CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Cambridge Metropolitan Housing Authority
PO Box 1388
Cambridge, OH 43725-1768

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2018 through March 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 1, 2019

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Cambridge Metropolitan Housing Authority
Cambridge, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2019, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 25, 2019

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

Since the MD&A is designed to focus of the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $656,473 (or 20.60 percent) during fiscal year 2019. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was $2,530,033 and $3,186,506 (restated) for 2019 and 2018, respectively.

- The business-type activities revenue increased by $524,474 (or 9.29 percent) during fiscal year 2019. The amounts were $6,172,672 and $5,648,198 for 2019 and 2018, respectively.

- The total expenses of all Authority programs increased by $456,979 (or 7.17 percent). Total expenses were $6,829,145 and $6,372,166 for fiscal years 2019 and 2018, respectively.

- The Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*, causing a restatement of beginning net position that is $561,171 less than net position reported at March 31, 2018.

USING THIS ANNUAL REPORT

This is a different presentation of the Authority's previous financial statements. The following graphic outlines these changes and are provided for your review:

M D & A -Management Discussion and Analysis-
Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-

The clearly preferable focus is on the Authority as a single Enterprise Fund. This format will allow 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 FINANCIAL STATEMENTS

The Authority's financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net 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 minus liabilities equal "Net Position", formerly known as net assets. 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 net assets) is reported in three broad categories:

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, constructions, 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 creditor (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, Net of Related Debt", or "Restricted Net Position".

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

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net 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.

The Authority consists exclusively of 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.

AUTHORITY PROGRAMS

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

Conventional Public Housing (PH) – 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 Authority to provide the housing at a rent that is based upon 30 percent of household income.

Capital Fund Program (CFP) – This is the primary funding source for physical and management improvements to the Authority's properties. Funds are allocated by a formula allocation and are based on the size and age of the properties.

Housing Choice Voucher Program (HCV) – 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 ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income. The Authority earns administrative fees to cover the cost of administering the program.

Other Business Activity - Business activity represents other services that the Authority provides to the Noble Metropolitan Housing Authority, the Monroe Metropolitan Housing Authority, and the Cambridge Management Corporation for a fee for services that the Authority provides to these entities. The revenue and expenses for these services are identified and tracked separately from the HUD activities.

AUTHORITY STATEMENTS

Statement of Net Position

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

Table 1 - Statement of Net Position

	2019	Restated 2018
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 1,067,415	$ 1,000,902
Capital Assets	3,482,515	3,789,203
Deferred Outflows of Resources	531,980	241,463
Total Assets and Deferred Outflows of Resources	5,081,910	5,031,568
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities and Deferred Liabilities		
Current Liabilites	159,553	170,909
Long-Term Liabilities	2,357,817	1,428,316
Deferred Inflows of Resources	34,507	245,837
Total Liabilities and Deferred Inflow of Resources	2,551,877	1,845,062
Net Position		
Net Investment in Capital Assets	3,482,515	3,789,203
Restricted	78,915	0
Unrestricted	(1,031,397)	(602,697)
Total Net Position	2,530,033	3,186,506
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 5,081,910	$ 5,031,568

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

Major Factors Affecting the Statement of Net Position

During 2019, current assets increased by $69,705 and current liabilities decreased by $11,356. The increase in current assets is mainly due to the change in cash and accounts receivable due to the result of current activities. The decrease in liabilities is due to the year-end vendor invoices paid during the fiscal year.

Capital assets also changed, decreasing from $3,789,203 to $3,482,515. The $306,688 decrease may be contributed primarily to a combination of total acquisitions of $119,904 less current year depreciation of $426,592.

The following table presents details on the change in net position.

