CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2018

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

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2017 through March 31, 2018. 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.

Dave Yost
Auditor of State

October 31, 2018

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Cambridge Metropolitan Housing Authority as of March 31, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 17, 2018

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

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

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $723,968 (or 16.19 percent) during the fiscal year 2018. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was $3,747,677 and $4,471,645 for 2018 and 2017, respectively.

- The business-type activities revenue decreased by $160,465 (or 2.76 percent) during the fiscal year 2018. The amounts were $5,648,198 and $5,808,663 for 2018 and 2017, respectively.

- The total expenses of all Authority programs increased by $207,347 (or 3.36 percent). Total expenses were $6,372,166 and $6,164,819 for the fiscal years ended 2018 and 2017, 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:

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

The clearly preferable focus is on the Authority as a single Enterprise Fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority), and enhance the Authority's accountability.

AUTHORITY FINANCIAL STATEMENTS

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

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

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

> 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 Investment in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

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

AUTHORITY PROGRAMS

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

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income.

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

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

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

AUTHORITY STATEMENTS

Statement of Net Position

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

Table 1 - Statement of Net Position

	2018	2017
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 1,000,902	$ 1,182,537
Capital Assets	3,789,203	4,150,941
Deferred Outflows of Resources	200,204	534,885
Total Assets and Deferred Outflows of Resources	4,990,309	5,868,363
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities and Deferred Liabilities		
Current Liabilites	170,909	187,205
Long-Term Liabilities	867,652	1,198,532
Deferred Inflows of Resources	204,071	10,981
Total Liabilities and Deferred Inflow of Resources	1,242,632	1,396,718
Net Position		
Net Investment in Capital Assets	3,789,203	4,150,941
Restricted	0	123,123
Unrestricted	(41,526)	197,581
Total Net Position	3,747,677	4,471,645
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,990,309	$ 5,868,363

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

Major Factors Affecting the Statement of Net Position

During 2018, current assets decreased by $193,859, and current liabilities decreased by $16,295. 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 liabilities is due to the year-end vendor invoices paid during the fiscal year.

Capital assets also changed, decreasing from $4,150,941 to $3,789,203. The $361,738 decrease may be contributed primarily to a combination of total acquisitions of $79,744 less current year depreciation of $439,979.

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

Table 2 - Change in Net Position

	Unrestricted	Net Investment in Capital Assets	Restricted
Beginning Balance - March 31, 2017	$ 197,581	$ 4,150,941	$ 123,123
Results of Operations	(599,342)	(1,503)	(123,123)
Adjustments:			
Current Year Depreciation Expense (1)	439,979	(439,979)	0
Capital Expenditures (2)	(79,744)	79,744	0
Ending Balance - March 31, 2018	$ (41,526)	$ 3,789,203	$ 0

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

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

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

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

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

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

	2018	2017
Revenues		
Total Tenant Revenues	$ 680,171	$ 657,196
Operating Subsidies	4,144,153	4,349,962
Capital Grants	36,522	92,466
Investment Income	853	882
Other Revenues	786,499	708,157
Total Revenues	5,648,198	5,808,663
Expenses		
Administrative	792,649	793,666
Tenant Services	36,211	37,200
Utilities	143,284	142,412
Maintenance	875,167	818,282
General Expenses	273,787	113,124
Housing Assistance Payments	3,811,089	3,696,262
Depreciation	439,979	563,873
Total Expenses	6,372,166	6,164,819
Net Increases (Decreases)	$ (723,968)	$ (356,156)

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

Operating Subsidy reflects a decrease of $205,809 (or 4.73 percent). Capital grants decreased by $55,944 due to capital funded activities during the year. Total tenant revenue increased by $22,975 (or 3.50 percent). This increase in tenant revenue was primarily due to an increase in tenant rent revenues. The increase in other revenue was mainly due to more management fees received for the administration of other housing authorities.

Total expenses increased $207,346 due to increases in maintenance expense, housing assistance payments, and general expense.

CAPITAL ASSETS

As of year-end, the Authority had $3,789,203 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $361,738 (8.71 percent). This decrease was due to depreciation expense.

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

	2018	2017
Land and Land Rights	$ 415,809	$ 415,810
Buildings	11,776,542	11,739,486
Leasehold Improvements	918,563	908,860
Equipment	1,094,055	1,091,207
Accumulated Depreciation	(10,415,766)	(10,004,422)
Total Capital Assets	$ 3,789,203	$ 4,150,941

The following reconciliation identified the change in capital assets.

