciation	10,090	9,535
Total Expenses	1,617,407	1,676,595
Change in Net Postion	20,279	76,518
Beginning Net Position	99,318	22,800
Ending Net Position	$ 119,597	$ 99,318

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

Revenues and expenses both dropped. Revenues dropped more than $115,000 (or almost 7 percent) and expenses dropped by approximately $59,000 (or almost 4 percent). The changes were offsetting in that both, to a great extent, were related to rental assistance provided by the Authority's HCV Program. Funding from HUD to make rental assistance payments under the Program reported as a part of operating grants revenue dropped by almost $117,000, and rental assistance payments made by the Authority reported as HAP expense dropped almost $63,000. This drop in funding from HUD does not represent a shrinking of the Program. It is just that HUD provides funding for this purpose, in large part, based on spending for this purpose reported by the Authority throughout the period to HUD's systems. So, this is more a reflection that, as the Authority's payments of rental assistance payments dropped, HUD's funding for this purpose also dropped. The number of families provided assistance under the Program was virtually unchanged from the prior period. Since the rental assistance is based on family income and composition, a drop in the average level of assistance provided is what caused the drop in what was paid out on behalf of Program participants.

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

	2019	2018
Land	$ 6,750	$ 6,750
Buildings and Improvements	405,724	405,724
Equipment	67,433	65,783
Accumulated Depreciation	(394,903)	(384,813)
Total Capital Assets, Net	$ 85,004	$ 93,444

Capital additions in the period were equipment and software purchases.

Debt

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

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

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

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Assets		
Current Assets		
Cash and Cash Equivalents - Unrestricted	$	102,232
Restricted Cash and Cash Equivalents		172,215
Receivables, Net		55,203
Prepaid Expenses		19,254
Total Current Assets		348,904
Noncurrent Assets		
Non-depreciable Capital Assets		6,750
Depreciable Capital Assets, Net		78,254
Total Noncurrent Assets		85,004
Deferred Outflows of Resources		
Pension		57,264
OPEB		6,596
Total Deferred Outflows of Resources		63,860
Total Assets and Deferred Outflows of Resources	$	497,768
Liabilities		
Current Liabilities		
Accounts Payable	$	301
Tenant Security Deposits		370
Accrued Wages and Payroll Taxes		4,853
Intergovernmental Payable		702
Other Current Liabilities		2,837
Total Current Liabilities		9,063
Noncurrent Liabilities		
Accrued Compensated Absences - Non-Current		14,655
FSS Escrow		58,972
Net Pension Liabilities		189,799
OPEB Liabilities		84,093
Total Noncurrent Liabilities		347,519
Total Liabilities		356,582
Deferred Inflows of Resources		
Pension		14,317
OPEB		7,272
Total Deferred Inflows of Resources		21,589
Net Position		
Investment in Capital Assets		85,004
Restricted		110,036
Unresricted		(75,443)
Total Net Position		119,597
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	497,768

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Revenues	
Government Grants	$ 1,601,153
Tenant Revenue	8,400
Other Revenue	27,423
Total Operating Revenues	1,636,976
Operating Expenses	
Housing Assistance Payments	1,373,162
Administrative	171,697
Tenant Services	50,676
Utilities	5,717
Maintenance	2,598
General	3,467
Total Operating Expenses Before Depreciation	1,607,317
Income (Loss) Before Depreciation	29,659
Depreciation	10,090
Operating Income (Loss)	19,569
Non-Operating Revenue	
Interest Income	710
Total Non-Operating Revenue	710
Change in Net Position	20,279
Net Position, Beginning of Year	99,318
Net Position, End of Year	$ 119,597