Table 2 - Change in Net Position

	Unrestricted	Net Investment in Capital Assets	Restricted
Beginning Balance - March 31, 2018	$ (602,697)	$ 3,789,203	$ 0
Results of Operations	(735,388)	0	78,915
Adjustments:			
Current Year Depreciation Expense (1)	426,592	(426,592)	0
Capital Expenditures (2)	(119,904)	119,904	0
Ending Balance - March 31, 2019	$ (1,031,397)	$ 3,482,515	$ 78,915

(1) Depreciation is treated as an expense and reduces the Results of Operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of Unrestricted Net Position, but are not treated as an expense against Results of Operations and, therefore, must be deducted.

(3) The net restricted position is the amount of equity restricted for Housing Assistance Payments.

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 presentation of financial position.

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

Table 3 - Statement of Revenues, Expenses, and Changes in Net Position

	2019	2018
Revenues		
Total Tenant Revenues	$ 685,340	$ 680,171
Operating Subsidies	4,529,767	4,144,153
Capital Grants	81,223	36,522
Investment Income	772	853
Other Revenues	875,570	786,499
Total Revenues	6,172,672	5,648,198
Expenses		
Administrative	933,003	792,649
Tenant Services	37,658	36,211
Utilities	155,074	143,284
Maintenance	903,150	875,167
General Expenses	528,760	273,787
Housing Assistance Payments	3,844,908	3,811,089
Depreciation	426,592	439,979
Total Expenses	6,829,145	6,372,166
Net Increases (Decreases)	$ (656,473)	$ (723,968)

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

Operating Subsidy reflects an increase of $385,614 (or 9.31 percent). Capital grants increased by $44,701 due to capital funded activities during the year. Total tenant revenue increased by $5,169 (or .76 percent). This increase in tenant revenue was primarily due to an increase in tenant rents and units leased. The increase in other revenue was mainly due to more management fees received for the administration of other housing authorities.

Total expenses increased $456,979 due to increases in maintenance expense, housing assistance payments, general expense, and GASB 75.

CAPITAL ASSETS

As of year-end, the Authority had $3,482,515 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $306,688 (or 8.09 percent) from the end of 2018. This decrease was due to depreciation expense.

Table 4 - Capital Assets at Year-End (Net of Depreciation)

	2019	2018
Land and Land Rights	$ 415,809	$ 415,809
Buildings	11,839,988	11,776,542
Leasehold Improvements	954,620	918,563
Equipment	1,114,456	1,094,055
Accumulated Depreciation	(10,842,358)	(10,415,766)
Total Capital Assets	$ 3,482,515	$ 3,789,203

The following reconciliation identified the change in capital assets.

Table 5 - Changes in Capital Assets

	2019
Beginning Balance - March 31, 2018	$ 3,789,203
Current Year Additions	119,904
Current Year Depreciation Expense	(426,592)
Ending Balance - March 31, 2019	$ 3,482,515
Current Year dditions are summarized as follows:	
Equipment	$ 20,400
Leasehold Improvements	36,057
Building Improvements	63,447
Total 2019 Additions	$ 119,904

DEBT OUTSTANDING

As of March 31, 2019, the Authority had no outstanding debt.

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 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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jolinda Baranich, Executive Director of the Cambridge Metropolitan Housing Authority at P.O. Box 1388 Cambridge, Ohio 43725.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEYCOUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents	$ 729,508
Restricted Cash and Cash Equivalents	165,908
Receivables, Net	44,205
Prepaid Expenses and Other Assets	110,810
Total Current Assets	1,050,431
Noncurrent Assets	
Capital Assets:	
Non-Depreciable Capital Assets	415,809
Depreciable Capital Assets, Net	3,066,706
Total Capital Assets	3,482,515
Other Noncurrent Assets	16,984
Total Noncurrent Assets	3,499,499
Total Assets	4,549,930
Deferred Outflows of Resources	531,980
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,081,910
LIABLIITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	54,589
Accounts Payable - Other Governments	51,122
Tenant Security Deposits	41,362
Unearned Revenue	12,480
Total Current Liabilities	159,553
Noncurrent Liabilities	
Accrued Compensated Absences	47,284
Net Pension Liaiblity	1,528,797
Net OPEB Liability	736,105
Noncurrent Liabilities - Other	45,631
Total Current Liabilities	2,357,817
Total Liaiblities	2,517,370
Deferred Inflows of Resources	34,507
Net Position	
Net Invested in Capital Assets	3,482,515
Restricted Net Position	78,915
Unrestricted Net position	(1,031,397)
Total Net Position	2,530,033
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 5,081,910

