# CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
## GUERNSEY COUNTY, OHIO

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED MARCH 31, 2020**


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

OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Directors
Cambridge Metropolitan Housing Authority
PO Box 1388
Cambridge, Ohio 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, 2019 through March 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2020

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**
**GUERNSEY COUNTY, OHIO**
**AUDIT REPORT**
**FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

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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, 2020, 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, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

November 23, 2020

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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 $672,364 (or 26.6 percent) during fiscal year 2020. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was $1,857,699 and $2,530,033 for 2020 and 2019, respectively.

- The business-type activities revenue decreased by $172,580 (or 2.8 percent) during fiscal year 2020. The amounts were $6,000,092 and $6,172,672 for 2020 and 2019, respectively.

- The total expenses of all Authority programs decreased by $156,689 (or 2.3 percent). Total expenses were $6,672,456 and $6,829,145 for fiscal years 2020 and 2019, 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<br>-Management Discussion and Analysis- |
| Basic Financial Statements<br>-Statement of Net Position-<br>-Statement of Revenues, Expenses and Changes in Net Position-<br>-Statement of Cash Flows-<br>-Notes to Financial Statements- |

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

## AUTHORITY FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

## AUTHORITY PROGRAMS

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

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

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

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

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

## AUTHORITY STATEMENTS

### Statement of Net Position

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

**Table 1 - Statement of Net Position**

| | 2020 | 2019 | Net Change | Percent Variance |
|---|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | | | | |
| Current and Other Assets | $ 977,416 | $ 1,067,415 | $ (89,999) | -8.43% |
| Capital Assets | 3,194,409 | 3,482,515 | (288,106) | -8.27% |
| Deferred Outflows of Resources | 267,519 | 531,980 | (264,461) | 49.71% |
| **Total Assets and Deferred Outflows of Resources** | 4,439,344 | 5,081,910 | (642,566) | -12.64% |
| **Liabilities, Deferred Inflows of Resources, and Net Position** | | | | |
| **Liabilities and Deferred Liabilities** | | | | |
| Current Liabilites | 209,158 | 159,553 | 49,605 | 31.10% |
| Non-Current Liabilities | 2,009,872 | 2,357,817 | (347,945) | -14.76% |
| Deferred Inflows of Resources | 362,645 | 34,507 | 328,138 | 950.00% |
| **Total Liabilities and Deferred Inflow of Resources** | 2,581,675 | 2,551,877 | 29,798 | 1.21% |
| **Net Position** | | | | |
| Net Investment in Capital Assets | 3,194,409 | 3,482,515 | (288,106) | -8.30% |
| Restricted | 25,407 | 78,915 | (53,508) | -67.80% |
| Unrestricted | (1,362,147) | (1,031,397) | (330,750) | 32.07% |
| **Total Net Position** | 1,857,669 | 2,530,033 | (672,364) | -26.57% |
| **Total Liabilities, Deferred Inflows of Resources, and Net Position** | $ 4,439,344 | $ 5,081,910 | $ (642,566) | -12.64% |

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

**Major Factors Affecting the Statement of Net Position**

During 2020, current assets decreased by $89,999 and current liabilities increased by $49,605. The decrease in current assets is mainly due to the change in cash and accounts receivable due to the result of current activities. The increase in liabilities is due to the year-end vendor invoices paid during the fiscal year.

Capital assets also changed, decreasing from $3,482,515 to $3,194,409. The $288,106 decrease may be contributed primarily to a combination of total acquisitions of $132,575 less current year depreciation of $420,681.

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, 2019 | $ (1,031,397) | $ 3,482,515 | $ 78,915 |
| Results of Operations | (618,856) | 0 | (53,508) |
| Adjustments: | | | |
| Current Year Depreciation Expense (1) | 420,681 | (420,681) | 0 |
| Capital Expenditures (2) | (132,575) | 132,575 | 0 |
| **Ending Balance - March 31, 2020** | $ (1,362,147) | $ 3,194,409 | $ 25,407 |