See accompanying notes to the basic financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities	
Cash Received from Federal Operating Grants	$ 1,545,116
Cash Received from Tenants	8,400
Cash Received - Other Revenue	27,423
Cash Payments for Administrative Expenses	(152,763)
Cash Payments for General Expenses	(68,507)
Cash Payments for Housing Assistance	(1,412,231)
Net Cash Provided (Used) by Operating Activities	(52,562)
Cash Flows from Investing Activities	
Interest and Investment Income Received	710
Net Cash Provided by Investing Activities	710
Cash Flows from Capital and Related Activities	
Acquisition of Capital Assets	(1,650)
Net Cash Used by Capital and Related Activities	(1,650)
Net Increase (Decrease) in Cash and Cash Equivalents	(53,502)
Cash and Cash Equivalents, Beginning of Year	327,949
Cash and Cash Equivalents, End of Year	$ 274,447
Reconcilition of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ 19,569
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	10,090
(Increase) Decrease in:	
Accounts Receivable	(51,953)
Prepaid Expenses	(6,009)
Deferred Outflows of Resources	(29,956)
Increase (Decrease) in:	
Accounts Payable	(40)
Intergovernmental Payable	(73)
Accrued Expenses/Other Current Liabilities	(2,692)
Unearned Revenue	(5,321)
Accrued Compensated Absences	(666)
FSS Escrow	(39,069)
Net Pension/OPEB Liability	71,154
Deferred Inflows of Resources	(17,596)
Net Cash (Used by) Operating Activities	$ (52,562)

See accompanying notes to the basic financial statements.

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

Organization and Reporting Entity

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

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

Basis of Presentation

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

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

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

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.

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

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.

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.

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 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 7.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)

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

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

Change in Accounting Principle
During 2019, Clinton MHA implemented the following Governmental Accounting Standards Board (GASB) Statements:

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

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of Clinton MHA.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of Clinton MHA

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of Clinton MHA.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand
At December 31, 2019, the carrying amount of the Authority’s cash deposits was $274,447 (including undeposited petty cash of $100), and the bank balance was $277,466. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2019, all deposits were covered by Federal Depository Insurance.

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

Deposits (Continued)
Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of bank failure the Authority will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, none of the Authority's bank balance were uninsured.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute and HUD regulations.

Investments
The Authority has no investments at December 31, 2019.

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.

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

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

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

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $172,215 on the financial statements represents the following:

FSS Escrow Funds	$	58,972
HUD Funding to Pay HAPs Under the HCV Program		110,036
Accounts Payable - HAP Payable		2,837
Tenant Security Deposits		370
Total Restricted Cash	$	172,215

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2019 by class is as follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital Assets Not Being Depreciated				
Land	$ 6,750	$ 0	$ 0	$ 6,750
Total Capital Assets Not Being Depreciated	6,750	0	0	6,750
Capital Assets Being Depreciated				
Buildings and Improvements	353,190	0	0	353,190
Furniture, Equipment, and Machinery - Administrativ	65,783	1,650	0	67,433
Leasehold Improvements	52,534	0	0	52,534
Total Capital Assets Being Depreciated	471,507	1,650	0	473,157
Accumulated Depreciation				
Buildings	(291,232)	(4,604)	0	(295,836)
Furniture and Equipment - Admnistrative	(51,557)	(1,984)	0	(53,541)
Leasehold Improvements	(42,024)	(3,502)	0	(45,526)
Total Accumulated Depreciation	(384,813)	(10,090)	0	(394,903)
Capital Assets Being Depreciated, Net	86,694	(8,440)	0	78,254
Total Capital Assets, Net	$ 93,444	$ (8,440)	$ 0	$ 85,004

NOTE 5: **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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan 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:

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
The Authority's contractually required contributions was $14,972 for fiscal year ending December 31, 2019.

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.000787%
Proportion of the Net Pension Liability Current Measurement Date	0.000693%
Change in Proportionate Share	-0.000094%
Proportionate Share of the Net Pension Liability	$ 189,799
Pension Expense	$ 34,591

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 25,759
Differences between expected and actual experience	10
Changes of assumptions	16,523
Authority contributions subsequent to the measurement date	14,972
Total Deferred Outflows of Resources	$ 57,264
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 2,491
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11,826
Total Deferred Inflows of Resources	$ 14,317

$14,972 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending December 31:	
2020	$ 10,381
2021	3,224
2022	2,390
2023	11,980
Total	$ 27,975

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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 was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

Actuarial Information	Traditional Pension Plan
Measurement and Valuation Date	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre-1/7/2013 retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

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

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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

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

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (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 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 280,388	$ 189,799	$ 114,518

NOTE 6: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

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

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

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Net OPEB Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

The Authority's contractually required contribution was $0 for fiscal year ending December 31, 2019.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.000730%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.000645%
Change in Proportionate Share	-0.000085%
Proportionate Share of the Net OPEB Liability	$ 84,093
OPEB Expense	$ 3,983