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

OPERATING REVENUES	
Tenant Revenue	$ 685,340
Government Operating Grants	4,529,767
Other Revenue	875,570
Total Operating Revenues	6,090,677
OPERATING EXPENSES	
Administrative	933,003
Tenant Services	37,658
Utiities	155,074
Maintenance	903,150
General	528,760
Housing Assistance Payment	3,844,908
Depreciation	426,592
Total Operating Expenses	6,829,145
Operating income (loss)	(738,468)
NONOPERATING REVENUES (EXPENSES)	
Capital Grant Revenue	81,223
Interest Income	772
Total Nonoperating Revenues	81,995
Change in Net Position	(656,473)
Total Net Position - Beginning, Restated	3,186,506
Total Net Position - Ending	$ 2,530,033

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Grants Received	$ 4,513,140
Receipts from Tenants	690,353
Other Revenue Received	907,895
Cash Payments for Administrative	(726,187)
Cash Payments for HAP	(3,844,908)
Cash Payments for Other Expenses	(1,458,107)
Net Cash Provided (Used) by Operating Activities	82,186
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned	772
Net Cash Provided (Used) by Investing Activities	772
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Acquisition of Capital Assets	(119,904)
Capital Grant Received	81,223
Net Cash Provided (Used) by Capital and Related Activities	(38,681)
Net Increase (Decrease) in Cash	44,277
Cash and Cash Equivalents - Beginning of Year	851,139
Cash and Cash Equivalents - End of Year	$ 895,416
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	$ (738,468)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
Depreciation	426,592
(Increase) Decreases in Accounts Receivable	17,726
(Increase) Decreases in Prepaid Assets	(43,154)
Increase (Decreases) Net Pension/OPEB Liability	409,415
Increase (Decreases) in Accounts Payable	(14,342)
Increase (Decreases) in Accounts Payable to Other Government	975
Increase (Decreases) in Tenant Security Deposit	1,906
Increase (Decreases) in Unearned Revenue	104
Increase (Decreases) in Noncurrent Liabilities Other	21,432
Net Cash Provided (Used) by Operating Activities	$ 82,186

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Cambridge Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Cambridge, Ohio. The Authority was created under the Ohio Revised Code Section 3735.27, to engage in the acquisition, development, leasing, and administration of low-rent housing program. 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 basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

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

Measurement Focus and Basis of Accounting

The Enterprise Fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the Enterprise Fund include housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

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

The following are the various programs which are included in the single Enterprise Fund:

A. **Public Housing Program**

The Public Housing Program is designed to provide low-cost housing within Guernsey 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.

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Vouchers**

The Housing Choice Vouchers 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.

D. **Business Activity**

Business Activity represents other services that the Authority provides to Noble Metropolitan Housing Authority, Monroe Metropolitan Housing Authority, and Cambridge Management Corporation for a fee for services that the Authority provides to the entities. The revenue and expenses for these services are identified and tracked separately from the HUD activities.

Cash and Cash Equivalents
The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments
Investments are stated at fair value. The Authority is authorized to invest in nonnegotiable certificates of deposit and money market investments,

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

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

In the Proprietary Fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 7.

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

Capital Assets

Capital assets are recorded at cost. Costs with a threshold of $1,000 materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Furniture, Equipment & Machinery	10 years

Capitalization of Interest

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

Net Position

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 its use either enabling legislation or through external restrictions imposed by creditors, grantors, or law or regulations of other governments.

The Authority’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

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.

Budgetary Accounting

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

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 Combined Statement of Revenue and Expenses.

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 -wide 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.