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

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

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

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

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

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

| | 2020 | 2019 | Net Change | Percent Variance |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Tenant Revenues | $ 655,989 | $ 685,340 | $ (29,351) | -4.30% |
| Operating Subsidies | 4,370,612 | 4,529,767 | (159,155) | -3.50% |
| Capital Grants | 100,097 | 81,223 | 18,874 | 23.20% |
| Investment Income | 688 | 772 | (84) | -10.90% |
| Other Revenues | 872,706 | 875,570 | (2,864) | -0.33% |
| **Total Operating Revneues** | 6,000,092 | 6,172,672 | (172,580) | -2.80% |
| **Operating Expenditures** | | | | |
| Administrative | 973,093 | 933,003 | 40,090 | 4.30% |
| Tenant Services | 36,531 | 37,658 | (1,127) | -3.00% |
| Utilities | 132,793 | 155,074 | (22,281) | -14.40% |
| Maintenance | 925,695 | 903,150 | 22,545 | 2.50% |
| General Expense | 327,787 | 528,760 | (200,973) | -38.01% |
| Housing Assistance Payments | 3,855,876 | 3,844,908 | 10,968 | 0.30% |
| Depreciation Expense | 420,681 | 426,592 | (5,911) | -1.39% |
| **Total Operating Expenditures** | 6,672,456 | 6,829,145 | (156,689) | -2.29% |
| **Net Increases (Decreases)** | $ (672,364) | $ (656,473) | $ (15,891) | |

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

Operating Subsidy reflects a decrease of $159,155 (or 3.5 percent). Capital grants increased by $18,874 due to capital funded activities during the year. Total tenant revenue decreased by $29,351 (or 4.3 percent). The decrease in tenant revenue was primarily due to a decrease in tenant income levels and units leased.

Total expenses decreased $156,689 due to a decrease in general expenses. Expenses for the GASB 68 and GASB 75 pension and other post-employment benefits increased by $212,322.

## CAPITAL ASSETS

As of year-end, the Authority had $3,194,409 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $288,106 (or 8.3 percent) from the end of 2019. This decrease was due to depreciation expense.

**Table 3 - Capital Assets at Year-End (Net of Depreciation)**

| | 2020 | 2019 | Net Change | Percent Variance |
|---|---|---|---|---|
| Land | $ 415,810 | $ 415,810 | $ 0 | 0.00% |
| Buildings | 11,925,507 | 11,839,988 | 85,519 | 0.70% |
| Furniture, Equipment, and Machinery - Dwelling | 153,735 | 153,735 | 0 | 0.00% |
| Furniture, Equipment, and Machinery - Administrative | 986,393 | 960,720 | 25,673 | 2.70% |
| Leasehold Improvements | 976,003 | 954,620 | 21,383 | 2.24% |
| **Total Capital Assets** | 14,457,448 | 14,324,873 | 132,575 | 0.93% |
| Accumulated Depreciation | 11,263,039 | 10,842,358 | 420,681 | 3.90% |
| **Net Capital Assets** | $ 3,194,409 | $ 3,482,515 | $ (288,106) | -8.30% |

## DEBT OUTSTANDING

As of March 31, 2020, the Authority had no outstanding debt.

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding from 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 Tammi DeMattio, 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, 2020

| | | |
|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| **Assets** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ | 712,227 |
| Restricted Cash and Cash Equivalents | | 124,579 |
| Receivables, Net | | 22,146 |
| Prepaid Expenses and Other Assets | | 86,255 |
| **Total Current Assets** | | 945,207 |
| | | |
| **Noncurrent Assets** | | |
| Capital Assets: | | |
| Non-Depreciable Capital Assets | | 415,810 |
| Depreciable Capital Assets, Net | | 2,778,599 |
| Total Capital Assets | | 3,194,409 |
| Net Pension Asset | | 32,209 |
| **Total Noncurrent Assets** | | 3,226,618 |
| **Total Assets** | | 4,171,825 |
| | | |
| **Deferred Outflows of Resources** | | |
| Pension | | 122,450 |
| OPEB | | 145,069 |
| **Total Deferred Outflows of Resources** | | 267,519 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | 4,439,344 |
| | | |
| **LIABLIITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | | |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts Payable | | 100,857 |
| Accounts Payable - Other Governments | | 50,225 |
| Tenant Security Deposits | | 40,973 |
| Unearned Revenue | | 17,103 |
| **Total Current Liabilities** | | 209,158 |
| | | |
| **Noncurrent Liabilities** | | |
| Accrued Compensated Absences | | 51,823 |
| Net Pension Liability | | 1,112,808 |
| Net OPEB Liability | | 787,042 |
| Noncurrent Liabilities - Other | | 58,199 |
| **Total Noncurrent Liabilities** | | 2,009,872 |
| **Total Liabilities** | | 2,219,030 |
| | | |
| **Deferred Inflows of Resources** | | |
| Pension | | 250,590 |
| OPEB | | 112,055 |
| **Total Deferred Inflows of Resources** | | 362,645 |
| | | |
| **Net Position** | | |
| Net Investment in Capital Assets | | 3,194,409 |
| Restricted Net Position | | 25,407 |
| Unrestricted Net Position | | (1,362,147) |
| **Total Net Position** | | 1,857,669 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | $ | 4,439,344 |

