

Cambridge Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2016



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2015 through March 31, 2016. 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.

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

Dave Yost
Auditor of State

December 23, 2016

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cambridge Metropolitan Housing
Authority

I have audited the accompanying financial statements of the business-type activities of Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2016, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cambridge Metropolitan Housing Authority as of March 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at March 31, 2015 for business-type activities. My 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 the Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

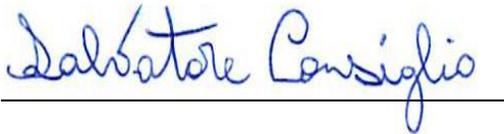
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS), and Schedule of Expenditure of Federal Awards are not a required part of the basic financial statements. The Schedule of Expenditure 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 financial statements.

The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was 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 my opinion, the Schedule of Expenditure of Federal Awards, the financial data schedule ("FDS") 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*, I have also issued my report dated October 31, 2016, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
October 31, 2016

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

Unaudited

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 2016 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 \$392,223 (or 7.51 percent) during fiscal year ended 2016. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net Position was \$4,827,801 and \$5,220,024 for 2016 and 2015 respectively. The 2015 Net Position was restated due to implementation of GASB 68.
- The business-type activities revenue increased by \$643,338 (or 13.22 percent) during fiscal year ended 2016. The amounts were \$5,508,155 and \$4,864,817 for 2016 and 2015 respectively.
- The total expenses of all Authority programs increased by \$684,578 (or 13.13 percent). Total expenses were \$5,900,378 and \$5,215,800 for fiscal year ended 2016 and 2015 respectively.

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:

<p>M D & A -Management Discussion and Analysis-</p> <hr style="width: 50%; margin: 10px auto;"/>
<p>Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-</p>

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

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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 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:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, 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 Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

The Authority 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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Finally, a Statement of Cash Flow 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 of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

AUTHORITY PROGRAMS

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. 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% 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 who 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% 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 PHA provides to Noble Metropolitan Housing Authority, Monroe Metropolitan Housing Authority and Cambridge Management Corporation for a fee for services that the PHA provides to the entities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

New GASB 68 Reporting

During current fiscal year, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

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below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

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balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at March 31, 2015, from \$5,741,614 to \$5,220,024

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.

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

Unaudited

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2016</u>	Restated <u>2015</u>
Current and Other Assets	\$ 1,091,741	\$ 1,163,350
Capital Assets	4,608,504	4,908,866
Deferred Outflows of Resources	<u>297,432</u>	<u>106,343</u>
Total Assets	<u>\$ 5,997,677</u>	<u>\$ 6,178,559</u>
Current Liabilities	\$ 208,039	\$ 274,078
Long-Term Liabilities	941,078	684,457
Deferred Inflows of Resources	<u>20,759</u>	<u>-</u>
Total Liabilities	<u>1,169,876</u>	<u>958,535</u>
Net Position:		
Net Investment in Capital Assets	4,608,504	4,908,866
Restricted Net Position	46,453	78,278
Unrestricted Net Position	<u>172,844</u>	<u>232,880</u>
Total Net Position	<u>4,827,801</u>	<u>5,220,024</u>
Total Liabilities and Net Position	<u>\$ 5,997,677</u>	<u>\$ 6,178,559</u>

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

Major Factors Affecting the Statement of Net Position

During 2016, current and other assets decreased by \$71,609 and current liabilities increased by \$66,039. The decrease in current assets is mainly due to the change in cash and accounts receivable due to the result of current activities. The decrease in liability is due to the year-end vendor invoices being paid during the fiscal year.

Capital assets also changed, decreasing from \$4,908,866 to \$4,608,504. The \$300,362 decrease may be contributed primarily to a combination of total acquisitions of \$135,797 less current year depreciation of \$436,159.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

Unaudited

The following table presents details on the change in Net Position.