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

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2019, the Authority implemented Governmental Accounting Standards Board (GASB) No. 85, *Omnibus 2017*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE** (Continued)

GASB Statement No. 85 addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on net position as reported at March 31, 2018:

Net Position at March 31, 2018	$ 3,747,677
Adjustments:	
Net OPEB Liability	(560,664)
Deferred Inflow of Resources - OPEB	(41,766)
Deferred Outflow of Resources - OPEB	41,259
Restated Net Position at March 31, 2018	$ 3,186,506

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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.

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

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 certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

A. **Deposits** (Continued)

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 year-end, the carrying amount of the Authority's deposits was $895,416 (including $729,508 of unrestricted funds and $165,908 of restricted funds). The unrestricted cash includes $250 of petty cash. The bank balance was $1,057,997.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling $500,000 were covered by Federal Depository Insurance and deposits totaling $557,997 were uninsured and collateralized with securities held by the financial institution's trust department or agent in the Authority's name.

B. **Investments**

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds, and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* and records its investments at fair value. At March 31, 2019, the Authority held no investments as defined by GASB Statement No. 40.

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

B. **Investments** (Continued)

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk
Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

NOTE 4: **RESTRICTED ASSETS**

The Authority's assets restricted as to purpose are as follows:

Tenant Security Deposits	$ 41,362
Restricted HAP Equity	78,915
FSS Escrow Cash Balance	42,881
Tenant Council Funds	2,750
Total Restricted Cash	$ 165,908

NOTE 5: CAPITAL ASSETS

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

	Balance 3/31/2018	Additions	Deletions	Balance 3/31/2019
Capital Assets Not Being Depreciated				
Land	$ 415,809	$ 0	$ 0	$ 415,809
Total Capital Assets Not Being Depreciated	415,809	0	0	415,809
Capital Assets Being Depreciated				
Buildings	11,776,542	63,447	0	11,839,989
Leasehold Improvements	918,563	36,057	0	954,620
Furniture, Machinery, and Equipment	1,094,055	20,400	0	1,114,455
Total Capital Assets Being Depreciated	13,789,160	119,904	0	13,909,064
Accumulated Depreciation				
Buildings	(8,781,390)	(338,330)	0	(9,119,720)
Leasehold Improvements	(755,800)	(34,624)	0	(790,424)
Furniture, Machinery, and Equipment	(878,576)	(53,638)	0	(932,214)
Total Accumulated Depreciation	(10,415,766)	(426,592)	0	(10,842,358)
Capital Assets Being Depreciated, Net	3,373,394	(306,688)	0	3,066,706
Total Capital Assets, Net	$ 3,789,203	$ (306,688)	$ 0	$ 3,482,515

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.

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

Net Pension Liability (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Authority's contractually required contributions was $118,186 for fiscal year ending March 31, 2019.

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, 2018, 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	0.005075%	0.014821%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005582%	0.015188%	
Change in Proportionate Share	0.000507%	0.000367%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 1,528,797	$ (16,984)	$ 1,511,813
Pension Expense	$ 355,194	$ (2,817)	$ 352,377

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

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 207,497	$ 3,656	$ 211,153
Differences between expected and actual experience	70	0	70
Changes of assumptions	133,084	3,795	136,879
Changes in proportion and differences between Authority contributions and proportionate share of contributions	63,985	0	63,985
Authority contributions subsequent to the measurement date	25,793	2,084	27,877
Total Deferred Outflows of Resources	$ 430,429	$ 9,535	$ 439,964
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 20,074	$ 6,939	$ 27,013
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,554	2,943	5,497
Total Deferred Inflows of Resources	$ 22,628	$ 9,882	$ 32,510

$27,877 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 March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending March 31:			
2020	$ 172,032	$ 115	$ 172,147
2021	94,224	(616)	93,608
2022	19,249	(540)	18,709
2023	96,503	605	97,108
2024	0	(900)	(900)
Thereafter	0	(1,095)	(1,095)
Total	$ 382,008	$ (2,431)	$ 379,577

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, 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 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 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 2018, 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 PLANS** (Continued)

Actuarial Assumptions – OPERS (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 2.94 percent for 2018.

