OHIO AUDITOR OF STATE
KEITH FABER

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY
SEPTEMBER 30, 2021

TABLE OF CONTENTS

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY
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TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Clermont Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Clermont Metropolitan Housing Authority, Clermont County, Ohio (the Authority), as of and for the year ended September 30, 2021, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our qualified audit opinion.

Basis for Qualified Opinion

The Authority did not provide sufficient evidence supporting the completeness and accuracy of the *Statement of Cash Flows* as of and for the year ended September 30, 2021.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

As discussed in Note 18 to the financial statements, the 2021 financial statements have been restated to correct misstatements. These restatements do not affect our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. As stated in Note 18 to the financial statements, the Financial Data Schedules have been restated to correct misstatements. These restatements did not affect our opinion on these Schedules.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2023, except for Note 18 which is dated March 16, 2023

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Throughout this document, references to "we", "our", "Authority" or "us" refer to the Clermont Metropolitan Housing Authority.

Management's Discussion and Analysis

The Clermont Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis is designed to (**a**) assist the reader in focusing on significant financial issues, (**b**) provide an overview of the Authority's financial activity, (**c**) identify changes in the Authority's financial position and (**d**) identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

• The Authority's total assets were $12,997,215 and $13,922,848 for 2021 and 2020, respectively. The Authority-wide statements reflect a decrease in total assets of $925,633 during 2021.

• Revenues increased by $327,192 over 2020, primarily related to Cares Funding, and were $8,617,865 and $8,290,673 for 2021 and 2020, respectively.

• Total expenses of all Authority programs decreased by $359,624. Total expenses were $8,123,857 and $8,483,481 for 2021 and 2020, respectively.

Using This Annual Report

The report includes three major sections: The Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

MD&A
- Management Discussion and Analysis

Basic Financial Statements
Authority-wide Financial Statements
Notes to Financial Statements

Other Required Supplementary Information
Required Supplementary Information (Other than MD&A)

The primary focus of the Authority's financial statements is on the Authority as a whole (Authority-wide). This allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pages 13-16) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These statements include a **Statement of Net Position**, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflows of resources, minus liabilities and deferred inflows of resources, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

Fund Financial Statements

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

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

Authority's Programs

Conventional Public Housing - Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Program - The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

Housing Choice Voucher Program - under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participant's rent at 30 percent of household income.

Rental Assistance Demonstration (RAD) - The Rental Assistance Program was created to give public housing authorities a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households. Residents continue to pay 30 percent of their income towards the rent, and they maintain the same basic rights as they possess in the public housing program. In fiscal year-end 2017, the Authority created the component unit, Birney Lane 52, to own 26 former Public Housing Program units converted under RAD.

Non-HUD/Business Activities Programs - This area encompasses property acquisition, development, and management activities of non-federal Business-Type Activities similar to those found in its private sector counterparts. The Authority formed this program in 2014 to begin developing a non-federal affordable housing portfolio aimed to increase housing opportunities for low-income families in its jurisdiction.

In addition, in 2016 the Authority furthered this initiative with the formation of an Authority owned 501 (c) (3) instrumentality. The Clermont Housing Corporation (CHC) was incorporated under the direction of the Clermont Metropolitan Housing Authority Board of Directors as of February 19, 2016. CHC intends to provide affordable housing, supportive programs, and other benefits for low- and moderate- income people. CHC proposes to create affordable housing opportunities through development, ownership, rental and/or sales of housing. CHC may begin to seek grants and other funds to further its goal of developing, owning and/or managing housing units, with a focus on decent, safe and sanitary dwellings for low- and moderate-income persons. CHC, which currently owns and operates 115 affordable housing units in the jurisdiction, envisions developing rental units through a variety of public and private financing sources. CHC is reported as a component unit of the Authority.

Authority Statements

Statement of Net Position

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

	2021	2020
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 2,475,756	$ 2,613,128
Capital Assets	10,426,162	11,274,401
Other Assets	95,297	35,319
Total Assets	12,997,215	13,922,848
Deferred Outflows of Resources	224,101	330,411
Total Assets and Deferred Outflows of Resources	$ 13,221,316	$ 14,253,259
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 951,524	$ 1,450,806
Non-Current Liabilities	4,784,382	6,277,544
Total Liabilities	5,735,906	7,728,350
Deferred Inflows of Resources	643,880	333,167
Net Position		
Net Investment in Capital Assets	6,169,572	6,490,130
Restricted	778,871	692,576
Unrestricted	(106,913)	(990,964)
Total Net Position	6,841,530	6,191,742
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 13,221,316	$ 14,253,259

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

Major Factors Affecting the Statement of Net Position

The decrease in current assets of $137,372 was primarily in Receivables. Capital Assets dropped by $848,239 which is related to the sale of two properties and the depreciation expense of $557,175.

Other notable changes on the statement were to current liabilities and restricted net position. Liabilities decreased by $499,282. This is related to the Unearned Revenue from the Cares Funding that was received in the prior year, being reduced as the funds were expended as well as two mortgages being paid off in the current year.

Change of Restricted and Unrestricted Net Position

Table 2 presents details of the change in Net Position.

Table 2 - Change of Net Position

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - September 30, 2020 (Restated)	$ (990,964)	$ 692,576	$ 6,490,130
Prior Period Adjustment (See Note 17)	$ 155,780		
Results of Operations	494,008	-	-
Current Year Depreciation Expenses (1)	557,175	-	(557,175)
Capital Expenditures (2)	291,064	-	(291,064)
New Debt in Period (2)	-	-	-
Debt Retired (2)	(527,681)	-	527,681
Change in Restricted Net Position	(86,295)	86,295	-
Ending Balance - September 30, 2021	$ (106,913)	$ 778,871	$ 6,169,572

(1) Depreciation and Gain on Disposition are treated as expense and revenue and reduce the Results of Operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures and changes in debt represent changes in unrestricted net position, but are not reflected in Results of Operations and, therefore, are presented as adjustments in this table.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2021	2020
Revenues		
Total Tenant Revenues	$ 1,253,973	$ 1,270,986
Operating Subsidies	6,830,021	6,685,986
Capital Grants	213,628	219,808
Investment Income	523	2,557
Other Revenues	319,720	111,336
Total Revenues	8,617,865	8,290,673
Expenses		
Administrative and Tenant Services	947,665	1,580,219
Utilities	240,114	227,681
Maintenance	861,643	618,211
Interest and General Expenses	551,340	535,181
Housing Assistance Payments	4,965,920	4,977,319
Depreciation	557,175	544,870
Total Expenses	8,123,857	8,483,481
Change in Net Position	494,008	(192,808)
Net Position - Beginning of Year (Restated)	6,347,522	6,384,550
Net Position - End of Year	$ 6,841,530	$ 6,191,742

Note: 2021 Beginning of Year Net Position was restated – see Note 17

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

Overall revenues increased mainly due to Cares Funding received as seen in the $144,035 increase in Operating Subsidies. The tenant revenue decreased by almost $20,000, which is minimal but related primarily due to Covid-19. The Capital Grant revenue is similar to the prior year. HUD provides Capital Grant Funding annually on a formula basis. It is the primary source of funding of capital improvements for units in the Public Housing program. Housing Authorities typically have up to 4 years to expend Capital Grant funding provided in any year. Often funds are accumulated as projects are being planned or until enough has accumulated to pay for needed improvements. Other Revenues are up significantly by over $200,000 due to the sale of two of the properties.

Expenses decreased by just a little more than a total of $350,000. This is primarily related to the Authority spending the Cares money needed to be spent prior to December 31, 2020 during fiscal year 2020. This date has since been extended twice and the current deadline is December 31, 2021.