TABLE 2
CHANGE OF NET POSITION

	Unrestricted	Net Investment in Capital Assets	Restricted
Beginning Balance - Restated	\$232,880	\$4,908,866	\$78,278
Results of Operation	(360,398)	0	(31,825)
Adjustments:			
Current year Depreciation Expense (1)	436,160	(436,160)	0
Capital Expenditure (2)	(135,797)	135,797	0
Rounding Adjustment	(1)	1	0
Ending Balance	\$172,844	\$4,608,504	\$46,453

(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 on in Business-Type Activities.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 667,379	\$ 663,226
Operating Subsidies	4,059,683	3,745,946
Capital Grants	121,267	35,314
Investment Income	854	858
Other Revenues	658,972	419,473
Total Revenues	<u>5,508,155</u>	<u>4,864,817</u>
<u>Expenses</u>		
Administrative	849,385	768,977
Tenant Services	37,192	44,911
Utilities	144,795	145,975
Maintenance	858,163	654,176
General Expenses	122,898	121,545
Housing Assistance Payments	3,451,786	3,040,073
Depreciation	436,159	440,143
Total Expenses	<u>5,900,378</u>	<u>5,215,800</u>
Net Increases (Decreases)	<u>\$ (392,223)</u>	<u>\$ (350,983)</u>

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

Operating Subsidy reflects an increase of \$313,737 or 8.4%. In increase in operating subsidy is mainly due to additional housing assistance money received during the year. Capital grants increased by \$85,953 due to capital funded activities during the year. Total tenant revenue increased by \$4,153 (or .6%). The increase in tenant revenue was primarily due to increase in tenant rents and units leased. The increase in other revenue was mainly due to more management fee received for the administration of other housing authorities and projects for the year.

Total expenses increased \$684,578 due to increase in maintenance expense, and housing assistance payments.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

Unaudited

CAPITAL ASSETS

As of year-end, the Authority had \$4,608,504 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$300,362 or 6.1% from the end of 2016. This decrease was due to depreciation expense net of current year capital additions.

TABLE 4
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2016</u>	<u>2015</u>
Land and Land Rights	\$ 415,810	\$ 415,810
Buildings	11,645,081	11,484,725
Leasehold Improvements	896,954	886,554
Equipment	1,091,207	1,063,353
Construction in Progress	-	62,812
Accumulated Depreciation	<u>(9,440,548)</u>	<u>(9,004,388)</u>
 Total	 <u>\$ 4,608,504</u>	 <u>\$ 4,908,866</u>

The following reconciliation identifies the change in Capital Assets:

TABLE 5
CHANGE IN CAPITAL ASSETS

Beginning Balance - March 31, 2015	\$	4,908,866
Current year Additions		135,797
Current year Depreciation Expense		(436,160)
Rounding Adjustment		<u>1</u>
 Ending Balance - March 31, 2016	 \$	 <u><u>4,608,504</u></u>

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2016

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Current year Additions are summarized as follows:

Equipment	\$	27,853
Leasehold Improvements		10,399
Building Improvements		<u>97,545</u>
Total 2016 Additions	\$	<u><u>135,797</u></u>

DEBT OUTSTANDING

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the 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

The individual to be contacted regarding this report is Jolinda Baranich, Executive Director, Cambridge Metropolitan Housing Authority, P.O. Box 1388, Cambridge, OH 43725.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2016

ASSETS

Current assets

Cash and cash equivalents	\$ 790,497
Restricted cash and cash equivalents	99,426
Receivables, net	146,741
Prepaid expenses and other assets	52,317
Inventory	2,760
<i>Total current assets</i>	1,091,741

Noncurrent assets

Capital assets:

Non-Depreciable capital assets	415,810
Depreciable capital assets	13,633,242
Less accumulated depreciation	(9,440,548)
<i>Total noncurrent assets</i>	4,608,504

Deferred Outflows of Resources	297,432
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<i>Total noncurrent assets</i>	4,905,936
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Total assets	\$ 5,997,677
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LIABILITIES

Current liabilities

Accounts payable	\$ 88,434
Accounts payable - Other Governments	61,105
Tenant security deposits	38,613
Unearned revenue	10,346
Other Current liabilities	9,541
<i>Total current liabilities</i>	208,039

Noncurrent liabilities

Accrued Compensated Absences	38,339
Net Pension Liability	902,739

<i>Total noncurrent liabilities</i>	941,078
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Deferred Inflows of Resources	20,759
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The accompanying notes to the financial statements are an integral part of these statements.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2016

NET POSITION

Net Invested in capital assets	\$ 4,608,504
Restricted net position	46,453
Unrestricted net position	172,844
Total net position	<u>4,827,801</u>
Total liabilities and net position	<u><u>\$ 5,997,677</u></u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2016