Table 5 - Changes in Capital Assets

	2018
Beginning Balance - March 31, 2017	$ 4,150,941
Current Year Additions	79,744
Current Year Deletions, Net of Depreciation	(1,503)
Current Year Depreciation Expense	(439,979)
Ending Balance - March 31, 2018	$ 3,789,203
Current Year Additions are summarized as follows:	
Current Year dditions are summarized as follows:	
Equipment	$ 32,985
Leasehold Improvements	9,703
Building Improvements	37,056
Total 2018 Additions	$ 79,744

DEBT OUTSTANDING

As of March 31, 2018, the Authority had no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEYCOUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Current Assets		
Cash and cash equivalents	$	783,133
Restricted cash and cash equivalents		68,006
Receivables, net		61,931
Prepaid expenses and other assets		67,656
Total Current Assets		980,726
Noncurrent Assets		
Capital assets:		
Non-Depreciable capital assets		415,809
Depreciable capital assets, Net		3,373,394
Total Capital Assets		3,789,203
Other Noncurrent Assets		20,176
Total Noncurrent Assets		3,809,379
Total Assets		4,790,105
Deferred Outflows of Resources		200,204
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		4,990,309
LIABLIITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts payable		32,143
Payroll liabilities		36,788
Accounts payable - Other Governments		50,147
Tenant security deposits		39,456
Unearned revenue		12,376
Total Current Liabilities		170,910
Noncurrent Liabilities		
Accrued Compensated Absences		42,933
Net Pension Liaiblity		796,169
Noncurrent liabilities - other		28,550
Total Current Liabilities		867,652
Total Liaiblities		1,038,562
Deferred Inflows of Resources		204,070
Net Position		
Net Invested in capital assets		3,789,203
Unrestricted net position		(41,526)
Total Net Position		3,747,677
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	4,990,309

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

OPERATING REVENUES	
Tenant Revenue	$ 680,171
Government operating grants	4,144,153
Other Revenue	785,503
Total Operating Revenues	5,609,827
OPERATING EXPENSES	
Administrative	792,649
Tenant Services	36,211
Utiities	143,284
Maintenance	875,167
General	273,787
Housing assistance payment	3,811,089
Depreciation	439,979
Total Operating Expenses	6,372,166
Operating income (loss)	(762,339)
NONOPERATING REVENUES (EXPENSES)	
Capital grant revenue	36,522
Interest Income	853
Gain on Disposition	996
Total nonoperating revenues	38,371
Change in Net Position	(723,968)
Total Net Position - Beginning	4,471,645
Total Net Position - Ending	$ 3,747,677

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$4,144,153
Receipts from tenants	685,670
Other revenue received	787,689
Cash payments for administrative	(665,895)
Cash payments for HAP	(3,811,089)
Cash payments for Other Expenses	(1,298,020)
Net Cash Provided (Used) by Operating Activities	(157,492)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	853
Net Cash Provided (Used) by Investing Activities	853
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Acquisition of capital assets	(79,745)
Capital grant received	36,522
Cash from asset sales	2,500
Net Cash Provided (Used) by Capital and Related Activities	(40,723)
Net Increase (Decrease) in Cash	(197,362)
Cash and Cash Equivalents - Beginning of Year	1,048,501
Cash and Cash Equivalents - End of Year	$ 851,139
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	$ (762,339)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
Depreciation	439,979
(Increase) Decreases in Accounts Receivable	7,235
(Increase) Decreases in Prepaid Assets	(10,738)
Increase (Decreases) Net Pension Activity	150,185
Increase (Decreases) in Accounts Payable	(32,383)
Increase (Decreases) in Accounts Payable to Other Government	800
Increase (Decreases) in Tenant Security Deposit	1,386
Increase (Decreases) in Unearned Revenue	(1,736)
Increase (Decreases) in Other Current Liabilities	15,638
Increase (Decreases) in Noncurrent Liabilities Other	34,481
Net Cash Provided (Used) by Operating Activities	$ (157,492)

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

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

Organization and Reporting Entity

The Cambridge Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Cambridge, Ohio. The Authority was created under the Ohio Revised Code Section 3735.27, to engage in the acquisition, development, leasing, and administration of low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

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

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

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

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

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

A. **Public Housing Program**

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

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

B. **Capital Fund Program**

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

C. **Housing Choice Vouchers**

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

D. **Business Activity**

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

Cash and Cash Equivalents

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

Investments

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

Compensated Absences

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

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

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

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

Capital Assets

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

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

Capitalization of Interest

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

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on its use either enabling legislation or through external restrictions imposed by creditors, grantors, or law or regulations of other governments.