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

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

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	3,855
Differences between expected and actual experience		29
Changes of assumptions		2,712
Total Deferred Outflows of Resources	$	6,596
Deferred Inflows of Resources		
Differences between expected and actual experience	$	228
Changes in proportion and differences between Authority contributions and proportionate share of contributions		7,044
Total Deferred Inflows of Resources	$	7,272

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending December 31:		
2020	$	(774)
2021		(2,385)
2022		540
2023		1,943
Total	$	(676)

Actuarial Assumptions - OPERS

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

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 107,586	$ 84,093	$ 65,409

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 80,831	$ 84,093	$ 87,849

NOTE 7: **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, 2019, based on the vesting method, $14,655 was accrued by the Authority for unused vacation and sick time. None is considered to be current.

NOTE 7: **COMPENSATED ABSENCES** (Continued)

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

	Beginning Balance	Additions	Used	Ending Balance	Current Portion
Compensated Absences	$ 15,321	$ 9,113	$ (9,779)	$ 14,655	$ 0
FSS Escrows	98,041	37,743	(76,812)	58,972	0
Net Pension Liability	123,465	66,334	0	189,799	0
OPEB Liability	79,273	4,820	0	84,093	0
Totals	$ 316,100	$ 118,010	$ (86,591)	$ 347,519	$ 0

NOTE 8: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's 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 forty (40) Ohio housing authorities, of which the Authority is one.

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

NOTE 9: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2019.

NOTE 10: **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 Federal 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. One such review was commenced in February 2020 by the HUD's Departmental Enforcement Center, Chicago Satellite Office. Based upon prior experience, management believes such disallowances, if any, will be immaterial to the Authority's entity-wide financial statements.

NOTE 11: SUBSEQUENT EVENTS

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

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

Traditional Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.000693%	0.000787%	0.000806%	0.000826%	0.000812%	0.000812%
Authority's Proportionate Share of the Net Pension Liability	$189,799	$123,465	$183,029	$143,074	$95,724	$97,936
Authority's Covered Payroll	$93,600	$104,023	$104,250	$102,775	$99,567	$99,654
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.78%	118.69%	175.57%	139.21%	96.14%	98.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
REQUIRED SUPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY’S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS (1)

Traditional Plan	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Contractually Required Contributions	$ 14,972	$ 13,104	$ 13,523	$ 12,510	$ 12,333	$ 11,948	$ 12,955
Contributions in Relation to the Contractually Required Contribution	(14,972)	(13,104)	(13,523)	(12,510)	(12,333)	(11,948)	(12,955)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority’s Covered Payroll	$ 106,943	$ 93,600	$ 104,023	$ 104,250	$ 102,775	$ 99,567	$ 99,654
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) - Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

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

	2019	2018	2017
Authority's Proportion of the Net OPEB			
Authority's Proportion of the Net OPEB Liability	0.000645%	0.000730%	0.000750%
Authority's Proportionate Share of the Net OPEB Liability	$ 84,093	$ 79,273	$ 75,753
Authority's Covered Payroll	$ 93,600	$ 104,023	$ 104,250
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.84%	76.21%	72.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 0	$ 0	$ 1,040	$ 2,085	$ 2,056	$ 1,991	$ 997
Contributions in Relation to the Contracatually Required Contribution	0	0	(1,040)	(2,085)	(2,056)	(1,991)	(997)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 106,943	$ 93,600	$ 104,023	$ 104,250 0	$ 102,775	$ 99,567	$ 99,654
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