CAPITAL ASSETS

As of year-end, the Authority had $10,426,162 invested in a variety of capital assets as reflected in the following schedule, which represents a net reduction of $848,239 (current additions less current dispositions and depreciation).

Table 4 - Condensed Statement of Changes in Captial Assets

	2021	2020
Land	$ 2,645,214	$ 2,665,424
Buildings & Improvements	21,386,049	21,712,087
Equipment - Administrative	378,022	422,971
Equipment - Dwelling	280,841	280,639
Accumulated Depreciation	(14,263,964)	(13,806,720)
Total	$ 10,426,162	$ 11,274,401

The following reconciliation summarizes the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - September 30, 2020	$ 11,274,401
Current Year Additions	50,767
Current Year Dispositions	(341,831)
Non Capital Inventory	-
Non Capital Inventory Contra	-
Current Year Depreciation	(557,175)
Ending Balance - September 30, 2021	$ 10,426,162

For more information on capital assets, see Note 5 to the basic financial statements.

DEBT

The following reconciliation summarizes the change in Debt related to Clermont Housing Corporation and Birney Lane 52. For further information regarding the Authority's long-term obligations, refer to Note 9 to the basic financial statements.

Table 6 - Changes in Debt

Beginning Balance - September 30, 2020	$	4,784,272
New Debt in Period		-
Debt Retirement in Period		(527,681)
Ending Balance - September 30, 2021	$	4,256,591

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wages rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs
- The pandemic has affected every aspect related to the operations of the agency

FINANCIAL CONTACT

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

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF NET POSITION-PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents	$ 1,425,069
Restricted Cash and Cash Equivalents	865,735
Receivables, net	172,327
Prepaid Expeneses	12,625
Total Current Assets	2,475,756
Non-Current Assets	
Capital Assets	
Non-Depreciable Capital Assets	2,645,214
Depreciable Capital Assets, net	7,780,948
Total Capital Assets	10,426,162
Net OPEB Asset	95,297
Total Non-Current Assets	10,521,459
Total Assets	12,997,215
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	177,034
Deferred Outflows of Resources - OPEB	47,067
Total Deferred Outflow of Resources	224,101
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 13,221,316

See accompanying notes to the financial statements

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CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF NET POSITION-PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 89,090
Accrued Liabilities	294,905
Unearned Revenue (CARES)	154,785
Tenants' Security Deposits	148,155
Lont-Term Debt - Current Portion	264,589
Total Current Liabilities	951,524
Non-Current Liabilities	
Accrued Compensated Absences, Non-Current	20,003
Long-Term Debt, Net of Current	3,992,002
Net Pension Liability	772,377
Total Non-Current Liabilities	4,784,382
Total Liabilities	5,735,906
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	333,594
Deferred Inflows of Resources - OPEB	310,286
Total Deferred Inflows of Resources	643,880
Net Position	
Net Investment in Capital Assets	6,169,572
Restricted	778,871
Unrestricted	(106,913)
Total Net Position	6,841,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 13,221,316

See accompanying notes to the financial statements

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Operating Revenues	
Tenant Revenue	$ 1,253,973
Governmental Revenue	6,830,021
Other Revenue	121,807
Total Operating Revenues	8,205,801
Operating Expenses	
Administrative	803,744
Tenant Services	143,921
Utilities	240,114
Maintenance	861,643
General Expenses	323,026
Housing Assistance Payments	4,965,920
Depreciation	557,175
Total Operating Expenses	7,895,543
Operating Income/(Loss)	310,258
Non-Operating Revenues (Expenses)	
Capital Grant Revenue	213,628
Gain on Sale of Assets	197,913
Interest and investment Revenue	523
Interest Expense	(228,314)
Total Non-Operating Revenues (Expenses)	183,750
Change in Net Position	494,008
Net Position - Beginning of Year (Restated)	6,347,522
Total Net Position - End of Year	$ 6,841,530

See accompanying notes to the financial statements

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS -PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities		
Operating Grants Received	$	6,421,789
Tenant Revenue Received		1,235,973
Other Revenue		319,720
Unearned Government Grant		154,785
Administrative Expenses		(1,237,926)
Other Operating Expenses		(1,528,576)
Housing Assistance Payments		(4,965,920)
Net Cash Provided by Operating Activities		399,845
Cash Flows from Investing Activities		
Interest Earned		4,082
Net Cash Provided from Investing Activities		4,082
Cash Flows from Capital and Related Financing Activites		
Capital Grants Received		213,628
Retirement of Debt		(385,452)
Interest Paid on Debt		(231,873)
Acquisition of Capital Assets		(18,455)
Net Cash Provided by (Used By) Capital and Related Fianancing Activities		(422,152)
Net Increase in Cash		(18,225)
Cash and Cash Equivalents - Beginning of Year		2,309,029
Cash and Cash Equivalents - End of Year	**$**	**2,290,804**
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income (Loss)	$	(302,277)
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation		557,175
(Increase) Decrease in Accounts Receivable		(31,221)
(Increase) Decrease in Prepaid and Other Assets		(3,994)
(Increase) Decrease in Deferred Outflows		-
Increase (Decrease) in Accounts Payable		(41,459)
Increase (Decrease) in Accounts Payable - Other Governmental		8,055
Increase (Decrease) in Compensated Absences Payable		-
Increase (Decrease) in Accrued and Other Current Liabilities		306,042
Increase (Decrease) in Unearned Revenue		(520,214)
Increase (Decrease) in Tenant Security Deposits		9,668
Increase (Decrease) in Net Pension Liability		-
Increase (Decrease) in OPEB Liability		-
Increase (Decrease) in Deferred Inflows		-
Net Cash Provided by Operating Activities	**$**	**(18,225)**

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

Summary of Significant Accounting Policies

The financial statements of the Clermont Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Clermont Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, *the Financial Reporting Entity*, (as amended by GASB Statement No. 61) in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

Basis of Presentation

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

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Description of Programs

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

Public Housing Program

The public housing program is designed to provide low-cost housing within Clermont County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

Housing Choice Voucher Program

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

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

Non-HUD/Business Activities Programs

This area encompasses property acquisition, development, and management activities of non-federal *Business-Type Activities* similar to those found in private sector counterparts. The Authority formed this program in 2014 to begin developing a non-federal affordable housing portfolio aimed to increase housing opportunities for low-income families in its jurisdiction. This program acquired and operates three single family properties.

Blended Component Unit – Birney Lane 52, LLC

The Rental Assistance Program was created in order to give public housing authorities a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households. Residents continue to pay 30 percent of their income towards the rent, and they maintain the same basic rights as they possess in the public housing program. The Blended Component Unit, Birney Lane 52, LLC, was created to own the RAD project.

Blended Component Unit – Clermont Housing Corporation

The Clermont Housing Corporation (CHC) was incorporated under the direction of the Clermont Metropolitan Housing Authority Board of Directors as of February 19, 2016. CHC intends to provide affordable housing, supportive programs, and other benefits for low- and moderate- income people. CHC proposes to create affordable housing opportunities through development, ownership, rental and/or sales of housing. CHC may begin to seek grants and other funds to further its goal of developing, owning and/or managing housing units, with a focus on decent, safe, and sanitary dwellings for low- and moderate- income persons. CHC, which currently owns and operates 115 affordable housing units in the jurisdiction, envisions developing rental units through a variety of public and private financing sources.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2021, totaled $523.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and non-negotiable Certificates of Deposits regardless of original maturities.

Compensated Absences

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

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

In the proprietary funds, the compensated absences are expensed when earned with the amount reported as a fund liability.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board of Commissioners adopts the budget through passage of a budget resolution.

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

Accounting and Reporting for Non-Exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000, as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses, and Changes in Net Position.