OPERATING REVENUES

Tenant revenue	\$ 667,379
Government operating grants	4,059,683
Other revenue	658,972
Total operating revenues	<u>5,386,034</u>

OPERATING EXPENSES

Administrative	849,385
Tenant services	37,192
Utilities	144,795
Maintenance	858,163
General	122,898
Housing assistance payment	3,451,786
Depreciation	436,159
Total operating expenses	<u>5,900,378</u>
Operating income (loss)	<u>(514,344)</u>

NONOPERATING REVENUES (EXPENSES)

Capital grant revenue	121,267
Interest Income	854
Total nonoperating revenues (expenses)	<u>122,121</u>
Change in net position	(392,223)
Total net position - beginning - restated	5,220,024
Total net position - ending	<u><u>\$ 4,827,801</u></u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended March 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,130,054
Receipts from tenants	665,037
Other revenue received	596,534
Cash payments for administrative	(1,958,186)
Cash payments for HAP	(3,451,786)

Net cash provided (used) by operating activities **(18,347)**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	854
-----------------	-----

Net cash provided (used) by investing activities **854**

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Acquisition of capital assets	(135,797)
Capital grant received	121,267

Net cash provided (used) by capital and related activities **(14,530)**

Net increase (decrease) in cash	(32,023)
Cash and cash equivalents - Beginning of year	921,946

Cash and cash equivalents - End of year **\$ 889,923**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2016

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ (514,344)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	436,159
- (Increases) Decreases in Accounts Receivable	35,975
- (Increases) Decreases in Other Current Assets	6,371
- (Increases) Decreases in Inventory	(2,760)
- (Increases) Decreases in Deferred Outflows	(213,583)
- Increases (Decreases) in Accounts Payable	(72,244)
- Increases (Decreases) in Accounts Payable Other Governements	(1,662)
- Increases (Decreases) in Tenant Security Deposit	(1,039)
- Increases (Decreases) in Unearned Revenue	(635)
- Increases (Decreases) in Other Current Liabilities	9,541
- Increases (Decreases) in Pension Liability	297,300
- Increases (Decreases) in Deferred Inflows	20,759
- Increases (Decreases) in Non-Current Liabilities Other	<u>(18,185)</u>
Net cash provided by operating activities	<u><u>\$ (18,347)</u></u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NOTE1: 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 Findlay, 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 provision of Governmental Accounting Standards Board (GASB) Statement 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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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

Basis of Presentation

The Authority's basic financial statements consist of a statement of net positions, a statement of revenues, expenses, and changes in net positions, 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 positions, 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 positions. The statement of revenues, expenses and changes in net positions 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 flows 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:

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
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FOR THE YEAR ENDED MARCH 31, 2016

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **Business Activity**

Business activity represents other services that the PHA provides to Noble Metropolitan Housing Authority, Monroe Metropolitan Housing Authority and Cambridge Management Corporation for a fee for services that the PHA provides to the entities. The revenue and expenses for these services are identified and tracked separate 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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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.

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, and 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 balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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

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 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 statements of financial position will sometimes report 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/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report 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 include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For current fiscal year, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and reporting pension liabilities, deferred outflows of resources and deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported March 31, 2015:

Net Position - March 31, 2015	\$5,741,614
Adjustments:	
Net Pension Liability	(605,439)
Deferred Outflows	<u>83,849</u>
Restated Net Position - March 31, 2015	<u>\$5,220,024</u>

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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
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Protection of the Authority 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 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 \$889,923 (including \$790,497 of unrestricted funds, \$99,426 of restricted funds. The unrestricted cash includes \$250 of petty cash); and the bank balance was \$908,231.

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 \$250,000 were covered by Federal Depository Insurance and deposits totaling \$658,231 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not 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***,

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FOR THE YEAR ENDED MARCH 31, 2016**

and records all its investments at fair value. At March 31, 2016, the Authority held no investments as defined by GASB Statement No. 40.