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

Operating Revenues and Expenses

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

Capital Contributions

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

Budgetary Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources
In addition to assets, the 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 5.

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.

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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

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

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

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

A. **Deposits** (Continued)

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 $851,139 (including $783,133 of unrestricted funds and $68,006 of restricted funds). The unrestricted cash includes $250 of petty cash); and the bank balance was $919,911.

Custodial Credit Risk
Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling $500,000 were covered by Federal Depository Insurance and deposits totaling $419,911 were uninsured and collateralized with securities held by the financial institution's trust department or agent in the Authority's name.

B. **Investments**

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records its investments at fair value. At March 31, 2018, the Authority held no investments as defined by GASB Statement No. 40.

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

B. **Investments** (Continued)

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

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

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

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

NOTE 3: **RESTRICTED ASSETS**

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

Tenant Security Deposits	$	39,456
FSS Escrow Cash Balance		27,850
Tenant Council Funds		700
Total Restricted Cash	$	68,006

NOTE 4: CAPITAL ASSETS

A summary of capital assets at March 31, 2018 by class is as follows:

	Balance 3/31/2017	Additions	Deletions	Balance 3/31/2018
Capital Assets Not Being Depreciated				
Land	$ 415,809	$ 0	$ 0	$ 415,809
Total Capital Assets Not Being Depreciated	415,809	0	0	415,809
Capital Assets Being Depreciated				
Buildings	11,739,486	37,056	0	11,776,542
Leasehold Improvements	908,860	9,703	0	918,563
Furniture, Machinery, and Equipment	1,091,207	32,985	(30,137)	1,094,055
Total Capital Assets Being Depreciated	13,739,553	79,744	(30,137)	13,789,160
Accumulated Depreciation				
Buildings	(8,436,231)	(345,159)	0	(8,781,390)
Leasehold Improvements	(723,303)	(32,497)	0	(755,800)
Furniture, Machinery, and Equipment	(844,887)	(62,323)	28,634	(878,576)
Total Accumulated Depreciation	(10,004,421)	(439,979)	28,634	(10,415,766)
Capital Assets Being Depreciated, Net	3,735,132	(360,235)	(1,503)	3,373,394
Total Capital Assets, Net	$ 4,150,941	$ (360,235)	$ (1,503)	$ 3,789,203

NOTE 5: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

Net Pension Liability (Continued)

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-Employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $97,918 for 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, 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 Pension Plan	Combined Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005115%	0.014288%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005075%	0.014821%
Change in Proportionate Share	-0.000040%	0.000533%
Proportionate Share of the Net Pension Liability/(Asset)	$ 796,169	$ (20,176)
Pension Expense	$ 179,641	$ (5,112)

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional OPERS	Combined OPERS
Deferred Outflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$ 0	$ 0
Differences between expected and actual experience	812	1,764
Changes of assumptions	95,147	0
Changes in proportion and differences between Authority contributions and proportionate share of contributions	78,135	0
Authority contributions subsequent to the measurement date	22,325	2,021
Total Deferred Outflows of Resources	$ 196,419	$ 3,785
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$ 170,926	$ 3,183
Differences between expected and actual experience	15,689	6,011
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,231	3,030
Total Deferred Inflows of Resources	$ 191,846	$ 12,224

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

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

$24,346 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan
Year Ending March 31:		
2018	$ 140,614	$ (1,431)
2019	(12,862)	(1,517)
2020	(75,266)	(2,232)
2021	(70,238)	(2,155)
2022	0	(1,038)
Thereafter	0	(2,087)
Total	$ (17,752)	$ (10,460)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

Actuarial Assumptions – OPERS (Continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 1,413,793	$ 796,169	$ 281,257
Combined Plan	$ (10,968)	$ (20,176)	$ (26,530)

NOTE 6: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2017 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

B. **Funding Policy** (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0 percent. The portion of actual Authority contributions for the fiscal years ending March 31, 2018, 2017, and 2016, which were used by OPERS to fund post-employment benefits were $5,659, $14,959, and $14,057, respectively.