Estimates

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Change in Accounting Principle

For fiscal year 2021, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities government should include when disclosing information related to debt. These changes were incorporated in the Authority's 2021 financial statements; however, there was no effect on beginning net position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

State statutes classify monies held by the Authority into three categories.
1. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year-end September 30, 2021, the carrying amount of the Authority's deposits totaled $2,290,804. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2021, the Authority's total bank balance was $2,359,072. Of this balance $1,480,028 was exposed to custodial risk as discussed below, while $879,044 was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Authority's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC). As well as qualified securities pledged by the institution holding the assets, Ohio law requires that deposits either be insured or protected by:

1. Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial

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

institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Authority's financial institutions had enrolled in OPCS as of November 30, 2018.

Investments

The Authority had no investments on September 30, 2021.

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

Restricted cash balance as of September 30, 2021, of $865,735 cash on hand for the following:

Proceeds from sale of PH scattered sites plus interest earned	$	145,585
Tenant Security Deposits		152,750
RAD Agreement Repayments		93,838
Birney Lane 52 Replacement Reserve		226,172
HCV		92,605
Unspent HCV Cares Funding		154,785
Total Restricted Cash	$	865,735

NOTE 4: **RISK MANAGEMENT**

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductible and coverage limits are summarized below:

Type of Coverage	Deductible		Coverage Limits	
Property	$	1,500	$	250,000,000
Automobile Physical Damage		500	(Per Occurance)	
Boiler and Machinery		1,000		100,000,000
Liability				
General		-		2,000,000
Automobile		-	included	
Public Officials		-	included	
Law Enforcement		-	included	
Professional Liability	$	5,000	$	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 5: **CAPITAL ASSETS**

	Balance 9/30/2020	Additions	Dispositons	Balance 9/30/2021
Capital Assets Not Being Depreciated				
Land	$ 2,665,424	$ -	$ (20,210)	$ 2,645,214
Total Capital Assets Not Being Depreciated	2,665,424	-	(20,210)	2,645,214
Capital Assets Being Depreciated				
Buildings and Improvements	21,306,111	-	(344,786)	20,961,325
Furniture, Equipment, and Machinery	703,610	32,606	(77,353)	658,863
Leasehold Improvements	405,976	18,748	-	424,724
Total Capital Assets Being Depreciated	22,415,697	51,354	(422,139)	22,044,912
Accumulated Depreciation				
Buildings and Improvements	(13,188,880)	(490,335)	24,441	(13,654,773)
Furniture, Equipment, and Machinery	(570,955)	(61,065)	76,077	(555,943)
Leasehold Improvements	(46,885)	(6,363)		(53,248)
Total Acccumulated Decpreciation	(13,806,720)	(557,763)	100,518	(14,263,964)
Depreciable Capital Assets, net	8,608,977	(506,409)	(321,621)	7,780,948
Total Capital Assets	$ 11,274,401	$ (506,409)	$ (341,831)	$ 10,426,162

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from

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

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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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' ACFR referenced above for additional information):

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

Group A Eligibile 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 Age and Service Requirements	**State and Local** Age and Service Requirements	**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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 62 with 5 years of service credit or Age 57 with 25 years of service credit
Traditional Plan Formula: 2.2% of FAS multipied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multipied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multipied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1 % of FAS multiplied by years of service for the first 30 years and 1.25% for services years in excess of 30	**Combined Plan Formula:** 1 % of FAS multiplied by years of service for the first 30 years and 1.25% for services years in excess of 30	**Combined Plan Formula:** 1 % of FAS multiplied by years of service for the first 35 years and 1.25% for services 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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14%
Employee*	10%
2020 Actual Contributions Rates	
Employer	
Pension **	14%
Post-Employment Health Care Benefits**	0%
Total Employer	14%
Employee	10%

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

** These pension and eomployer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% 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 $116,919 for fiscal year ending September 30, 2021.

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

The net pension liability/(asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement date	0.004900%	0.016940%	
Proportion of the Net Pension Liability/Asset Current measurement Date	0.005216%	0.000000%	
Change in Proportionate Share	0.000316%	-0.016940%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 772,376	$ -	$ 772,376
Pension Expense	$ 17,659	$ 4,124	$ 21,783

On September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ -	$ -	$ -
Differences between expected and actual expense	-	-	-
Changes of assumptions	-	-	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	60,637	30,607	91,244
Authority contributions subsequent to the measurement date	85,790	-	85,790
Total Deferred Outflows of Resources	$ 146,427	$ 30,607	$ 177,034
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 32,309	$ -	$ 32,309
Changes of assumptions	301,050	-	301,050
Net Difference between projected and actual earnings on pension plan investments			
Changes in proportion and differences between Authority contributions and proportionate share of contributions		235	$ 235
Total Deferred Inflows of Resources	$ 333,359	$ 235	$ 333,594

$85,790 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 September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

Year Ending September 30:	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
2022	(81,099)	4,124	$ (76,975)
2023	(27,845)	4,124	$ (23,721)
2024	(122,718)	4,124	$ (118,594)
2025	(41,059)	4,147	$ (36,912)
2026	-	4,181	$ 4,181
Thereafter	-	9,672	$ 9,672
Total	$ (272,721)	$ 30,372	$ (242,349)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation COLA or Ad Hoc
COLA	

Pre 1/7/2013 retirees; 3 percent, simple.
Post 1/7/2013 retirees; 3 percent, simple through 2021, then 2.15 percent simple.

Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP- 2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. 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.

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

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

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

OPERS manages investments in three investment portfolios: The Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, 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 5.43 percent for 2020.

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 2020 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	25%	1.32%
Domestic Equities	21%	5.64%
Real Estate	10%	5.39%
Private Equity	12%	10.42%
International Equities	23%	7.36%
Other Investments	9%	4.75%
Total	100%	5.43%

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.

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

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

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:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Traditional Pension Plan	$ 1,473,311	$ 772,385	$ 189,549

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/asset 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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability/asset* 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.

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

Net OPEB Liability/Asset

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' ACFR 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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 2020. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2021, 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 2021 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 $6,081 for fiscal year ending September 30, 2021.

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

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

The net OPEB liability/asset and total OPEB liability were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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	0.005553%
Proportion of the Net OPEB Liability	
Current Measurement Date	0.005349%
Change in Proportionate Share	-0.000204%
Proportionate Share of the Net OPEB Liability/(Asset)	$ (95,266)
OPEB Expense	$ (576,723)

On September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ -
Differences between expected and actual expense	-
Changes of assumptions	46,849
Changes in proportion and differences between Authority contributions and proportionate share of contributions	218
Authority contributions subsequent to the measurement date	-
Total Deferred Outflows of Resources	47,067
Deferred Inflows of Resources	
Differences between expected and actual experience	86,005
Changes of assumptions	50,756
Net difference between projected and actual earnings on OPEB plan investments	$ 154,409
Changes in proportion and differences between Authority contributions and proportionate share of contributions	19,116
Total Deferred Inflows of Resources	$ 310,286

$0 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30:	OPERS
2022	$ 127,560
2023	88,724
2024	22,057
2025	5,981
2026	-
Thereafter	-
Total	$ 244,321

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,

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

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, 2019, rolled forward to the measurement date of December 31, 2020. 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:

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	6.00 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.5 percent, initial 3.5 percent, ultimate in 2035
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 the above-described tables.

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. 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 the year 2021, the duration of the projection period through which projected health care payments are fully funded.

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

Actuarial Assumptions - OPERS (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rates of return are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocations as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34%	1.07%
Domestic Equities	25%	5.64%
Real Estate Investment Trust	7%	6.48%
International Equities	25%	7.36%
Other Investments	9%	4.02%
Total	100%	4.43%

Actuarial Assumptions - OPERS

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability/asset calculated using the single discount rate of 6.00% 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB liability/(asset)	$ (23,696)	$ (95,266)	$ (154,158)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset 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/asset calculated using the assumed trend rates, and the expected net OPEB

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

liability/asset 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 2021 is 8.5 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 3.50 percent in the most recent valuation.