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 Deposit	\$38,613
FSS Escrow Funds held for Tenants	9,541
Advances from HUD for housing assistance payments	46,453
Tenant Council Funds	4,819

Total Restricted Cash on Hand	\$99,426

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: CAPITAL ASSETS

A summary of capital assets at March 31, 2016 by class is as follows:

	Balance 03/31/15	Additions	Adjustment	Balance 03/31/16
Capital Assets Not Being Depreciated:				
Land	\$415,810	\$0	\$0	\$415,810
Construction in Progress	62,812	\$0	(\$62,812)	0
Total Capital Assets Not Being Depreciated	478,622	0	(62,812)	415,810
Capital Assets Being Depreciated:				
Buildings	11,484,725	97,545	62,811	11,645,081
Leasehold Improvements	886,554	10,399	0	896,954
Furnt, Mach. and Equip.	1,063,353	27,853	1	1,091,207
Total Capital Assets Being Depreciated	13,434,632	135,797	62,812	13,633,242
Accumulated Depreciation:				
Buildings	(7,700,243)	(333,222)	0	(8,033,465)
Leasehold Improvements	(635,585)	(34,370)	0	(669,955)
Furnt, Mach. and Equip.	(668,559)	(68,567)	(1)	(737,127)
Total Accumulated Depreciation	(9,004,387)	(436,159)	(1)	(9,440,548)
Total Capital Assets Being Depreciated, Net	4,430,245	(300,362)	62,811	4,192,694
Total Capital Assets, Net	\$4,908,867	(\$300,362)	(\$1)	\$4,608,504

NOTE 6: DEFINED BENEFIT PENSION PLANS

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension. GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Public Employees Retirement System (PERS)

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
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Ohio Public Employees Retirement System administers three separate pension plans as described below:

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during fiscal year 2015. The contribution rates are determined actuarially. The Authority’s contractual required contribution for the year ended March 31, 2016 was \$98,439.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	Total
Proportionate Share of Net Pension Liability	\$909,712	(\$6,973)	\$902,739
Proportion of the Net Pension Liability	0.00525%	0.00143%	
Pension Expense	\$78,711	\$63,084	\$141,795

At March 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$267,399	\$3,011	\$270,410
Authority contributions subsequent to the measurement date	27,022	0	27,022
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	\$294,421	\$3,011	\$297,432

Deferred Inflows of Resources

Net Difference between projected and actual earning on pension plan investments	\$17,577	\$3,182	\$20,759
	<hr/>	<hr/>	<hr/>

\$27,022 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2016	\$58,365	(\$370)	\$57,995
2017	62,490	(370)	62,120
2018	67,769	(370)	67,399
2019	60,512	(285)	60,227
2020	686	404	1,090
Thereafter	0	820	820
	<hr/>	<hr/>	<hr/>
Total	\$249,822	(\$171)	\$249,651

Actuarial Assumptions – PERS

PERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2015, are presented below:

Actuarial Information	Traditional Plan	Combined Plan
Wage Inflation	3.75%	3.75%
Future Salary Increases, including inflation	4.25 - 10.05%	4.25 - 8.05%
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.8% Simple	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.8% Simple
Investment Rate of Return	8%	8%
Actuarial Cost Method	Individual entry age	Individual entry age

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

The long-term return expectation for the Pension Plan Investments has been determined using a building block approach and assumes a time horizon, as defined in PERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums

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over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation for 2015	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	18.00%	4.59%
TOTAL	100.00%	5.27%

Discount Rate The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (8.0 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
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	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$1,449,394	\$909,712	\$454,508
- Combine Plan	(\$143)	(\$6,973)	(\$12,467)

NOTE 7: POSTEMPLOYMENT BENEFITS

A. Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan does not qualify for ancillary benefits, including post-employment health care coverage.

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
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B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015-2016, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended March 31, 2016, 2015 and 2014, which were used to fund post-employment benefits, were \$14,057, \$10,208 and \$5,499, respectively.

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.