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 2,258,477	$ 1,528,797	$ 922,426
Combined Plan	$ (5,620)	$ (16,984)	$ (25,212)

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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.

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

Net OPEB Liability (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
The Authority's contractually required contribution was $0 for fiscal year ending March 31, 2019.

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

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

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005163%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005646%
Change in Proportionate Share	0.000483%
Proportionate Share of the Net OPEB Liability	$ 736,105
OPEB Expense	$ 84,915

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 33,746
Differences between expected and actual experience	250
Changes of assumptions	23,733
Changes in proportion and differences between Authority contributions and proportionate share of contributions	34,287
Total Deferred Outflows of Resources	$ 92,016
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 1,997
Total Deferred Inflows of Resources	$ 1,997

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

	OPERS
Year Ending March 31:	
2020	$ 43,269
2021	23,675
2022	6,074
2023	17,001
Total	$ 90,019

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

Actuarial Assumptions - OPERS

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 941,753	$ 736,105	$ 572,561

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

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 707,557	$ 736,105	$ 768,985

NOTE 8: **COMPENSATED ABSENCES**

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

All permanent employees will earn 4.615 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated up to 960 hours. Upon separation employees are not paid for sick leave not taken, except for one-fourth (1/4) accumulated sick leave upon retirement. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation. Upon separation, no payment for unused vacation is made to employees. At March 31, 2019, the estimated compensated absence liability is $47,284.

NOTE 9: **PENSION LIABILITY**

The following is a summary of changes in long-term liabilities for the year ended March 31, 2019:

	Restated Balance 3/31/2018	Additions	Deletions	Balance 3/31/2019	Due Within One Year
Accrued Compensated Absences	$ 42,933	$ 16,681	$ (12,330)	$ 47,284	$ 0
FSS Program Escrows	27,850	15,922	(891)	42,881	0
Net Pension Liability	796,169	732,628	0	1,528,797	0
Net OPEB Liability	560,664	175,441	0	736,105	0
Other	700	2,050	0	2,750	0
Total	$ 1,428,316	$ 942,722	$ (13,221)	$ 2,357,817	$ 0

NOTE 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 11: **CONTINGENCIES**

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

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

NOTE 12: **MANAGEMENT AGREEMENTS**

The Cambridge Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Noble Metropolitan Housing Authority (Noble) and Monroe Metropolitan Housing Authority (Monroe) on March 30, 1987 and August 27, 1990, respectively. Pursuant to these agreements, the Authority provided all management services to Noble and Monroe in order that they shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the parties have has executed or may, from time to time, execute with HUD. As compensation for these services, Noble and Monroe transfer to the Authority the monthly earned administrative fees as determinable by HUD or an allocation of actual expenses as determined through the budget process. Total management fees for the fiscal year ended March 31, 2019 by the Authority from Noble and Monroe were $125,406 and $75,11, respectively. The additional management fees of $384,606 are made up from the agreements with several other entities.

NOTE 13: **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the Statement of financial Position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through the date on which the financial statements were available to be issued.

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

Traditional Plan	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability	0.005582%	0.005075%	0.005115%	0.005252%	0.005066%
Authority's Proportionate Share of the Net Pension Liability	$ 1,528,797	$ 796,169	$ 1,161,529	$ 909,713	$ 605,439
Authority's Covered Payroll	$ 754,004	$ 670,603	$ 661,163	$ 653,634	$ 621,149
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.76%	118.72%	175.68%	139.18%	97.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%

Combined Plan	**2018**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Asset	0.015188%	0.014821%	0.014288%	0.014330%	0.014486%
Authority's Proportionate Share of the Net Pension (Asset)	$ (16,984)	$ (20,176)	$ (7,952)	$ (6,793)	$ (3,275)
Authority's Covered Payroll	$ 64,960	$ 60,699	$ 55,615	$ 52,168	$ 50,739
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	26.15%	33.24%	14.30%	13.02%	6.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%