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB liability/(asset)	$ (97,619)	$ (95,266)	$ (92,698)

NOTE 8: **SUMMARY OF CHANGES IN LONG-TERM LIABILITIES**

The following summarizes changes in long-term liabilities for the period ended September 30, 2021:

Description	Balance at 9/30/2020	Additions	Deductions	Balance at 9/30/2021	Amounts Due in One Year
Loan Payable	$ 4,784,272	$ -	$ (527,681)	$ 4,256,591	$ 264,589
Net Pension Liability	968,518	-	(196,142)	772,376	-
Compensated Absences	119,557	-	(11,953)	107,604	87,600
Total	**$ 5,872,347**	**$ -**	**$ (735,776)**	**$ 5,136,571**	**$ 352,189**

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NOTE 9: **LONG-TERM DEBT**

As of September 30, 2021, the Authority's long-term debt is as follows:

Description	Balance 9/30/2021
Promissory note to Park National Bank which matures in March 2030. Proceeds were used to acquire property at 250 Spring Street, Batavia, Ohio. The date of the loan was March 31, 2015, in the amount of $125,000. The rate on the loan is 2 percent above being paid by the bank on a Certificate of Deposit that secures the debt was initially 2.3 percent. The debt agreement calls for monthly installments of $822.02.	$ 76,409
Promissory note to Park National Bank which matures in July 2032. Proceeds were used to acquire property at Starling Street. The date of the loan was July 31, 2017, for the amount of $512,000. The rate on the loan for the first 5 years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $3,960.61.	$ 402,765
Promissory note to Park National Bank which matures in July 2032. Proceeds were used to acquire property at West Main Street. The date of the loan was July 31, 2017, for the amount of $95,000. The rate on the loan for the first 5 years is 4.6 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.5 percentage points. The debt agreements call for monthly payments in the amount of $734.88.	$ 74,733

Schedule continued next page.

Description	Balance 9/30/2021
Promissory note to Park National Bank which matures in September 2032. Proceeds were used to acquire property at Rich Street, Bethel, Ohio. The date of the loan was September 29, 2017, in the amount of $10,000. The rate on the loan for the first 5 years is 4.58 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $77.25.	$ 7,954
Promissory note to Park National Bank which matures in January 2038. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio. The date of the loan was January 12, 2018, in the amount of $1,875,000. The rate on the loan for the first 5 years is 4.99 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $12,437.84.	$ 1,655,703
Promissory note to Park National Bank which matures in January 2038. Proceeds were used to acquire property at Highview Drive, Milford, Ohio. The date of the loan was January 12, 2018, in the amount of $1,275,000. The rate on the loan for the first 5 years is 4.99 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $8,457.73.	$ 1,125,878
Promissory note to Park National Bank which matures in January 2028. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio, and Highview Drive, Milford, Ohio. The date of the loan was January 12, 2018, in the amount of $210,000. The initial rate on the loan is 2.40 percent and is based on the interest rate paid plus 2 percent by the Bank on a Certificate of Deposit that secures the debt. The current rate is 2.75%. The debt agreements call for monthly payments in the amount of $1,962.64.	$ 139,019

Schedule continued next page.

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

Description	Balance 9/30/2021
Promissory note to MCD Apartments, LLC, which matures in December 2027, with a balloon payment due. Proceeds were used to acquire property at Old State Route 74, Batavia, Ohio, and the note is subordinated to the first mortgages given to Park National Bank on the same property. The date of the loan was January 12, 2018, in the amount of $500,000. The fixed rate on the loan is 4.99 percent and monthly payments are based on a 30-year amortization. The debt agreements call for monthly payments in the amount of $5,300.83.	$ 348,654
Promissory note to MCD Apartments, LLC, which matures in December 2027, with a balloon payment due. Proceeds were used to acquire property at Highview Drive, Milford, Ohio, and the note is subordinated to the first mortgages given to Park National Bank on the same property. The date of the loan was January 12, 2018, in the amount of $340,000. The fixed rate on the loan is 4.99 percent and monthly payments are based on a 30-year amortization. The debt agreement calls for monthly payments in the amount of $3,604.56.	$ 236,459
Promissory note to Park National Bank, which matures in June 2038. Proceeds were used to acquire properties at 226 Spring Street, Batavia, Ohio. The date of the loan was June 5, 2018, in the amount of $208,000. The rate on the loan for the five 5 years is 5.51 percent and thereafter based on the Federal Home Loan Bank of Cincinnati, Long Term Fixed Rate Advance One Year, plus a margin of 2.50 percentage points. The debt agreements call for monthly payments in the amount of $1,441.52.	$ 189,017
Total	**$ 4,256,591**

Debt maturities for the period after September 30, 2021, are estimated as follows:

Year Ended September 30	Principal	Interest	Total
2022	$ 264,589	$ 201,001	$ 465,590
2023	276,936	188,663	465,599
2024	289,756	175,843	465,599
2025	304,097	161,502	465,599
2026	318,708	146,891	465,599
2027-2031	1,294,424	531,352	1,825,776
2032-2036	1,145,330	239,102	1,384,432
2037-2038	362,751	13,183	375,934
Total	$ 4,256,591	$ 1,657,537	$ 5,914,128

NOTE 10: **COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2021, the accrual for compensated absences (including sick leave) totaled $107,604.

NOTE 11: **LOAN BETWEEN CLERMONT MHA AND THE COMPONENT UNIT**

Related to the activities of the RAD conversion, the Authority loaned Birney Lane 52, LLC (the component unit) $416,452. The rate on the loan is 1 percent and repayment of principal and interest is based on cash flows generated by the project. The full unpaid portion of the note is due on the maturity date, December 31, 2046. The note is secured by real property conveyed to the Component Unit upon conversion. The balance outstanding on September 30, 2021, is $343,486. Repayment of principal and interest cannot be projected because repayment is determined by future cash flows to be realized. These intercompany balances are eliminated from the consolidated financial statements.

NOTE 12: **RESTRICTED NET POSITION**

A summary of restricted net position on September 30, 2021, is as follows:

Cash on hand that represents proceeds from the sale of PHA scattered sites plus interest	$	145,585
Intercompany Note Receivable to Repay PH disposition Funds from Non-Federal S	$	220,671
Birney Lane 52 Replacement Reserve		226,172
Unspent HCV Program HAP Funding		92,605
Business Activities RAD Payments		93,838
Total Restricted Net Position	**$**	**778,871**

NOTE 13: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority on September 30, 2021.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigations and claims. On September 30, 2021, the PHA was not aware of any such matters.

Inspector General Audit/HUD Review

During a prior audit period a suspected theft of Agency funds by an employee was discovered. State and Federal authorities began an investigation and HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio commenced a review of the case. The results of the review are still pending and will be reported separately to the Authority at a later

NOTE 13: **CONTINGENCIES (continued)**

date in a report to be issued by HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio. The effect of the suspected theft on the Agency's financial position is unknown. The Agency maintains fidelity coverage to protect it from loss related to employee theft.