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, 2020

| | |
|---|---|
| **OPERATING REVENUES** | |
| Tenant Revenue | $ 655,989 |
| Government Operating Grants | 4,370,612 |
| Other Revenue | 872,706 |
| **Total Operating Revenues** | 5,899,307 |
| | |
| **OPERATING EXPENSES** | |
| Administrative | 973,093 |
| Tenant Services | 36,531 |
| Utilities | 132,793 |
| Maintenance | 925,695 |
| General | 327,787 |
| Housing Assistance Payment | 3,855,876 |
| Depreciation | 420,681 |
| **Total Operating Expenses** | 6,672,456 |
| Operating Income (loss) | (773,149) |
| | |
| **NONOPERATING REVENUES** | |
| Capital Grant Revenue | 100,097 |
| Interest Income | 688 |
| **Total Nonoperating Revenues** | 100,785 |
| Change in Net Position | (672,364) |
| | |
| Total Net Position - Beginning | 2,530,033 |
| **Total Net Position - Ending** | $ 1,857,669 |

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, 2020

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating Grants Received | $ 4,393,029 |
| Receipts from Tenants | 658,303 |
| Other Revenue Received | 873,371 |
| Cash Payments for Administrative | (968,554) |
| Cash Payments for HAP | (3,855,876) |
| Cash Payments for Other Expenses | (1,127,093) |
| **Net Cash Provided (Used) by Operating Activities** | (26,820) |
| | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest Earned | 688 |
| **Net Cash Provided (Used) by Investing Activities** | 688 |
| | |
| **CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES** | |
| Acquisition of Capital Assets | (132,575) |
| Capital Grant Received | 100,097 |
| **Net Cash Provided (Used) by Capital and Related Activities** | (32,478) |
| Net Increase (Decrease) in Cash | (58,610) |
| | |
| Cash and Cash Equivalents - Beginning of Year | 895,416 |
| **Cash and Cash Equivalents - End of Year** | $ 836,806 |
| | |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | |
| Net Operating Income (Loss) | $ (773,149) |
| Adjustment to Reconcile Operating Loss to Net Cash Used by Operating | |
| Depreciation | 420,681 |
| (Increase) Decreases in Accounts Receivable | 22,059 |
| (Increase) Decreases in Prepaid Assets | 24,555 |
| (Increase) Decrease in Net Pension Activity | 212,322 |
| Increase (Decreases) in Accounts Payable | 46,268 |
| Increase (Decreases) in Accounts Payable to Other Government | (897) |
| Increase (Decreases) in Tenant Security Deposit | (389) |
| Increase (Decreases) in Unearned Revenue | 4,623 |
| Increase (Decreases) in Noncurrent Liabilities Other | 17,107 |
| **Net Cash Provided (Used) by Operating Activities** | $ (26,820) |

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 programs. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

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

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

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

**Basis of Presentation**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Use of Estimates**

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

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

A. **Public Housing Program**

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

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

B. **Capital Fund Program**

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

C. **Housing Choice Vouchers**

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

D. **Business Activity**

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

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

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

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

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

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

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

**Capital Assets**

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

| | |
|---|---|
| Buildings | 40 years |
| Building Improvements | 15 years |
| Land Improvements | 15 years |
| Furniture, Equipment, and Machinery | 10 years |

**Capitalization of Interest**

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

**Net Position**

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

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**Budgetary Accounting**

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

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

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

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

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

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

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

NOTE 2: **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.

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

A. **Deposits** (Continued)

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.

Protection of the Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety bonds deposited with the Authority by the financial institution, or the Ohio Pooled Collateral System (OPCS).