(1) - Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

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

See accompanying notes to the required supplementary information

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contributions						
Traditional Plan	$ 109,039	$ 89,676	$ 78,430	$ 78,074	$ 74,152	$ 66,108
Combined Plan	9,147	8,242	6,673	6,302	6,136	5,377
Total Required Contributions	118,186	97,918	85,103	84,376	80,288	71,485
Contributions in Relation to the Contractually Required Contribution	(118,186)	(97,918)	(85,103)	(84,376)	(80,288)	(71,485)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll						
Traditional Plan	$ 778,850	$ 677,553	$ 640,879	$ 650,618	$ 617,933	$ 550,900
Combined Plan	$ 65,336	$ 62,283	$ 54,530	$ 52,515	$ 51,137	$ 44,808
Pension Contributions as a Percentage of Covered Payroll						
Traditional Plan	14.00%	13.24%	12.24%	12.00%	12.00%	12.00%
Combined Plan	14.00%	13.23%	12.24%	12.00%	12.00%	12.00%

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.005646%	0.005163%	0.005190%
Authority's Proportionate Share of the Net OPEB Liability	$ 736,105	$ 560,664	$ 524,208
Authority's Covered Payroll	$ 818,964	$ 731,302	$ 716,778
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.88%	76.67%	73.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 0	$ 5,659	$ 12,255	$ 14,063	$ 13,381	$ 11,914
Contributions in Relation to the Contractually Required Contribution	0	(5,659)	(12,255)	(14,063)	(13,381)	(11,914)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 844,187	$ 739,836	$ 695,409	$ 703,133 0	$ 669,070	$ 595,708
Contributions as a Percentage of Covered Payroll	0.00%	0.76%	1.76%	2.00%	2.00%	2.00%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	163,052	-	49,243	255,058	262,155	729,508		729,508
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-		-
113 Cash - Other Restricted	2,750	-	121,796	-	-	124,546		124,546
114 Cash - Tenant Security Deposits	40,987	-	-	375	-	41,362		41,362
100 Total Cash	206,789	-	171,039	255,433	262,155	895,416	-	895,416
122 Accounts Receivable - HUD Other Projects	23,562	-	-	-	-	23,562		23,562
125 Accounts Receivable - Miscellaneous	-	-	5,500	15,100	-	20,600		20,600
126 Accounts Receivable - Tenants	3,728	-	-	-	-	3,728		3,728
126.1 Allowance for Doubtful Accounts -Tenants	-3,685	-	-	-	-	-3,685		-3,685
120 Total Receivables, Net of Allowances for Doubtful Accounts	23,605	-	5,500	15,100	-	44,205	-	44,205
142 Prepaid Expenses and Other Assets	15,464	-	21,428	70,544	-	107,436		107,436
143 Inventories	3,374	-	-	-	-	3,374		3,374
150 Total Current Assets	249,232	-	197,967	341,077	262,155	1,050,431	-	1,050,431
161 Land	404,075	-	11,735	-	-	415,810		415,810
162 Buildings	11,240,722	-	599,266	-	-	11,839,988		11,839,988
163 Furniture, Equipment & Machinery - Dwellings	153,735	-	-	-	-	153,735		153,735
164 Furniture, Equipment & Machinery - Administration	707,249	-	182,282	71,189	-	960,720		960,720
165 Leasehold Improvements	896,818	-	57,802	-	-	954,620		954,620
166 Accumulated Depreciation	-10,390,960	-	-410,453	-40,945	-	-10,842,358		-10,842,358
160 Total Capital Assets, Net of Accumulated Depreciation	3,011,639	-	440,632	30,244	-	3,482,515	-	3,482,515
174 Other Assets	7,305	-	3,898	5,599	182	16,984		16,984
180 Total Non-Current Assets	3,018,944	-	444,530	35,843	182	3,499,499	-	3,499,499
200 Deferred Outflow of Resources	232,302	-	120,805	173,425	5,448	531,980		531,980
290 Total Assets and Deferred Outflow of Resources	3,500,478	-	763,302	550,345	267,785	5,081,910	-	5,081,910
312 Accounts Payable <= 90 Days	4,739	-	1,706	13,827	-	20,272		20,272
321 Accrued Wage/Payroll Taxes Payable	9,640	-	6,557	13,258	383	29,838		29,838
331 Accounts Payable - HUD PHA Programs	-	-	-	-	4,479	4,479		4,479
333 Accounts Payable - Other Government	51,122	-	-	-	-	51,122		51,122
341 Tenant Security Deposits	40,987	-	-	375	-	41,362		41,362
342 Unearned Revenue	5,480	-	-	7,000	-	12,480		12,480