NOTE 14: **LOW RENT PUBLIC HOUSING DISPOSITION FUNDS (LRPH) REPAYMENT AGREEMENT**

In September 2014, the Authority executed a Repayment Agreement with the U.S. Department of Housing and Urban Development to reimburse its LRPH Disposition Funds from non-federal funds in the amount of $367,787. A summary of changes in this inter-program balances in the period is below:

Balance at September 30, 2020	$ 275,841
Payment made in Period	(36,780)
Balance at September 30, 2021	$ 239,061

NOTE 15: **CONDENSED FINANCIAL STATEMENT INFORMATION – COMPONENT UNITS**

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

	Birney Lane 52	Clermont Housing Corporation
Balance Sheet		
Current Assets	$ 372,392	$ 100,141
Capital Assets, net	377,615	5,086,470
Non-Current Assets and Deferred Outflows	18,525	1,917
Current Liabilities	(15,174)	(600,637)
Non-Current Liabilities and Deferred Inflows	(426,187)	(4,000,499)
Net Position	$ 327,171	$ 587,392
Revenues, Expenses, and changes in Net Position		
Total Revenues	$ 229,871	$ 1,061,050
Total Expenses	(226,423)	(900,010)
Other Financing Sources/Uses	(13,498)	(171,377)
Excess Revenue over Expenses	(10,050)	(10,337)
Beginning Net Position	337,221	597,729
Ending Net Position	$ 327,171	$ 587,392

NOTE 16: **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 continuing emergency measures may impact subsequent periods of Clermont MHA. The investments of the pension and other postemployment benefit plan in which Clermont 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 Clermont MHA's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Due to the ongoing HUD investigation, in anticipation of a formal repayment agreement, related to questioned costs reported in a prior audit Schedule of Findings, the Clermont Metropolitan Housing Authority has begun repayment. The balance of $464,554 was paid in full as of January 19, 2022.

Clermont Metropolitan Housing Authority received $471,474, as part of class action lawsuit in June of 2022. These funds were for the benefit of the Public Housing program, related to the HUD clawback of HUD held reserves in 2012. These funds were deposited into the Business Activities operating account since the lawsuit designated them as unrestricted (non-federal) funds. Upon receipt of these funds, the Authority paid off the Low Rent Public Housing Disposition Funds (LRPH) Agreement as detailed in Note 14. Clermont Housing Corporation, component unit of Clermont Housing Authority, sold properties held to pay off the related debts outstanding as described in Note 9. As of the issuance date, on the debt held in amounts of $1,125,878, as September 30, 2021 still remains outstanding.

NOTE 17**: RESTATEMENT NOTE**

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	1 Business Activities	14.871 Housing Choice Voucher	Total Effect on Statements
Ending Balance per Prior Audited Report for Fiscal Year ending September 30, 2020	$ 4,652,147	$ -	$ 841,984	$ 440,557	$ 257,055	$ 6,191,743
Adjustments to Prior Balance due to Accounting Corrections made by the Authority	326,781		92,965	(19,242)	(244,725)	155,779
Restated Beginning Balance for Fiscal Year ending September 30, 2021	$ 4,978,928	$ -	$ 934,949	$ 421,315	$ 12,330	$ 6,347,522

NOTE 18 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The financial statements were re-issued due to the correction of errors in the previously issued financial statements. The Financial Data Schedules (FDS) were corrected to reclassify HUD PHA Operating Grants in the amount of $1,694 in Project Total to PHC Public Housing CARES Act Funding, to properly report a transfer in the amount of $16,227 from Project Total to PHC Public Housing CARES Act Funding, and properly report beginning equity and prior period adjustments for several projects as noted in the tables below. The FDS were also corrected to reclassify Restricted Equity and Restricted Cash in the amount of $280,635 to Unrestricted Equity and Unrestricted Cash in Housing Choice Vouchers, and properly report Administrative Fee Equity of $190,900 and Housing Assistance Payments Equity of $92,605. The Statement of Net Position was corrected to reclassify Restricted Equity and Restricted Cash in the amount of $280,635 to Unrestricted Equity and Unrestricted Cash.

Project Total	Original FDS Amount	Adjustment	Reissued FDS Amount
11030-Beginning Equity	$4,961,007	($308,860)	$4,652,147
11040-Prior Period Adjustment	$0	$326,781	$326,781

14 PHC Public Housing CARES Act Funding	Original FDS Amount	Adjustment	Reissued FDS Amount
11030-Beginning Equity	$17,921	($17,921)	$0
11040-Prior Period Adjustment	$0	$0	$0

6.2 Component Unit-Blended	Original FDS Amount	Adjustment	Reissued FDS Amount
11030-Beginning Equity	$934,950	($92,966)	$841,984
11040-Prior Period Adjustment	$0	$92,965	$92,965

1-Business Activities	Original FDS Amount	Adjustment	Reissued FDS Amount
11030-Beginning Equity	$421,317	$19,240	$440,557
11040-Prior Period Adjustment	$0	($19,942)	($19,942)

14.871 Housing Choice Voucher	Original FDS Amount	Adjustment	Reissued FDS Amount
11030-Beginning Equity	$12,328	$244,727	$257,055
11040-Prior Period Adjustment	$0	($244,725)	($244,725)

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

Traditional Plan	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability	0.005216%	0.004900%	0.004536%	0.004291%	0.004468%	0.004277%	0.004293%
Authority's Proportionae Share of the Net Pension Liability	$ 772,376	$ 968,518	$ 1,242,318	$ 673,175	$ 1,014,607	$ 740,830	$ 517,784
Authority's Covered Payroll	$ 727,103	$ 761,114	$ 612,641	$ 566,952	$ 577,568	$ 532,282	$ 526,313
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.23%	127.25%	202.78%	118.74%	175.67%	139.18%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilty	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

Combined Plan	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Asset	0.01238%	0.01694%	0.02473%	0.02501%	0.02652%	0.02611%	0.02475%
Authority's Proportionate Share of the net Pension Liability	$ (35,742)	$ (35,317)	$ (27,651)	$ (34,045)	$ (14,761)	$ (12,706)	$ (9,528)
Authority's Covered Payroll	$ 54,878	$ -	$ 105,759	$ 102,423	$ 103,236	$ 95,031	$ 86,662
Authority's Proportionate Share of the Net Pension Assets as a Percentage of its Covered payroll	65.13%	0.00%	26.15%	33.24%	14.30%	13.37%	10.99%
Plan Fiduciary net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

(1) Information prior to 2014 is not available. This schedule is intended to show ten years of information. Additional years will be displayed as available.

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

Schedule of the Authority's Contributions

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions										
Traditional Plan	$ 113,264	$ 106,566	$ 89,855	$ 81,853	$ 80,069	$ 65,976	$ 64,148	$ 62,249	$ 72,416	$ 66,573
Combined Plan	$ -	$ -	$ 14,649	$ 14,360	$ 14,225	$ 11,837	$ 11,403	$ 10,134	$ 10,682	$ 1,638
Total Requried Contributions	$ 113,264	$ 106,566	$ 104,504	$ 96,213	$ 94,294	$ 77,813	$ 75,551	$ 72,383	$ 83,098	$ 68,211
Contributions in Relation to the Contractually Required Contribution	$ (113,264)	$ (106,566)	$ (104,504)	$ (96,213)	$ (94,294)	$ (77,813)	$ (75,551)	$ (72,383)	$ (83,098)	$ (68,211)
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authroity's Covered Payroll										
Traditional Plan	$ 781,981	$ 761,114	$ 641,821	$ 595,295	$ 667,242	$ 549,800	$ 534,567	$ 518,742	$ 557,046	$ 665,730
Combined Plan	$ -	$ -	$ 104,636	$ 104,436	$ 118,542	$ 98,642	$ 95,025	$ 84,450	$ 82,169	$ 20,604
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.48%	14.00%	14.00%	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	10.00%
Combined Plan	#DIV/0!	#DIV/0!	14.00%	13.75%	12.00%	12.00%	12.00%	12.00%	13.00%	7.95%

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

Schedule of the Authority's Proportionate Share of the Net OPEB Liability

	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability	0.005349%	0.005553%	0.005615%	0.005440%
Authority's Proportionate Share of the Net OPEB Liability	$ (95,266)	$ 767,014	$ 732,063	$ 590,744
Authority's Covered Payroll	$ 802,247	$ 764,864	$ 814,483	$ 770,094
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-11.87%	100.28%	89.88%	76.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%

(1) Information prior to 2017 is not available. This schedule is intended to show ten years of information. Additional years will be displayed as available.