At March 31, 2020, the carrying amount of the Authority's deposits was $836,806 (including $712,227 of unrestricted funds and $124,579 of restricted funds). The unrestricted cash includes $150 of petty cash. The bank balance at March 31, 2020 was $863,647. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2020, deposits totaling $500,000 were covered by Federal Depository Insurance and deposits totaling $363,647 were uninsured and collateralized with securities held by the financial institution’s trust department or agent in the Authority’s name.

**Custodial Credit Risk**
Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held as specific collateral at the Federal Reserve Bank in the name of the Authority.

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.

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

B. **Investments** (Continued)

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, 2020, the Authority held no investments as defined by GASB Statement No. 40.

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

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

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

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

NOTE 3: **RESTRICTED CASH**

The Authority's restricted cash as to purpose is as follows:

| | |
|---|---|
| Tenant Security Deposits | $ 40,973 |
| Restricted HAP Equity | 25,407 |
| FSS Escrow Cash Balance | 57,560 |
| Tenant Council Funds | 639 |
| **Total Restricted Cash** | $ 124,579 |

## NOTE 4: CAPITAL ASSETS

A summary of capital assets at March 31, 2020 by class is as follows:

| | Balance 3/31/2019 | Additions | Deletions | Balance 3/31/2020 |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land | $ 415,810 | $ 0 | $ 0 | $ 415,810 |
| **Total Capital Assets Not Being Depreciated** | 415,810 | 0 | 0 | 415,810 |
| **Capital Assets Being Depreciated** | | | | |
| Buildings | 11,839,988 | 85,519 | 0 | 11,925,507 |
| Leasehold Improvements | 954,620 | 21,383 | 0 | 976,003 |
| Furniture, Machinery, and Equipment | 1,114,455 | 25,673 | 0 | 1,140,128 |
| **Total Capital Assets Being Depreciated** | 13,909,063 | 132,575 | 0 | 14,041,638 |
| **Accumulated Depreciation** | | | | |
| Buildings | (9,119,722) | (338,066) | 0 | (9,457,788) |
| Leasehold Improvements | (790,423) | (35,076) | 0 | (825,499) |
| Furniture, Machinery, and Equipment | (932,213) | (47,539) | 0 | (979,752) |
| **Total Accumulated Depreciation** | (10,842,358) | (420,681) | 0 | (11,263,039) |
| **Capital Assets Being Depreciated, Net** | 3,066,705 | (288,106) | 0 | 2,778,599 |
| **Total Capital Assets, Net** | $ 3,482,515 | $ (288,106) | $ 0 | $ 3,194,409 |

## NOTE 5: DEFINED BENEFIT PENSION PLANS

### *Net Pension Liability*

The net pension liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable – other governments*.

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

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

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

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

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.
A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

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

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

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

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

| | State and Local |
|---|---|
| **2019-2020 Statutory Maximum Contribution Rates** | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| | |
| **2019-2020 Actual Contribution Rates** | |
| Employer: | |
| Pension ** | 14.0 % |
| Post-Employment Health Care Benefits ** | 0.0 % |
| Total Employer | 14.0 % |
| | |
| Employee | 10.0 % |

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

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

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 portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for calendar years 2019-2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for calendar years 2019-2020. The Authority's contractually required contributions used to fund pension benefits was $118,871 for fiscal year ending March 31, 2020.

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

The net pension liability/asset for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/asset was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability/Asset Prior Measurement Date | 0.005582% | 0.015188% | |
| Proportion of the Net Pension Liability/Asset Current Measurement Date | 0.005630% | 0.015446% | |
| Change in Proportionate Share | 0.000048% | 0.000258% | |
| Proportionate Share of the Net Pension Liability/(Asset) | $ 1,112,808 | $ (32,209) | $ 1,080,599 |
| Pension Expense | $ 134,965 | $ (4,354) | $ 130,611 |

At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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)

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Changes of assumptions | $ 59,438 | $ 3,320 | $ 62,758 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 33,461 | 0 | 33,461 |
| Authority contributions subsequent to the measurement date | 24,010 | 2,221 | 26,231 |
| **Total Deferred Outflows of Resources** | $ 116,909 | $ 5,541 | $ 122,450 |
| | | | |
| **Deferred Inflows of Resources** | | | |
| Net difference between projected and actual earnings on pension plan investments | $ 221,982 | $ 4,178 | $ 226,160 |
| Differences between expected and actual experience | 14,070 | 7,563 | 21,633 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 0 | 2,797 | 2,797 |
| **Total Deferred Inflows of Resources** | $ 236,052 | $ 14,538 | $ 250,590 |