NOTE 7: **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:

	Balance 3/31/2017	Change	Balance 3/31/2018	Due Within One Year
Compensated Absence Liability	$ 37,002	$ 5,931	$ 42,933	$ 0

NOTE 8: **PENSION LIABILITY**

The following is a summary of the change in pension liability amount for the year ended March 31, 2018:

	Balance 3/31/2017	Change	Balance 3/31/2018
Net Pension Liaiblity	$ 1,161,530	$ (365,361)	$ 796,169

NOTE 9: **RISK MANAGEMENT**

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

NOTE 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 11: **MANAGEMENT AGREEMENTS**

The Cambridge Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Noble Metropolitan Housing Authority (Noble) and Monroe Metropolitan Housing Authority (Monroe) on March 30, 1987 and August 27, 1990, respectively. Pursuant to these agreements, the Authority provided all management services to the Noble and Monroe in order that they shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the parties have has executed or may, from time to time, execute with HUD. As compensation for these services, Noble and Monroe transfer to the Authority the monthly earned administrative fees as determinable by HUD or an allocation of actual expenses as determined through the budget process. Total management fees for the fiscal year ended March 31, 2018 by the Authority from Noble and Monroe were $119,240 and $76,369, respectively. The additional management fees of $347,873 are made up from the agreements with several other entities.

NOTE 12: **SUBSEQUENT EVENTS**

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

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

Traditional Plan	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.005075%	0.005115%	0.005252%	0.005066%
Authority's Proportionate Share of the Net Pension Liability	$ 796,169	$ 1,161,529	$ 909,713	$ 605,439
Authority's Covered-Employee Payroll	$ 651,958	$ 649,200	$ 617,933	$ 550,900
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	122.12%	178.92%	147.22%	109.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%

Combined Plan	2018	2017	2016	2015
Authority's Proportion of the Net Pension (Asset)	0.014821%	0.014288%	0.014330%	0.014486%
Authority's Proportionate Share of the Net Pension (Asset)	$ (20,176)	$ (7,952)	$ (6,793)	$ (3,275)
Authority's Covered-Employee Payroll	$ 50,525	$ 48,875	$ 50,258	$ 44,808
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	39.93%	16.27%	13.87%	7.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	137.28%	116.55%	116.90%	114.83%

(1) - Information prior to 2015 is not available.

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST FIVE FISCAL YEARS (1)

	2018		2017	2016	2015	2014
Contractually Required Contributions						
Traditional Plan	$ 89,791		$ 78,235	$ 77,904	$ 74,152	$ 66,108
Combined Plan	8,127		6,063	5,865	6,031	5,377
Total Required Contributions	97,918		84,298	83,769	80,183	71,485
Contributions in Relation to the Contractually Required Contribution	(97,918)		(84,298)	(83,769)	(80,183)	(71,485)
Contribution Deficiency / (Excess)	$ 0		$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll						
Traditional Plan	$ 678,428		$ 651,958	$ 649,200	$ 617,933	$ 550,900
Combined Plan	$ 61,408		$ 50,525	$ 48,875	$ 50,258	$ 44,808
Pension Contributions as a Percentage of Covered-Employee Payroll						
Traditional Plan	13.00%	*	12.00%	12.00%	12.00%	12.00%
Combined Plan	13.00%	*	12.00%	12.00%	12.00%	12.00%

(1) - Information prior to 2014 is not available.

* Contribution rate increased to 14.00% as of January 1, 2018.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2018.