The following is a summary of changes in compensated absence liability:

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

	Balance	Change	Balance	Due Within
	03/31/15	03/31/16	03/31/16	One Year
Compensated Absence Liability	\$19,219	\$19,120	\$38,339	\$0

NOTE 9: PENSION LIABILITY

The following is a summary of the change in pension liability amount for the year ended March 31, 2016:

	Balance	Change	Balance
	03/31/15	03/31/16	03/31/16
Net Pension Liability	\$605,439	\$297,300	\$902,739

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 disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Cambridge is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10: CONTINGENCIES

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

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

NOTE 10: MANAGEMENT AGREEMENTS

The Cambridge Metropolitan Housing Authority (the "Authority") entered into housing management agreements 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 provides all management services to Noble and Monroe in order that they shall comply with all applicable laws of the State of

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

Ohio and of the United States Government, and with the terms of all contracts which the parties have 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 earned for the fiscal year ended March 31, 2016, by the Authority from Noble and Monroe were \$106,214 and \$82,359, respectively. The additional management fees of \$176,293 are made up from the agreements with several other entities.

NOTE 11: 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 October 31, 2016, the date on which the financial statements were available to be issued.

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$183,617	\$0	\$144,812	\$216,712	\$245,356	\$790,497	\$0	\$790,497
113 Cash - Other Restricted	\$4,819	\$0	\$46,453	\$0	\$0	\$51,272	\$0	\$51,272
114 Cash - Tenant Security Deposits	\$38,238	\$0	\$0	\$375	\$0	\$38,613	\$0	\$38,613
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$9,541	\$0	\$0	\$9,541	\$0	\$9,541
100 Total Cash	\$226,674	\$0	\$200,806	\$217,087	\$245,356	\$889,923	\$0	\$889,923
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$8,360	\$0	\$0	\$0	\$0	\$8,360	\$0	\$8,360
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$727	\$135,059	\$0	\$135,786	\$0	\$135,786
126 Accounts Receivable - Tenants	\$4,442	\$0	\$0	\$0	\$0	\$4,442	\$0	\$4,442
126.1 Allowance for Doubtful Accounts -Tenants	(\$1,847)	\$0	\$0	\$0	\$0	(\$1,847)	\$0	(\$1,847)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,955	\$0	\$727	\$135,059	\$0	\$146,741	\$0	\$146,741
142 Prepaid Expenses and Other Assets	\$11,927	\$0	\$18,879	\$21,511	\$0	\$52,317	\$0	\$52,317
143 Inventories	\$2,760	\$0	\$0	\$0	\$0	\$2,760	\$0	\$2,760
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$252,316	\$0	\$220,412	\$373,657	\$245,356	\$1,091,741	\$0	\$1,091,741
161 Land	\$404,075	\$0	\$11,735	\$0	\$0	\$415,810	\$0	\$415,810
162 Buildings	\$11,045,815	\$0	\$599,266	\$0	\$0	\$11,645,081	\$0	\$11,645,081
163 Furniture, Equipment & Machinery - Dwellings	\$152,003	\$0	\$0	\$0	\$0	\$152,003	\$0	\$152,003
164 Furniture, Equipment & Machinery - Administration	\$698,933	\$0	\$172,682	\$67,589	\$0	\$939,204	\$0	\$939,204