$26,231 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| Year Ending March 31: | | | |
| 2021 | $ 5,287 | $ (2,555) | $ 2,732 |
| 2022 | (69,491) | (2,474) | (71,965) |
| 2023 | 9,191 | (1,309) | 7,882 |
| 2024 | (88,140) | (2,839) | (90,979) |
| 2025 | 0 | (935) | (935) |
| Thereafter | 0 | (1,106) | (1,106) |
| Total | $ (143,153) | $ (11,218) | $ (154,371) |

***Actuarial Assumptions - OPERS***

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

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

***Actuarial Assumptions – OPERS*** (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| | |
|---|---|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees; 3 percent, simple<br>Post 1/7/2013 retirees; 1.40 percent, simple<br>through 2020, then 2.15 percent simple |
| Investment Rate of Return | 7.2 percent |
| Actuarial Cost Method | Individual Entry Age |

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 8.25 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees; 3 percent, simple<br>Post 1/7/2013 retirees; 1.40 percent, simple<br>through 2020, then 2.15 percent simple |
| Investment Rate of Return | 7.2 percent |
| Actuarial Cost Method | Individual Entry Age |

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

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

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

***Actuarial Assumptions – OPERS*** (Continued)

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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 2019 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 25.00 % | 1.83 % |
| Domestic Equities | 19.00 | 5.75 |
| Real Estate | 10.00 | 5.20 |
| Private Equity | 12.00 | 10.70 |
| International Equities | 21.00 | 7.66 |
| Other investments | 13.00 | 4.98 |
| Total | 100.00 % | 5.61 % |

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

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

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

| Authority's proportionate share of the net pension liability/(asset) | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
|---|---|---|---|
| Traditional Pension Plan | $ 1,835,380 | $ 1,112,808 | $ 463,236 |
| Combined Plan | $ (19,462) | $ (32,209) | $ (41,395) |

***Changes Between Measurement Date and Report Date***

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

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

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

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

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

***Net OPEB Liability*** (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accounts payable – other governments*.

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

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

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

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar years 2019-2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar years 2019-2020. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019-2020 was 4.0 percent.

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

The Authority's contractually required contribution allocated to health care was $0 for fiscal year 2020.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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

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

| | | OPERS |
|---|---|---|
| Proportion of the Net OPEB Liability: | | |
| Prior Measurement Date | | 0.005646% |
| Proportion of the Net OPEB Liability: | | |
| Current Measurement Date | | 0.005698% |
| Change in Proportionate Share | | 0.000052% |
| | | |
| Proportionate Share of the Net OPEB Liability | $ | 787,042 |
| OPEB Expense | $ | 107,942 |

At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | | OPERS |
|---|---|---|
| **Deferred Outflows of Resources** | | |
| Differences between expected and actual experience | $ | 22 |
| Changes of assumptions | | 124,580 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | | 20,467 |
| **Total Deferred Outflows of Resources** | $ | 145,069 |
| | | |
| **Deferred Inflows of Resources** | | |
| Net difference between projected and actual earnings on OPEB plan investments | $ | 40,077 |
| Differences between expected and actual experience | | 71,978 |
| **Total Deferred Inflows of Resources** | $ | 112,055 |

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

| | | OPERS |
|---|---|---|
| Year Ending March 31: | | |
| 2021 | $ | 38,888 |
| 2022 | | 11,219 |
| 2023 | | 31 |
| 2024 | | (17,124) |
| Total | $ | 33,014 |

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

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| | |
|---|---|
| Wage Inflation | 3.25 percent |
| Projected Salary Increases, | 3.25 to 10.75 percent |
| including inflation | including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 3.16 percent |
| Prior Measurement date | 3.96 percent |
| Investment Rate of Return | 6.00 percent |
| Municipal Bond Rate | 2.75 percent |
| Health Care Cost Trend Rate | 10.5 percent initial, |
| | 3.50 percent ultimate in 2030 |
| Actuarial Cost Method | Individual Entry Age |