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

Schedule of the Authority's Contributions - OPEB

	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,310	$ 2,964	$ 2,873	$ 2,882	$ 12,538	$ 15,965
Contributions in Relation to the Contractaully Required Contribution	(1,310)	(2,964)	(2,873)	(2,882)	(12,538)	(15,965)
Contribution Deficiency/(Excess)	-	-	-	-	-	-
Authority Covered Payroll	802,247	764,864	818,275	793,240	773,011	745,656
Contributions as a Percentage of Covered Payroll	0.16%	0.39%	0.35%	0.36%	1.62%	2.14%

(1) Information prior to 2015 is not available. This schedule is intended to show ten years of information. Additional years will be displayed as available.

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

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 2015-2020.

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-t erm 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 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.20% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2020. For 2021, 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%.

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CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	731,633		154,572	8,320	530,544		1,425,069		1,425,069
112 Cash - Restricted - Modernization and Development							-		-
113 Cash - Other Restricted	145,585		226,172	93,838	92,605	154,785	712,985		712,985
114 Cash - Tenant Security Deposits	66,887		83,663	2,200			152,750		152,750
115 Cash - Restricted for Payment of Current Liabilities							-		-
100 Total Cash	944,105	-	464,407	104,358	623,149	154,785	2,290,804	-	2,290,804
121 Accounts Receivable - PHA Projects							-		-
122 Accounts Receivable - HUD Other Projects							-		-
124 Accounts Receivable - Other Government							-		-
125 Accounts Receivable - Miscellaneous	4,772		2,041		47,647		54,460		54,460
126 Accounts Receivable - Tenants	29,398		4,925	100	86,103		120,526		120,526
126.1 Allowance for Doubtful Accounts -Tenants	-2,184		-80	-395			-2,659		-2,659
126.2 Allowance for Doubtful Accounts - Other							-		-
127 Notes, Loans, & Mortgages Receivable - Current							-	-	-
128 Fraud Recovery							-		-
128.1 Allowance for Doubtful Accounts - Fraud							-		-
129 Accrued Interest Receivable							-		-
120 Total Receivables, Net of Allowances for Doubtful Accounts	31,986	-	6,886	-295	133,750	-	172,327	-	172,327
131 Investments - Unrestricted							-		-
132 Investments - Restricted							-		-
135 Investments - Restricted for Payment of Current Liability							-		-
142 Prepaid Expenses and Other Assets	9,627		1,240	147	1,611		12,625		12,625
143 Inventories							-		-
143.1 Allowance for Obsolete Inventories							-		-
144 Inter Program Due From	42,703						42,703	-42,703	-
145 Assets Held for Sale							-		-
150 Total Current Assets	1,028,421	-	472,533	104,210	758,510	154,785	2,518,459	-42,703	2,475,756
161 Land	1,931,214		711,000	3,000			2,645,214		2,645,214
162 Buildings	15,611,799		4,966,599	314,230	68,899		20,961,527		20,961,527
163 Furniture, Equipment & Machinery - Dwellings	163,616		12,380	3,012	101,631		280,639		280,639
164 Furniture, Equipment & Machinery - Administration	370,747		1,885	5,391			378,023		378,023
165 Leasehold Improvements	36,851		346,982	40,891			424,724		424,724
166 Accumulated Depreciation	-13,425,935		-574,761	-106,364	-156,905		-14,263,965		-14,263,965
167 Construction in Progress							-		-
168 Infrastructure							-		-
160 Total Capital Assets, Net of Accumulated Depreciation	4,688,292	-	5,464,085	260,160	13,625	-	10,426,162	-	10,426,162
171 Notes, Loans and Mortgages Receivable - Non-Current				343,486			343,486	-343,486	-

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							-		-
173 Grants Receivable - Non Current							-		-
174 Other Assets	271,561		6,099	572	37,738		315,970	-220,673	95,297
176 Investments in Joint Ventures							-		-
180 Total Non-Current Assets	4,959,853	-	5,470,184	604,218	51,363	-	11,085,618	-564,159	10,521,459
200 Deferred Outflow of Resources	119,669		14,343	1,345	88,744		224,101		224,101
290 Total Assets and Deferred Outflow of Resources	6,107,943	-	5,957,060	709,773	898,617	154,785	13,828,178	-606,862	13,221,316
311 Bank Overdraft							-		-
312 Accounts Payable <= 90 Days	1,500						1,500		1,500
313 Accounts Payable >90 Days Past Due							-		-
321 Accrued Wage/Payroll Taxes Payable	11,076						11,076		11,076
322 Accrued Compensated Absences - Current Portion	49,715		5,425	665	20,709		76,514		76,514
324 Accrued Contingency Liability							-		-
325 Accrued Interest Payable							-		-
331 Accounts Payable - HUD PHA Programs							-		-
332 Account Payable - PHA Projects							-		-
333 Accounts Payable - Other Government							-		-
341 Tenant Security Deposits	62,623		83,332	2,200			148,155		148,155
342 Unearned Revenue						154,785	154,785		154,785
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			264,589				264,589		264,589
344 Current Portion of Long-term Debt - Operating Borrowings							-		-
345 Other Current Liabilities							-		-
346 Accrued Liabilities - Other	45,344		248,570	991			294,905		294,905
347 Inter Program - Due To	8,846		13,895	132	19,830		42,703	-42,703	-
348 Loan Liability - Current							-		-
310 Total Current Liabilities	179,104	-	615,811	3,988	40,539	154,785	994,227	-42,703	951,524
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			4,335,488				4,335,488	-343,486	3,992,002
352 Long-term Debt, Net of Current - Operating Borrowings							-		-
353 Non-current Liabilities - Other				220,673			220,673	-220,673	-
354 Accrued Compensated Absences - Non Current	5,593		558	117	13,735		20,003		20,003
355 Loan Liability - Non Current							-		-
356 FASB 5 Liabilities							-		-
357 Accrued Pension and OPEB Liabilities	412,450		49,432	4,634	305,861		772,377		772,377
350 Total Non-Current Liabilities	418,043	-	4,385,478	225,424	319,596	-	5,348,541	-564,159	4,784,382

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
300 Total Liabilities	597,147	-	5,001,289	229,412	360,135	154,785	6,342,768	-606,862	5,735,906
400 Deferred Inflow of Resources	343,832		41,208	3,863	254,977		643,880		643,880
508.4 Net Investment in Capital Assets	4,688,291		864,010	260,160	13,625		5,826,086	343,486	6,169,572
511.4 Restricted Net Position	366,256		226,172	93,838	92,605		778,871		778,871
512.4 Unrestricted Net Position	112,417		-175,619	122,500	177,275		236,573	-343,486	-106,913
513 Total Equity - Net Assets / Position	5,166,964	-	914,563	476,498	283,505	-	6,841,530	-	6,841,530
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	6,107,943	-	5,957,060	709,773	898,617	154,785	13,828,178	-606,862	13,221,316