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
165 Leasehold Improvements	\$839,152	\$0	\$57,802	\$0	\$0	\$896,954	\$0	\$896,954
166 Accumulated Depreciation	(\$9,138,534)	\$0	(\$277,946)	(\$24,068)	\$0	(\$9,440,548)	\$0	(\$9,440,548)
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,001,444	\$0	\$563,539	\$43,521	\$0	\$4,608,504	\$0	\$4,608,504
180 Total Non-Current Assets	\$4,001,444	\$0	\$563,539	\$43,521	\$0	\$4,608,504	\$0	\$4,608,504
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$297,432	\$0	\$297,432	\$0	\$297,432
290 Total Assets and Deferred Outflow of Resources	\$4,253,760	\$0	\$783,951	\$714,610	\$245,356	\$5,997,677	\$0	\$5,997,677
312 Accounts Payable <= 90 Days	\$22,223	\$0	\$110	\$8,638	\$0	\$30,971	\$0	\$30,971
321 Accrued Wage/Payroll Taxes Payable	\$31,112	\$0	\$15,067	\$10,405	\$879	\$57,463	\$0	\$57,463
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$11,105	\$11,105	\$0	\$11,105
333 Accounts Payable - Other Government	\$50,000	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000
341 Tenant Security Deposits	\$38,238	\$0	\$0	\$375	\$0	\$38,613	\$0	\$38,613
342 Unearned Revenue	\$3,346	\$0	\$0	\$7,000	\$0	\$10,346	\$0	\$10,346
345 Other Current Liabilities	\$0	\$0	\$9,541	\$0	\$0	\$9,541	\$0	\$9,541
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$144,919	\$0	\$24,718	\$26,418	\$11,984	\$208,039	\$0	\$208,039
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$17,357	\$0	\$11,619	\$9,363	\$0	\$38,339	\$0	\$38,339
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$902,739	\$0	\$902,739	\$0	\$902,739
350 Total Non-Current Liabilities	\$17,357	\$0	\$11,619	\$912,102	\$0	\$941,078	\$0	\$941,078
300 Total Liabilities	\$162,276	\$0	\$36,337	\$938,520	\$11,984	\$1,149,117	\$0	\$1,149,117
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$20,759	\$0	\$20,759	\$0	\$20,759
508.4 Net Investment in Capital Assets	\$4,001,444	\$0	\$563,539	\$43,521	\$0	\$4,608,504	\$0	\$4,608,504
511.4 Restricted Net Position	\$0	\$0	\$46,453	\$0	\$0	\$46,453	\$0	\$46,453
512.4 Unrestricted Net Position	\$90,040	\$0	\$137,622	(\$288,190)	\$233,372	\$172,844	\$0	\$172,844
513 Total Equity - Net Assets / Position	\$4,091,484	\$0	\$747,614	(\$244,669)	\$233,372	\$4,827,801	\$0	\$4,827,801
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,253,760	\$0	\$783,951	\$714,610	\$245,356	\$5,997,677	\$0	\$5,997,677
70300 Net Tenant Rental Revenue	\$644,366	\$0	\$0	\$0	\$0	\$644,366	\$0	\$644,366
70400 Tenant Revenue - Other	\$23,013	\$0	\$0	\$0	\$0	\$23,013	\$0	\$23,013
70500 Total Tenant Revenue	\$667,379	\$0	\$0	\$0	\$0	\$667,379	\$0	\$667,379
70600 HUD PHA Operating Grants	\$379,121	\$32,694	\$3,463,445	\$0	\$184,423	\$4,059,683	\$0	\$4,059,683
70610 Capital Grants	\$121,267	\$0	\$0	\$0	\$0	\$121,267	\$0	\$121,267
71100 Investment Income - Unrestricted	\$135	\$0	\$470	\$244	\$5	\$854	\$0	\$854
71400 Fraud Recovery	\$0	\$0	\$616	\$0	\$0	\$616	\$0	\$616

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
71500 Other Revenue	\$1,651	\$0	\$200,408	\$456,288	\$9	\$658,356	\$0	\$658,356
70000 Total Revenue	\$1,169,553	\$32,694	\$3,664,939	\$456,532	\$184,437	\$5,508,155	\$0	\$5,508,155
91100 Administrative Salaries	\$100,316	\$0	\$164,068	\$122,996	\$11,282	\$398,662	\$0	\$398,662
91200 Auditing Fees	\$3,950	\$0	\$5,102	\$15,054	\$353	\$24,459	\$0	\$24,459
91400 Advertising and Marketing	\$8,130	\$0	\$217	\$107	\$13	\$8,467	\$0	\$8,467
91500 Employee Benefit contributions - Administrative	\$56,089	\$0	\$74,771	\$97,514	\$4,525	\$232,899	\$0	\$232,899
91600 Office Expenses	\$0	\$0	\$8,678	\$3,891	\$567	\$13,136	\$0	\$13,136
91700 Legal Expense	\$36	\$0	\$46	\$18	\$3	\$103	\$0	\$103
91800 Travel	\$675	\$0	\$2,137	\$838	\$148	\$3,798	\$0	\$3,798
91900 Other	\$61,198	\$0	\$69,936	\$32,087	\$4,640	\$167,861	\$0	\$167,861
91000 Total Operating - Administrative	\$230,394	\$0	\$324,955	\$272,505	\$21,531	\$849,385	\$0	\$849,385
92100 Tenant Services - Salaries	\$0	\$29,999	\$0	\$0	\$0	\$29,999	\$0	\$29,999
92300 Employee Benefit Contributions - Tenant Services	\$0	\$2,695	\$0	\$0	\$0	\$2,695	\$0	\$2,695
92400 Tenant Services - Other	\$4,498	\$0	\$0	\$0	\$0	\$4,498	\$0	\$4,498
92500 Total Tenant Services	\$4,498	\$32,694	\$0	\$0	\$0	\$37,192	\$0	\$37,192
93100 Water	\$51,597	\$0	\$0	\$0	\$0	\$51,597	\$0	\$51,597
93200 Electricity	\$77,429	\$0	\$0	\$0	\$0	\$77,429	\$0	\$77,429
93300 Gas	\$15,769	\$0	\$0	\$0	\$0	\$15,769	\$0	\$15,769
93000 Total Utilities	\$144,795	\$0	\$0	\$0	\$0	\$144,795	\$0	\$144,795