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

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

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

***Actuarial Assumptions – OPERS*** (Continued)

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was 19.70 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 36.00 % | 1.53 % |
| Domestic Equities | 21.00 | 5.75 |
| Real Estate Investment Trust | 6.00 | 5.69 |
| International Equities | 23.00 | 7.66 |
| Other investments | 14.00 | 4.90 |
| Total | 100.00 % | 4.55 % |

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

***Discount Rate*** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

| | 1% Decrease (2.16%) | Current Discount Rate (3.16%) | 1% Increase (4.16%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $ 950,426 | $ 787,042 | $ 577,834 |

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $ 714,073 | $ 787,042 | $ 776,068 |

***Changes Between Measurement Date and Report Date***

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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 4.64 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 absences liability:

| | Balance 3/31/2019 | Change | Balance 3/31/2020 | Due Within One Year |
|---|---|---|---|---|
| Compensated Absence Liability | $ 47,284 | $ 4,539 | $ 51,823 | $ 0 |

NOTE 8: **PENSION/OPEB LIABILITY**

The following is a summary of changes in long-term liabilities for the year ended March 31, 2020:

| | Balance 3/31/2018 | Change | Balance 3/31/2019 |
|---|---|---|---|
| Net Pension Liability | $ 1,528,797 | $ (415,989) | $ 1,112,808 |
| Net OPEB Liability | 736,105 | 50,937 | 787,042 |
| **Total** | $ 2,264,902 | $ (365,052) | $ 1,899,850 |

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 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, 2020 by the Authority from Noble and Monroe were $128,556 and $79,367, respectively. The additional management fees of $416,408 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.

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

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

| Traditional Plan | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.005630% | 0.005582% | 0.005075% | 0.005115% | 0.005252% | 0.005066% |
| Authority's Proportionate Share of the Net Pension Liability | $ 1,112,808 | $ 1,528,797 | $ 796,169 | $ 1,161,529 | $ 909,713 | $ 605,439 |
| Authority's Covered Payroll | $ 792,072 | $ 754,004 | $ 670,603 | $ 661,163 | $ 653,634 | $ 621,149 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 140.49% | 202.76% | 118.72% | 175.68% | 139.18% | 97.47% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% |

| Combined Plan | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Asset | 0.015446% | 0.015188% | 0.014821% | 0.014288% | 0.014330% | 0.014486% |
| Authority's Proportionate Share of the Net Pension (Asset) | $ (32,209) | $ (16,984) | $ (20,176) | $ (7,952) | $ (6,793) | $ (3,275) |
| Authority's Covered Payroll | $ 68,760 | $ 64,960 | $ 60,699 | $ 55,615 | $ 52,168 | $ 50,739 |
| Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll | 46.84% | 26.15% | 33.24% | 14.30% | 13.02% | 6.45% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset | 145.28% | 126.64% | 137.28% | 116.55% | 116.90% | 114.83% |

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

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

See accompanying notes to the required supplementary information

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|
| Contractually Required Contributions | | | | | | | |
| Traditional Plan | $ 109,107 | $ 109,039 | $ 89,676 | $ 78,430 | $ 78,074 | $ 74,152 | $ 66,108 |
| Combined Plan | 9,764 | 9,147 | 8,242 | 6,673 | 6,302 | 6,136 | 5,377 |
| Total Required Contributions | 118,871 | 118,186 | 97,918 | 85,103 | 84,376 | 80,288 | 71,485 |
| Contributions in Relation to the Contractually Required Contribution | (118,871) | (118,186) | (97,918) | (85,103) | (84,376) | (80,288) | (71,485) |
| Contribution Deficiency / (Excess) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Authority's Covered Payroll | | | | | | | |
| Traditional Plan | $ 779,336 | $ 778,850 | $ 677,553 | $ 640,879 | $ 650,618 | $ 617,933 | $ 550,900 |
| Combined Plan | $ 69,743 | $ 65,336 | $ 62,283 | $ 54,530 | $ 52,515 | $ 51,137 | $ 44,808 |
| Pension Contributions as a Percentage of Covered Payroll | | | | | | | |
| Traditional Plan | 14.00% | 14.00% | 13.24% | 12.24% | 12.00% | 12.00% | 12.00% |
| Combined Plan | 14.00% | 14.00% | 13.23% | 12.24% | 12.00% | 12.00% | 12.00% |

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

See accompanying notes to the required supplementary information

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

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Authority's Proportion of the Net OPEB Liability | 0.005698% | 0.005646% | 0.005163% | 0.005190% |
| Authority's Proportionate Share of the Net OPEB Liability | $ 787,042 | $ 736,105 | $ 560,664 | $ 524,208 |
| Authority's Covered Payroll | $ 860,832 | $ 818,964 | $ 731,302 | $ 716,778 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 91.43% | 89.88% | 76.67% | 73.13% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.80% | 46.33% | 54.14% | 54.05% |

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

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

See accompanying notes to the required supplementary information.