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	128,909	-	110,569	280,451	263,204	783,133		783,133
113 Cash - Other Restricted	700	-	27,850	-	-	28,550		28,550
114 Cash - Tenant Security Deposits	39,081	-	-	375	-	39,456		39,456
100 Total Cash	168,690	-	138,419	280,826	263,204	851,139	-	851,139
122 Accounts Receivable - HUD Other Projects	6,955	-	-	-	-	6,955		6,955
125 Accounts Receivable - Miscellaneous	-	-	-	50,044	-	50,044		50,044
126 Accounts Receivable - Tenants	8,378	-	-	-	-	8,378		8,378
126.1 Allowance for Doubtful Accounts -Tenants	-3,446	-	-	-	-	-3,446		-3,446
120 Total Receivables, Net of Allowances for Doubtful Accounts	11,887	-	-	50,044	-	61,931	-	61,931
142 Prepaid Expenses and Other Assets	14,539	-	20,157	29,586	-	64,282		64,282
143 Inventories	3,374	-	-	-	-	3,374		3,374
150 Total Current Assets	198,490	-	158,576	360,456	263,204	980,726	-	980,726
161 Land	404,075	-	11,734	-	-	415,809		415,809
162 Buildings	11,177,276	-	599,266	-	-	11,776,542		11,776,542
163 Furniture, Equipment & Machinery - Dwellings	153,735	-	-	-	-	153,735		153,735
164 Furniture, Equipment & Machinery - Administration	700,049	-	172,682	67,589	-	940,320		940,320
165 Leasehold Improvements	860,761	-	57,802	-	-	918,563		918,563
166 Accumulated Depreciation	-10,012,359	-	-367,611	-35,796	-	-10,415,766		-10,415,766
160 Total Capital Assets, Net of Accumulated Depreciation	3,283,537	-	473,873	31,793	-	3,789,203	-	3,789,203
174 Other Assets	8,678	-	4,631	6,651	216	20,176		20,176
180 Total Non-Current Assets	3,292,215	-	478,504	38,444	216	3,809,379	-	3,809,379
200 Deferred Outflow of Resources	86,087	-	46,047	66,068	2,002	200,204		200,204
290 Total Assets and Deferred Outflow of Resources	3,576,792	-	683,127	464,968	265,422	4,990,309	-	4,990,309
312 Accounts Payable <= 90 Days	16,165	-	72	5,067	-	21,304		21,304
321 Accrued Wage/Payroll Taxes Payable	7,195	-	6,910	22,278	405	36,788		36,788
331 Accounts Payable - HUD PHA Programs	-	-	-	-	10,839	10,839		10,839
333 Accounts Payable - Other Government	50,147	-	-	-	-	50,147		50,147
341 Tenant Security Deposits	39,081	-	-	375	-	39,456		39,456
342 Unearned Revenue	5,376	-	-	7,000	-	12,376		12,376
310 Total Current Liabilities	117,964	-	6,982	34,720	11,244	170,910	-	170,910
353 Non-current Liabilities - Other	700	-	27,850	-	-	28,550		28,550
354 Accrued Compensated Absences - Non Current	11,238	-	16,954	14,741	-	42,933		42,933
357 Accrued Pension and OPEB Liabilities	342,521	-	182,546	262,322	8,780	796,169		796,169
350 Total Non-Current Liabilities	354,459	-	227,350	277,063	8,780	867,652	-	867,652
300 Total Liabilities	472,423	-	234,332	311,783	20,024	1,038,562	-	1,038,562
400 Deferred Inflow of Resources	87,750	-	46,936	67,343	2,041	204,070		204,070
508.4 Net Investment in Capital Assets	3,283,537	-	473,873	31,793	-	3,789,203		3,789,203
511.4 Restricted Net Position	-	-	-	-	-	-		-
512.4 Unrestricted Net Position	-266,918	-	-72,014	54,049	243,357	-41,526		-41,526
513 Total Equity - Net Assets / Position	3,016,619	-	401,859	85,842	243,357	3,747,677	-	3,747,677
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,576,792	-	683,127	464,968	265,422	4,990,309	-	4,990,309