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
310 Total Current Liabilities	111,968	-	8,263	34,460	4,862	159,553	-	159,553
353 Non-current Liabilities - Other	2,750	-	42,881	-	-	45,631		45,631
354 Accrued Compensated Absences - Non Current	15,063	-	16,035	16,186	-	47,284		47,284
357 Accrued Pension and OPEB Liabilities	974,232	-	519,828	746,624	24,218	2,264,902		2,264,902
350 Total Non-Current Liabilities	992,045	-	578,744	762,810	24,218	2,357,817	-	2,357,817
300 Total Liabilities	1,104,013	-	587,007	797,270	29,080	2,517,370	-	2,517,370
400 Deferred Inflow of Resources	16,200	-	7,372	10,591	344	34,507		34,507
508.4 Net Investment in Capital Assets	3,011,639	-	440,632	30,244	-	3,482,515		3,482,515
511.4 Restricted Net Position	-	-	78,915	-	-	78,915		78,915
512.4 Unrestricted Net Position	-631,374	-	-350,624	-287,760	238,361	-1,031,397		-1,031,397
513 Total Equity - Net Assets / Position	2,380,265	-	168,923	-257,516	238,361	2,530,033	-	2,530,033
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,500,478	-	763,302	550,345	267,785	5,081,910	-	5,081,910

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

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	664,355	-	-	-	-	664,355		664,355
70400 Tenant Revenue - Other	20,985	-	-	-	-	20,985		20,985
70500 Total Tenant Revenue	685,340	-	-	-	-	685,340	-	685,340
70600 HUD PHA Operating Grants	393,574	32,900	3,897,231	-	206,062	4,529,767		4,529,767
70610 Capital Grants	81,223	-	-	-	-	81,223		81,223
71100 Investment Income - Unrestricted	134	-	452	182	4	772		772
71400 Fraud Recovery	-	-	74	-	-	74		74
71500 Other Revenue	8,201	-	270,774	596,194	327	875,496		875,496
70000 Total Revenue	1,168,472	32,900	4,168,531	596,376	206,393	6,172,672	-	6,172,672
91100 Administrative Salaries	89,907	-	205,103	138,536	13,892	447,438		447,438
91200 Auditing Fees	4,174	-	5,392	9,463	372	19,401		19,401
91400 Advertising and Marketing	5,484	-	293	121	20	5,918		5,918
91500 Employee Benefit contributions - Administrative	42,308	-	114,243	66,154	6,662	229,367		229,367
91600 Office Expenses	4,243	-	7,570	-	523	12,336		12,336
91700 Legal Expense	875	-	475	1,046	33	2,429		2,429
91800 Travel	1,277	-	1,643	639	114	3,673		3,673
91900 Other	76,254	-	86,912	42,901	6,374	212,441		212,441
91000 Total Operating - Administrative	224,522	-	421,631	258,860	27,990	933,003	-	933,003
92100 Tenant Services - Salaries	-	32,900	-	-	-	32,900		32,900
92400 Tenant Services - Other	4,758	-	-	-	-	4,758		4,758
92500 Total Tenant Services	4,758	32,900	-	-	-	37,658	-	37,658
93100 Water	55,226	-	-	-	-	55,226		55,226
93200 Electricity	77,403	-	-	-	-	77,403		77,403
93300 Gas	22,445	-	-	-	-	22,445		22,445
93000 Total Utilities	155,074	-	-	-	-	155,074	-	155,074
94100 Ordinary Maintenance and Operations - Labor	257,977	-	-	213,437	-	471,414		471,414
94200 Ordinary Maintenance and Operations - Materials and Other	100,127	-	9,584	3,625	-	113,336		113,336
94300 Ordinary Maintenance and Operations Contracts	92,120	-	-	1,810	-	93,930		93,930
94500 Employee Benefit Contributions - Ordinary Maintenance	110,714	-	-	113,756	-	224,470		224,470
94000 Total Maintenance	560,938	-	9,584	332,628	-	903,150	-	903,150
96110 Property Insurance	9,985	-	13,789	3,048	-	26,822		26,822