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$246,064	\$0	\$0	\$188,793	\$0	\$434,857	\$0	\$434,857
94200 Ordinary Maintenance and Operations - Materials and Other	\$119,004	\$0	\$7,887	\$3,653	\$480	\$131,024	\$0	\$131,024
94300 Ordinary Maintenance and Operations Contracts	\$86,150	\$0	\$192	\$0	\$0	\$86,342	\$0	\$86,342
94500 Employee Benefit Contributions - Ordinary Maintenance	\$116,521	\$0	\$0	\$89,419	\$0	\$205,940	\$0	\$205,940
94000 Total Maintenance	\$567,739	\$0	\$8,079	\$281,865	\$480	\$858,163	\$0	\$858,163
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$10,285	\$0	\$14,198	\$2,695	\$0	\$27,178	\$0	\$27,178
96120 Liability Insurance	\$10,284	\$0	\$14,197	\$2,694	\$0	\$27,175	\$0	\$27,175
96130 Workmen's Compensation	\$3,756	\$0	\$4,833	\$1,878	\$334	\$10,801	\$0	\$10,801
96100 Total insurance Premiums	\$24,325	\$0	\$33,228	\$7,267	\$334	\$65,154	\$0	\$65,154
96300 Payments in Lieu of Taxes	\$50,000	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000
96400 Bad debt - Tenant Rents	\$7,744	\$0	\$0	\$0	\$0	\$7,744	\$0	\$7,744
96000 Total Other General Expenses	\$57,744	\$0	\$0	\$0	\$0	\$57,744	\$0	\$57,744
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,029,495	\$32,694	\$366,262	\$561,637	\$22,345	\$2,012,433	\$0	\$2,012,433

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$140,058	\$0	\$3,298,677	(\$105,105)	\$162,092	\$3,495,722	\$0	\$3,495,722
97300 Housing Assistance Payments	\$0	\$0	\$3,122,593	\$0	\$152,437	\$3,275,030	\$0	\$3,275,030
97350 HAP Portability-In	\$0	\$0	\$176,756	\$0	\$0	\$176,756	\$0	\$176,756
97400 Depreciation Expense	\$390,205	\$0	\$41,147	\$4,807	\$0	\$436,159	\$0	\$436,159
90000 Total Expenses	\$1,419,700	\$32,694	\$3,706,758	\$566,444	\$174,782	\$5,900,378	\$0	\$5,900,378
10010 Operating Transfer In	\$155,952	\$0	\$0	\$0	\$0	\$155,952	(\$155,952)	\$0
10020 Operating transfer Out	(\$155,952)	\$0	\$0	\$0	\$0	(\$155,952)	\$155,952	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$250,147)	\$0	(\$41,819)	(\$109,912)	\$9,655	(\$392,223)	\$0	(\$392,223)
11030 Beginning Equity	\$4,341,631	\$0	\$789,433	\$386,833	\$223,717	\$5,741,614	\$0	\$5,741,614
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	(\$521,590)	\$0	(\$521,590)	\$0	(\$521,590)
11170 Administrative Fee Equity	\$0	\$0	\$701,161	\$0	\$0	\$701,161	\$0	\$701,161
11180 Housing Assistance Payments Equity	\$0	\$0	\$46,453	\$0	\$0	\$46,453	\$0	\$46,453
11190 Unit Months Available	2,160	0	8,340	0	576	11,076	0	11,076
11210 Number of Unit Months Leased	2,146	0	8,300	0	543	10,989	0	10,989
11620 Building Purchases	\$115,554	\$0	\$0	\$0	\$0	\$115,554	\$0	\$115,554