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	644,758	-	-	-	-	644,758		644,758
70400 Tenant Revenue - Other	35,413	-	-	-	-	35,413		35,413
70500 Total Tenant Revenue	680,171	-	-	-	-	680,171	-	680,171
70600 HUD PHA Operating Grants	242,977	32,900	3,664,601	-	203,675	4,144,153		4,144,153
70610 Capital Grants	36,522	-	-	-	-	36,522		36,522
71100 Investment Income - Unrestricted	135	-	474	239	5	853		853
71400 Fraud Recovery	-	-	750	-	-	750		750
71500 Other Revenue	5,290	-	224,002	555,014	447	784,753		784,753
71600 Gain or Loss on Sale of Capital Assets	996	-	-	-	-	996		996
70000 Total Revenue	966,091	32,900	3,889,827	555,253	204,127	5,648,198	-	5,648,198
91100 Administrative Salaries	68,990	-	186,767	122,003	12,522	390,282		390,282
91200 Auditing Fees	4,017	-	5,189	9,763	358	19,327		19,327
91400 Advertising and Marketing	5,873	-	43	131	3	6,050		6,050
91500 Employee Benefit contributions - Administrative	30,138	-	87,104	47,879	5,008	170,129		170,129
91600 Office Expenses	5,085	-	7,945	3,225	549	16,804		16,804
91700 Legal Expense	6,054	-	1,866	725	129	8,774		8,774
91800 Travel	-	-	375	148	-	523		523
91900 Other	46,890	-	76,539	52,334	4,997	180,760		180,760
91000 Total Operating - Administrative	167,047	-	365,828	236,208	23,566	792,649	-	792,649
92100 Tenant Services - Salaries	-	32,900	-	-	-	32,900		32,900
92400 Tenant Services - Other	3,286	-	-	25	-	3,311		3,311
92500 Total Tenant Services	3,286	32,900	-	25	-	36,211	-	36,211
93100 Water	55,446	-	-	-	-	55,446		55,446
93200 Electricity	69,233	-	-	-	-	69,233		69,233
93300 Gas	18,605	-	-	-	-	18,605		18,605
93000 Total Utilities	143,284	-	-	-	-	143,284	-	143,284
94100 Ordinary Maintenance and Operations - Labor	247,754	-	-	247,429	-	495,183		495,183
94200 Ordinary Maintenance and Operations - Materials and Other	100,095	-	10,011	3,707	618	114,431		114,431
94300 Ordinary Maintenance and Operations Contracts	69,887	-	-	-	-	69,887		69,887
94500 Employee Benefit Contributions - Ordinary Maintenance	97,547	-	-	98,119	-	195,666		195,666
94000 Total Maintenance	515,283	-	10,011	349,255	618	875,167	-	875,167
96110 Property Insurance	9,991	-	13,798	1,190	-	24,979		24,979
96120 Liability Insurance	9,991	-	13,797	1,190	-	24,978		24,978
96130 Workmen's Compensation	4,802	-	6,180	2,402	427	13,811		13,811
96100 Total insurance Premiums	24,784	-	33,775	4,782	427	63,768	-	63,768
96210 Compensated Absences	-	-	-	-	-	-		-
96300 Payments in Lieu of Taxes	50,147	-	-	-	-	50,147		50,147
96800 Severance Expense	-	-	-	-	-	-		-
96000 Total Other General Expenses	124,482	-	34,313	49,395	1,829	210,019	-	210,019
96900 Total Operating Expenses	978,166	32,900	443,927	639,665	26,440	2,121,098	-	2,121,098
97000 Excess of Operating Revenue over Operating Expenses	-12,075	-	3,445,900	-84,412	177,687	3,527,100	-	3,527,100
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-		-
97300 Housing Assistance Payments	-	-	3,442,407	-	170,589	3,612,996		3,612,996
97350 HAP Portability-In	-	-	198,093	-	-	198,093		198,093
97800 Dwelling Units Rent Expense	-	-	-	-	-	-		-
90000 Total Expenses	1,369,280	32,900	4,128,323	644,634	197,029	6,372,166	-	6,372,166
10010 Operating Transfer In	52,117	-	-	-	-	52,117		52,117
10094 Transfers between Project and Program - Out	-	-	-	-	-	-		-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-		-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-		-
11170 Administrative Fee Equity	-	-	401,859	-	-	401,859		401,859
11180 Housing Assistance Payments Equity	-	-	-	-	-	-		-
13510 CFFP Debt Service Payments	-	-	-	-	-	-		-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-		-

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

FEDERAL GRANTOR/ *Pass-Through Grantor/* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing	14.850	$ 166,893
Section 8 Project Based Cluster:		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	203,675
Total Section 8 Project Based Cluster		203,675
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	3,664,601
Total Housing Voucher Cluster		3,664,601
Public Housing Capital Fund	14.872	112,606
Family Self-Sufficiency Program	14.896	32,900
Total U.S. Department of Housing and Urban Development		4,180,675
Total Expenditures of Federal Awards		$ 4,180,675

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

NOTE 1: **PRESENTATION**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the Cambridge Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cambridge Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cambridge Metropolitan Housing Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

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

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

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 17, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 17, 2018

JAMES G. ZUPKA, C.P.A., INC.
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Cambridge Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Cambridge Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

September 17, 2018

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

2018(i)	Type of Financial Statement Opinion	Unmodified
2018(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2018(v)	Type of Major Programs' Compliance Opinion	Unmodified
2018(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2018(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2018(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
GUERNSEY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

The audit report for the fiscal year ending March 31, 2017 contained no findings.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 13, 2018