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

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2019

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	-	100	102,132	102,232	-	102,232
113 Cash - Other Restricted	-	169,008	-	169,008	-	169,008
114 Cash - Tenant Security Deposits	-	-	370	370	-	370
115 Cash - Restricted for Payment of Current Liabilities	-	2,837	-	2,837	-	2,837
100 Total Cash	-	171,945	102,502	274,447	-	274,447
122 Accounts Receivable - HUD Other Projects	50,676	-	-	50,676	-	50,676
125 Accounts Receivable - Miscellaneous	-	1,277	-	1,277	-	1,277
128 Fraud Recovery	-	4,100	-	4,100	-	4,100
128.1 Allowance for Doubtful Accounts - Fraud	-	-850	-	-850	-	-850
120 Total Receivables, Net of Allowances for Doubtful Accounts	50,676	4,527	-	55,203	-	55,203
142 Prepaid Expenses and Other Assets	-	19,254	-	19,254	-	19,254
144 Inter Program Due From	-	-	245,168	245,168	-245,168	-
150 Total Current Assets	50,676	195,726	347,670	594,072	-245,168	348,904
161 Land	-	-	6,750	6,750	-	6,750
162 Buildings	-	333,581	72,143	405,724	-	405,724
164 Furniture, Equipment & Machinery - Administration	-	65,783	1,650	67,433	-	67,433
166 Accumulated Depreciation	-	-339,635	-55,268	-394,903	-	-394,903
160 Total Capital Assets, Net of Accumulated Depreciation	-	59,729	25,275	85,004	-	85,004
180 Total Non-Current Assets	-	59,729	25,275	85,004	-	85,004
200 Deferred Outflow of Resources	-	63,860	-	63,860	-	63,860
290 Total Assets and Deferred Outflow of Resources	50,676	319,315	372,945	742,936	-245,168	497,768
312 Accounts Payable <= 90 Days	-	301	-	301	-	301
321 Accrued Wage/Payroll Taxes Payable	-	4,853	-	4,853	-	4,853
333 Accounts Payable - Other Government	-	-	702	702	-	702

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2019

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
341 Tenant Security Deposits	-	-	370	370	-	370
345 Other Current Liabilities	-	2,837	-	2,837	-	2,837
347 Inter Program - Due To	50,676	194,492	-	245,168	-245,168	-
310 Total Current Liabilities	50,676	202,483	1,072	254,231	-245,168	9,063
353 Non-current Liabilities - Other	-	58,972	-	58,972	-	58,972
354 Accrued Compensated Absences - Non Current	-	14,655	-	14,655	-	14,655
357 Accrued Pension and OPEB Liabilities	-	273,892	-	273,892	-	273,892
350 Total Non-Current Liabilities	-	347,519	-	347,519	-	347,519
300 Total Liabilities	50,676	550,002	1,072	601,750	-245,168	356,582
400 Deferred Inflow of Resources	-	21,589	-	21,589	-	21,589
508.4 Net Investment in Capital Assets	-	59,729	25,275	85,004	-	85,004
511.4 Restricted Net Position	-	110,036	-	110,036	-	110,036
512.4 Unrestricted Net Position	-	-422,041	346,598	-75,443	-	-75,443
513 Total Equity - Net Assets / Position	-	-252,276	371,873	119,597	-	119,597
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	50,676	319,315	372,945	742,936	-245,168	497,768

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	-	-	8,400	8,400	-	8,400
70400 Tenant Revenue - Other	-	-	-	-	-	-
70500 Total Tenant Revenue	-	-	8,400	8,400	-	8,400
70600 HUD PHA Operating Grants	50,676	1,550,477	-	1,601,153	-	1,601,153
71100 Investment Income - Unrestricted	-	212	498	710	-	710
71400 Fraud Recovery	-	3,864	-	3,864	-	3,864
71500 Other Revenue	-	23,559	-	23,559	-	23,559
70000 Total Revenue	50,676	1,578,112	8,898	1,637,686	-	1,637,686
91100 Administrative Salaries	-	73,770	-	73,770	-	73,770
91200 Auditing Fees	-	6,580	-	6,580	-	6,580
91500 Employee Benefit contributions - Administrative	-	44,107	-	44,107	-	44,107
91600 Office Expenses	-	31,086	-	31,086	-	31,086
91700 Legal Expense	-	105	-	105	-	105
91800 Travel	-	6,313	-	6,313	-	6,313
91900 Other	-	9,736	-	9,736	-	9,736
91000 Total Operating - Administrative	-	171,697	-	171,697	-	171,697
92100 Tenant Services - Salaries	35,360	-	-	35,360	-	35,360
92300 Employee Benefit Contributions - Tenant Services	10,662	-	-	10,662	-	10,662
92400 Tenant Services - Other	4,654	-	-	4,654	-	4,654
92500 Total Tenant Services	50,676	-	-	50,676	-	50,676
93100 Water	-	255	-	255	-	255
93200 Electricity	-	4,375	-	4,375	-	4,375
93300 Gas	-	958	-	958	-	958
93600 Sewer	-	129	-	129	-	129
93000 Total Utilities	-	5,717	-	5,717	-	5,717
94300 Ordinary Maintenance and Operations Contracts	-	2,598	-	2,598	-	2,598
94000 Total Maintenance	-	2,598	-	2,598	-	2,598