Cambridge Metropolitan Housing Authority
 FDS Schedule Submitted to REAC
 Proprietary Fund Type - Enterprise Fund
 March 31, 2016

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
11630 Furniture & Equipment - Dwelling Purchases	\$2,519	\$0	\$0	\$0	\$0	\$2,519	\$0	\$2,519
11640 Furniture & Equipment - Administrative Purchases	\$3,194	\$0	\$0	\$0	\$0	\$3,194	\$0	\$3,194

Cambridge Metropolitan Housing Authority
Required Supplementary Information
Schedule of Cambridge Metropolitan Housing Authority
Proportionate Share of the Net Pension Liability
For the Last Two Fiscal Years

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.005252%	0.005066%
Authority's Proportionate Share of the Net Pension Liability	\$909,713	\$605,439
Authority's Covered-Employee Payroll	\$653,634	\$621,149
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.18%	97.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%
Combined Plan	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.014330%	0.014486%
Authority's Proportionate Share of the Net Pension Liability	(\$6,973)	(\$3,275)
Authority's Covered-Employee Payroll	\$52,167	\$52,950
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(13.37%)	(6.19%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%

(1) Information prior to 2014 is not available.

Cambridge Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Cambridge Metropolitan Housing Authority's
 PERS Schedule of Ten Year Contributions
 For the Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually Required Contribution	\$84,382	\$83,462	\$71,485	\$54,931	\$40,633	\$27,828	\$18,422	\$20,661	\$15,451	\$23,723
Contributions in Relation to the Contractually Required Contribution	\$84,382	\$83,462	\$71,485	\$54,931	\$40,633	\$27,828	\$18,422	\$20,661	\$15,451	\$23,723
Authority's Covered-Employee Payroll	\$703,184	\$873,325	\$873,440	\$699,948	\$856,870	\$862,884	\$794,743	\$762,890	\$744,159	\$723,761
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%

Cambridge Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended March 31, 2016

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	\$172,179
Section 8 Moderate Rehabilitation	14.856	184,423
Housing Choice Voucher Program	14.871	3,463,445
Public Housing Capital Fund Program	14.872	328,209
Family Self Sufficiency Program	14.896	<u>32,694</u>
Total Expenditure of Federal Award		<u><u>\$4,180,950</u></u>

NOTE - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Agency's federal award programs. The schedule has been prepared on the accrual basis of accounting.

The Agency did not use the DeMinimus rate of 10% for indirect costs charged to the federal grants.



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

Board of Commissioners
Cambridge Metropolitan Housing Authority

I 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, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise Cambridge Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated October 31, 2016, wherein we noted that the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at March 31, 2015 for business-type activities.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

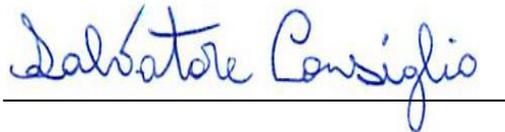
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify 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 Cambridge Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
October 31, 2016



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

Board of Commissioners
Cambridge Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Cambridge Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cambridge Metropolitan Housing Authority's major federal programs for the year ended March 31, 2016. The Authority's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Cambridge Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, 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 each of its major federal programs for the year ended March 31, 2016.

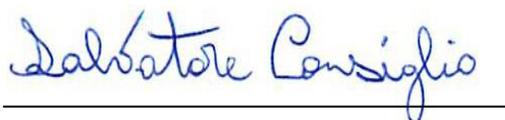
Report on Internal Control Over Compliance

Management of the Cambridge Metropolitan Housing 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 my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
October 31, 2016

Cambridge Metropolitan Housing Authority
 Schedule of Findings
 2 CFR § 200.515
 March 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	<ul style="list-style-type: none"> • CFDA # 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All Others
Low Risk Auditee under 2 CFR §200.520?	Yes

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

There are no findings or questioned costs for the year ended March 31, 2016.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings or questioned costs for the year ended March 31, 2016.

Cambridge Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2016

The following is a summary of the status of prior audit findings:

Finding Number	Finding Summary	Status
2015-001	Financial report was not filed with Auditor of State using the Annual Financial Data Reporting System.	Corrective Action Taken and Finding is Fully Corrected

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Dave Yost • Auditor of State

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
JANUARY 5, 2017**