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

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
96120 Liability Insurance	9,985	-	13,789	3,048	-	26,822		26,822
96130 Workmen's Compensation	3,126	-	4,023	1,756	278	9,183		9,183
96100 Total insurance Premiums	23,096	-	31,601	7,852	278	62,827	-	62,827
96200 Other General Expenses	173,936	-	94,896	136,255	4,328	409,415		409,415
96300 Payments in Lieu of Taxes	51,122	-	-	-	-	51,122		51,122
96400 Bad debt - Tenant Rents	5,396	-	-	-	-	5,396		5,396
96000 Total Other General Expenses	230,454	-	94,896	136,255	4,328	465,933	-	465,933
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	1,198,842	32,900	557,712	735,595	32,596	2,557,645	-	2,557,645
97000 Excess of Operating Revenue over Operating Expenses	-30,370	-	3,610,819	-139,219	173,797	3,615,027	-	3,615,027
97300 Housing Assistance Payments	-	-	3,431,089	-	172,792	3,603,881		3,603,881
97350 HAP Portability-In	-	-	241,027	-	-	241,027		241,027
97400 Depreciation Expense	378,601	-	42,842	5,149	-	426,592		426,592
90000 Total Expenses	1,577,443	32,900	4,272,670	740,744	205,388	6,829,145	-	6,829,145
10010 Operating Transfer In	155,365	-	-	-	-	155,365		155,365
10020 Operating transfer Out	-155,365	-	-	-	-	-155,365		-155,365
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-408,971	-	-104,139	-144,368	1,005	-656,473	-	-656,473
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-		-
11030 Beginning Equity	3,030,619	-	401,859	71,842	243,357	3,747,677		3,747,677
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-241,383	-	-128,797	-184,990	-6,001	-561,171		-561,171
11170 Administrative Fee Equity	-	-	90,008	-	-	90,008		90,008
11180 Housing Assistance Payments Equity	-	-	78,915	-	-	78,915		78,915
11190 Unit Months Available	2,160	-	8,340	-	576	11,076		11,076
11210 Number of Unit Months Leased	2,128	-	8,325	-	529	10,982		10,982

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

FEDERAL GRANTOR/ *Pass-Through Grantor/* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing	14.850	$ 189,651
Section 8 Project Based Cluster:		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	206,062
Total Section 8 Project Based Cluster		206,062
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	3,897,231
Total Housing Voucher Cluster		3,897,231
Public Housing Capital Fund	14.872	285,146
Family Self-Sufficiency Program	14.896	32,900
Total U.S. Department of Housing and Urban Development		4,610,990
Total Expenditures of Federal Awards		$ 4,610,990

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

NOTE 1: **PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business in amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

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

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

To the Members of the Board
Cambridge Metropolitan Housing Authority
Cambridge, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 25, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 25, 2019

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

To the Members of the Board
Cambridge Metropolitan Housing Authority
Cambridge, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

September 25, 2019

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

The audit report for the fiscal year ending March 31, 2018 contained no findings.

OHIO AUDITOR OF STATE
KEITH FABER

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 19, 2019