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Project Total	Project Total CFP	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	610,896			1,061,449	32,195			1,704,540	-468,848	1,235,692
70400 Tenant Revenue - Other	15,075			887	2,319			18,281		18,281
70500 Total Tenant Revenue	625,971	-	-	1,062,336	34,514	-	-	1,722,821	-468,848	1,253,973
70600 HUD PHA Operating Grants	597,692		36,938			5,675,177	520,214	6,830,021		6,830,021
70610 Capital Grants		213,628						213,628		213,628
70710 Management Fee								-		-
70720 Asset Management Fee								-		-
70730 Book Keeping Fee								-		-
70740 Front Line Service Fee								-		-
70750 Other Fees								-		-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	-	-
70800 Other Government Grants								-		-
71100 Investment Income - Unrestricted	244			81	6	192		523		523
71200 Mortgage Interest Income					3,560			3,560	-3,560	-
71300 Proceeds from Disposition of Assets Held for Sale								-		-
71310 Cost of Sale of Assets								-		-
71400 Fraud Recovery						36,533		36,533		36,533
71500 Other Revenue	29,364			54,059		1,851		85,274		85,274
71600 Gain or Loss on Sale of Capital Assets	23,468			174,445				197,913		197,913
72000 Investment Income - Restricted								-		-
70000 Total Revenue	1,276,739	213,628	36,938	1,290,921	38,080	5,713,753	520,214	9,090,273	-472,408	8,617,865
91100 Administrative Salaries	134,974	95,620		44,193	5,559	340,422		620,768		620,768
91200 Auditing Fees	5,416			2,324	115	5,185		13,040		13,040
91300 Management Fee				56,829				56,829		56,829
91310 Book-keeping Fee				8,139				8,139		8,139
91400 Advertising and Marketing	1,996			274	19	1,491		3,780		3,780
91500 Employee Benefit contributions - Administrative	-275,055	95,620		93,563	9,798	1,009		-75,065		-75,065
91600 Office Expenses	40,162			16,417	491	27,146		84,216		84,216
91700 Legal Expense	12,632			5,511	23	1,416		19,582		19,582
91800 Travel								-		-
91810 Allocated Overhead								-		-
91900 Other	13,264		6,118	22,808	1,343	28,922		72,455		72,455
91000 Total Operating - Administrative	-66,611	191,240	6,118	250,058	17,348	405,591	-	803,744	-	803,744
92000 Asset Management Fee								-		-
92100 Tenant Services - Salaries			7,622				12,105	19,727		19,727
92200 Relocation Costs	2,008			5,151				7,159		7,159
92300 Employee Benefit Contributions - Tenant Services								-		-
92400 Tenant Services - Other			39,425				77,610	117,035		117,035
92500 Total Tenant Services	2,008	-	47,047	5,151	-	-	89,715	143,921	-	143,921

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Project Total	Project Total CFP	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
93100 Water	44,549			11,760	3	148		56,460		56,460
93200 Electricity	96,987			24,618	32	1,852		123,489		123,489
93300 Gas	3,626			9,173	17	995		13,811		13,811
93400 Fuel								-		-
93500 Labor								-		-
93600 Sewer	23,549			22,494	3	167		46,213		46,213
93700 Employee Benefit Contributions - Utilities								-		-
93800 Other Utilities Expense	68			7	1	65		141		141
93000 Total Utilities	168,779	-	-	68,052	56	3,227	-	240,114	-	240,114
94100 Ordinary Maintenance and Operations - Labor	192,392			59,654				252,046		252,046
94200 Ordinary Maintenance and Operations - Materials and Other	117,015			59,731	45	1,396		178,187		178,187
94300 Ordinary Maintenance and Operations Contracts	207,466	9,940		122,132	1,129	23,406		364,073		364,073
94500 Employee Benefit Contributions - Ordinary Maintenance	67,337							67,337		67,337
94000 Total Maintenance	584,210	9,940	-	241,517	1,174	24,802	-	861,643	-	861,643
95100 Protective Services - Labor								-		-
95200 Protective Services - Other Contract Costs								-		-
95300 Protective Services - Other								-		-
95500 Employee Benefit Contributions - Protective Services								-		-
95000 Total Protective Services	-	-	-	-	-	-	-	-	-	-
96110 Property Insurance	82,492			29,373	693	786		113,344		113,344
96120 Liability Insurance	13,243			1,736	210	995		16,184		16,184
96130 Workmen's Compensation	519			317	-24	-245		567		567
96140 All Other Insurance	292			7,979	6	280		8,557		8,557
96100 Total insurance Premiums	96,546	-	-	39,405	885	1,816	-	138,652	-	138,652
96200 Other General Expenses								-		-
96210 Compensated Absences								-		-
96300 Payments in Lieu of Taxes	45,728			128,661				174,389		174,389
96400 Bad debt - Tenant Rents	8,922			1,063				9,985		9,985
96500 Bad debt - Mortgages								-		-
96600 Bad debt - Other								-		-
96800 Severance Expense								-		-
96000 Total Other General Expenses	54,650	-	-	129,724	-	-	-	184,374	-	184,374
96710 Interest of Mortgage (or Bonds) Payable				231,874				231,874	-3,560	228,314
96720 Interest on Notes Payable (Short and Long Term)								-		-
96730 Amortization of Bond Issue Costs								-		-
96700 Total Interest Expense and Amortization Cost	-	-	-	231,874	-	-	-	231,874	-3,560	228,314

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Project Total	Project Total CFP	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96900 Total Operating Expenses	839,582	201,180	53,165	965,781	19,463	435,436	89,715	2,604,322	-3,560	2,600,762
97000 Excess of Operating Revenue over Operating Expenses	437,157	12,448	-16,227	325,140	18,617	5,278,317	430,499	6,485,951	-468,848	6,017,103
97100 Extraordinary Maintenance								-		-
97200 Casualty Losses - Non-capitalized								-		-
97300 Housing Assistance Payments						5,004,269	430,499	5,434,768	-468,848	4,965,920
97350 HAP Portability-In								-		-
97400 Depreciation Expense	382,409			160,652	11,243	2,871		557,175		557,175
97500 Fraud Losses								-		-
97600 Capital Outlays - Governmental Funds								-		-
97700 Debt Principal Payment - Governmental Funds								-		-
97800 Dwelling Units Rent Expense								-		-
90000 Total Expenses	1,221,991	201,180	53,165	1,126,433	30,706	5,442,576	520,214	8,596,265	-472,408	8,123,857
10010 Operating Transfer In			16,227					16,227	-16,227	-
10020 Operating transfer Out	-16,227							-16,227	16,227	-
10030 Operating Transfers from/to Primary Government								-		-
10040 Operating Transfers from/to Component Unit								-		-
10050 Proceeds from Notes, Loans and Bonds								-		-
10060 Proceeds from Property Sales								-		-
10070 Extraordinary Items, Net Gain/Loss								-		-
10080 Special Items (Net Gain/Loss)								-		-
10091 Inter Project Excess Cash Transfer In				13,498				13,498	-13,498	-
10092 Inter Project Excess Cash Transfer Out				-13,498				-13,498	13,498	-
10093 Transfers between Program and Project - In	137,067				47,807			184,874	-184,874	-
10094 Transfers between Project and Program - Out				-184,874				-184,874	184,874	-
10100 Total Other financing Sources (Uses)	120,840	-	16,227	-184,874	47,807	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	175,588	12,448	-	-20,386	55,181	271,177	-	494,008	-	494,008
11020 Required Annual Debt Principal Payments				281,270	18,389			299,659		299,659
11030 Beginning Equity	4,652,147			841,984	440,557	257,055		6,191,743		6,191,743
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	326,781			92,965	-19,242	-244,725		155,779		155,779
11050 Changes in Compensated Absence Balance								-		-
11060 Changes in Contingent Liability Balance								-		-
11070 Changes in Unrecognized Pension Transition Liability								-		-
11080 Changes in Special Term/Severance Benefits Liability								-		-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								-		-
11100 Changes in Allowance for Doubtful Accounts - Other								-		-

CLERMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Project Total	Project Total CFP	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11170 Administrative Fee Equity						190,900		190,900		190,900
11180 Housing Assistance Payments Equity						92,605		92,605		92,605
11190 Unit Months Available	2,340			1,824	36	11,172		15,372		15,372
11210 Number of Unit Months Leased	2,277			1,732	36	11,126		15,171		15,171
11270 Excess Cash								-		-
11610 Land Purchases (CFP Only)	-							-		-
11620 Building Purchases (CFP Only)	-							-		-
11630 Furniture & Equipment - Dwelling Purchases (CFP Only)	22,299							22,299		22,299
11640 Furniture & Equipment - Administrative Purchases (CFP Only)								-		-
11650 Leasehold Improvements Purchases (CFP Only)		12,448						12,448		12,448
11660 Infrastructure Purchases (CFP Only)								-		-
13510 CFFP Debt Service Payments (CFP Only)								-		-
13901 Replacement Housing Factor Funds (CFP Only)								-		-

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CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs			
Public and Indian Housing	14.850		$603,732
Public Housing Capital Fund	14.872		213,628
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871		5,673,363
COVID-19 Section 8 Housing Choice Voucher Program	14.871		520,214
Total Housing Voucher Cluster			6,193,577
Total U.S. Department of Housing and Urban Development			**7,010,937**
U.S. DEPARTMENT OF TREASURY			
Passed through U.S. Department of Housing and Urban Development			
COVID-19 Coronavirus Relief Fund			
Asset Management	21.019	OH03805196720DC	53,165
Total U.S. Department of Treasury			**53,165**
Total Expenditures of Federal Awards			**$7,064,102**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Clermont Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended September 30, 2021. The information on this Schedule is prepared 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Clermont County Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Clermont County Metropolitan Housing Authority, Clermont County, (the Authority) as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023, except for the restatement described in Note 18, which is as of March 16, 2023, wherein we issued a qualified opinion because the Authority did not provide sufficient evidence supporting the completeness and accuracy of the Statement of Cash Flows. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2023, except for the restatement described in Note 18, which is as of March 16, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Clermont Metropolitan Housing Authority
Clermont County
65 South Market Street
Batavia, Ohio 45103

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited Clermont Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Clermont Metropolitan Housing Authority's major federal program for the year ended September 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, Clermont Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2023

CLERMONT METROPOLITAN HOUSING AUTHORITY
CLERMONT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
SEPTEMBER 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Qualified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA #14.871 Section 8 Housing Choice Voucher
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2021-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FINDING NUMBER 2021-001
(Continued)

Due to deficiencies in the Authority's financial statement monitoring and review process, the following conditions were noted related to the Authority's financial statements:

- Cash and Cash Equivalents were overstated and Restricted Cash and Cash Equivalents were understated in the amount of $373,240.
- Other Assets were overstated in the amount of $591,810.
- Net OPEB Asset was understated in the amount of $95,297, Net OPEB Liability was overstated in the amount of $732,063, Deferred Outflows-OPEB were overstated in the amount of $26,867, Deferred Inflows-OPEB were understated in the amount of $300,454 and Administrative Expense was overstated in the amount of $500,039.
- Net Pension Liability was overstated in the amount of $469,942, Deferred Outflows-Pension were overstated in the amount of $217,567, Deferred Inflows-Pension were understated in the amount of $296,581, and Administrative Expense was understated in the amount of $71,857.
- Noncurrent Long Term Debt was overstated in the amount of $160,361 and Long Term Debt Current Portion was understated in the amount of $7,883.
- Other Noncurrent Liabilities were overstated in the amount of $221,231 and Accrued Compensated Absences were understated in the amount of $558.
- Net investment in Capital Assets was understated in the amount of $152,480, Restricted Net Position was understated in the amount of $648,121 and Unrestricted Net Position was overstated in the amount of $563,428.
- Governmental Revenue was understated in the amount of $408,232.
- Other Operating Revenue was overstated and Gain on Sale of Assets was understated in the amount of $197,913.
- General Operating Expenses were understated in the amount of $40,126.
- Interest and Investment Revenue and Interest Expense were overstated in the amount of $3,559.
- Net Position-beginning of Year was understated in the amount of $6,066.
- Prior Year Audit Adjustment was overstated in the amount of $565,179.

The Authority corrected the financial statements and Financial Data Schedules reported in the Remaining Supplementary Information and accounting records, where appropriate.

In addition, the Authority did not provide sufficient evidence supporting the completeness and accuracy of the statement of cash flows. This resulted in a qualified opinion being issued for the statement of cash flows.

FINDING NUMBER 2021-001
(Continued)

Failure to accurately post and report transactions could result in material errors in the Authority's financial statements and reduces the Authority's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Authority.

The Authority should accurately record financial transactions.

Officials' Response:

Clermont Metropolitan Housing Authority will adopt GAAP policies and procedures as a framework for consistent financial reporting, including a process or procedures for closing out each fiscal year in the accounting system. The person compiling the GAAP financial statements for the Authority will receive training on GAAP compilations. Before the audit was concluded, CMHA had already completed a Standard Operating Procedure (SOP) which included the mandatory steps for the year end closeout. Both the Executive Director and the Finance Director will happily complete GAAP training and submit certification of that completion to HUD and AOS. Ms. Morlatt has requested suggestions for such training from the AOS.

Moreover, CMHA would like to point out that a lot of the discrepancies within the financial documents were caused because the agency's audits were not completed on time for the last three years. These audit delays have caused the agency to adjust various aspects of the financial statements AFTER, instead of BEFORE, the submission of the unaudited audit for the following year. These late adjustments cascade and are responsible for most of the difficulties in reconciling Lindsey software, the HUD Secured Systems, and the AOS Audit determinations.

As a reminder, when the FDS audits are submitted into the HUD Secured Systems, the Unaudited FDS for the new year 'carries over' the beginning balance from the ending balance of the last submitted FDS. These numbers are hard coded and cannot be 'altered.' The difficulties continue to cascade when the Unaudited FDS is submitted prior to the Audited FDS of the prior year, which occurred for the 2019 FDS, 2020 FDS and the 2021 FDS. It is CMHA's hope that if our agency is compliant with AOS that the FDS 2022 will be completed in a timely manner so the Unaudited 2023 FDS will begin with correct information.

CMHA understands some of the delays impacting the 2019 FDS and 2020 FDS were caused by: 1) the complexity of the audit due to the HUD/OIG investigation/look back and 2) the logistical issues caused by COVID-19. Additionally, the FDS 2021 audit was not begun until March 2022 due to the delayed closing of both 2019 FDS and 2020 FDS. The delays have also impacted on our 990 submissions as well as our Hinkle submissions for the last three years.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Clermont Metropolitan Housing Authority
65 South Market Street | Batavia, Ohio 45103
513.732.6010 | Fax 513.732.6520
www.clermontmha.org

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
SEPTEMBER 30, 2021

Finding Number: 2021-001
Planned Corrective Action: GAAP Policies and Training
Anticipated Completion Date: 2/28/2023
Responsible Contact Person: Alicia Morlatt, Executive Director

Clermont Metropolitan Housing Authority (CMHA)'s Response
Clermont Metropolitan Housing Authority will adopt GAAP policies and procedures as a framework for consistent financial reporting, including a process or procedures for closing out each fiscal year in the accounting system. The person compiling the GAAP financial statements for the Authority will receive training on GAAP compilations. Before the audit was concluded, CMHA had already completed a Standard Operating Procedure (SOP) which included the mandatory steps for the year end closeout. Both the Executive Director and the Finance Director will happily complete GAAP training and submit certification of that completion to HUD and AOS. Ms. Morlatt has requested suggestions for such training from the AOS.

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OHIO AUDITOR OF STATE
KEITH FABER

CLERMONT METROPOLITAN HOUSING AUTHORITY

CLERMONT 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 3/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370