CLINTON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
95000 Total Protective Services	-	-	-	-	-	-
96110 Property Insurance	-	2,433	534	2,967	-	2,967
96130 Workmen's Compensation	-	288	-	288	-	288
96100 Total insurance Premiums	-	2,721	534	3,255	-	3,255
96200 Other General Expenses	-	212	-	212	-	212
96000 Total Other General Expenses	-	212	-	212	-	212
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-
96900 Total Operating Expenses	50,676	182,945	534	234,155	-	234,155
97000 Excess of Operating Revenue over Operating Expenses	-	1,395,167	8,364	1,403,531	-	1,403,531
97300 Housing Assistance Payments	-	1,373,162	-	1,373,162	-	1,373,162
97400 Depreciation Expense	-	5,934	4,156	10,090	-	10,090
90000 Total Expenses	50,676	1,562,041	4,690	1,617,407	-	1,617,407
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	16,071	4,208	20,279	-	20,279
11030 Beginning Equity	-	-268,347	367,665	99,318	-	99,318
11170 Administrative Fee Equity	-	-362,312	-	-362,312	-	-362,312
11180 Housing Assistance Payments Equity	-	110,036	-	110,036	-	110,036
11190 Unit Months Available	-	3,556	12	3,568	-	3,568
11210 Number of Unit Months Leased	-	3,414	12	3,426	-	3,426

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Tenant Based Programs		
Family Self-Sufficiency Program	14.896	$ 50,676
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	1,550,477
Total Housing Choice Vouchers		1,550,477
Total Direct Programs		1,601,153
Total U.S. Department of Housing and Urban Development		1,601,153
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 1,601,153

See the accompanying notes to the financial statements.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Clinton Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Clinton Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Clinton Metropolitan Housing Authority.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Members of the Board	Regional Inspector General of Audit
Clinton Metropolitan Housing Authority	Department of Housing and Urban
Wilmington, Ohio	Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 6, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2019-001**.

Compliance and Other Matters

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

Authority's Response to Findings

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

August 6, 2020

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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
Clinton Metropolitan Housing Authority
Wilmington, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Clinton Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Clinton Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

August 6, 2020

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

2019(i)	Type of Financial Statement Opinion	Unmodified
2019(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2019(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2019(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2019(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2019(iv)	Were there any significant deficiencies in internal control reported for major federal programs	No
2019(v)	Type of Major Programs' Compliance Opinion	Unmodified
2019(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2019(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2019(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: All Others
2019(ix)	Low Risk Auditee?	Yes

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

Finding 2019-001: Significant Deficiency in Internal Control – Meetings of the Governing Body and Internal Controls

Condition/Criteria
During our audit, we noted the Authority's Board did not meet in the period and have not met subsequent to the audit period through the completion of fieldwork in July 2020. In addition, due to the loss of a key staff member in recent years, there has been a lack of oversight and approval of payroll transactions and bank reconciliations. A proper system of internal control would ensure the Authority's Board meets regularly for the purpose of carrying out its role to be the governing body of the Authority, and would ensure controls are in place over significant transaction cycles.

Cause/Effect
This deficiency resulted in the Authority not formally being provided direction by the governing body, and in payroll transactions and bank reconciliations not being reviewed and approved.

Recommendation
We recommend that the Authority's Board meet regularly for the purpose of carrying out its role to be the governing body of the Authority. We also recommend the Authority implement controls over the payroll disbursement and bank reconciliation processes to ensure review and approval of transactions.

Client Response
The Authority will comply with this recommendation.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CLINTON METROPOLITAN HOUSING AUTHORITY
CLINTON COUNTY, OHIO
SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2019

The prior issued audit report, as of December 31, 2018, included a significant deficiency in internal control.

Number	Finding Summary	Status	Additional Information
2018-001	Timely Financial Reporting to the U.S. Department of Housing and Urban Development	Corrected.	None.

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

CLINTON METROPOLITAN HOUSING AUTHORITY

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/1/2020

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