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 0 | $ 0 | $ 5,659 | $ 12,255 | $ 14,063 | $ 13,381 | $ 11,914 |
| Contributions in Relation to the Contractually Required Contribution | 0 | 0 | (5,659) | (12,255) | (14,063) | (13,381) | (11,914) |
| Contribution Deficiency (Excess) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Authority Covered Payroll | $ 849,079 | $ 844,187 | $ 739,836 | $ 695,409 | $ 703,133 0 | $ 669,070 | $ 595,708 |
| Contributions as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.76% | 1.76% | 2.00% | 2.00% | 2.00% |

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

See accompanying notes to the required supplementary information.

## *OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

### *Net Pension Liability*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple.

### *Net OPEB Liability*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2020.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

# CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
## SUPPLEMENTAL FINANCIAL SCHEDULE
## ENTITY WIDE BALANCE SHEET SUMMARY
## MARCH 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | 14.896 PIH Family Self-Sufficiency Program | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | 154,777 | 4,006 | 284,748 | - | 268,696 | 712,227 | | 712,227 |
| 112 Cash - Restricted - Modernization and Development | - | - | - | - | - | - | | - |
| 113 Cash - Other Restricted | 639 | 82,967 | - | - | - | 83,606 | | 83,606 |
| 114 Cash - Tenant Security Deposits | 40,598 | - | 375 | - | - | 40,973 | | 40,973 |
| **100 Total Cash** | 196,014 | 86,973 | 285,123 | - | 268,696 | 836,806 | - | 836,806 |
| | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | 1,165 | - | - | - | - | 1,165 | | 1,165 |
| 125 Accounts Receivable - Miscellaneous | - | - | 18,649 | - | - | 18,649 | | 18,649 |
| 126 Accounts Receivable - Tenants | 7,749 | - | - | - | - | 7,749 | | 7,749 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -5,417 | - | - | - | - | -5,417 | | -5,417 |
| **120 Total Receivables, Net of Allowances for Doubtful Accounts** | 3,497 | - | 18,649 | - | - | 22,146 | - | 22,146 |
| | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | 16,734 | 23,179 | 42,175 | - | - | 82,088 | | 82,088 |
| 143 Inventories | 4,167 | - | - | - | - | 4,167 | | 4,167 |
| **150 Total Current Assets** | 220,412 | 110,152 | 345,947 | - | 268,696 | 945,207 | - | 945,207 |
| | | | | | | | | |
| 161 Land | 404,075 | 11,735 | - | - | - | 415,810 | | 415,810 |
| 162 Buildings | 11,326,241 | 599,266 | - | - | - | 11,925,507 | | 11,925,507 |
| 163 Furniture, Equipment & Machinery - Dwellings | 153,735 | - | - | - | - | 153,735 | | 153,735 |
| 164 Furniture, Equipment & Machinery - Administration | 724,704 | 188,194 | 73,495 | - | - | 986,393 | | 986,393 |
| 165 Leasehold Improvements | 918,201 | 57,802 | - | - | - | 976,003 | | 976,003 |
| 166 Accumulated Depreciation | -10,764,104 | -452,546 | -46,389 | - | - | -11,263,039 | | -11,263,039 |
| **160 Total Capital Assets, Net of Accumulated Depreciation** | 2,762,852 | 404,451 | 27,106 | - | - | 3,194,409 | - | 3,194,409 |
| | | | | | | | | |
| 174 Other Assets | 13,855 | 7,392 | 10,618 | - | 344 | 32,209 | | 32,209 |
| **180 Total Non-Current Assets** | 2,776,707 | 411,843 | 37,724 | - | 344 | 3,226,618 | - | 3,226,618 |
| | | | | | | | | |
| 200 Deferred Outflow of Resources | 115,072 | 61,399 | 88,188 | - | 2,860 | 267,519 | | 267,519 |
| | | | | | | | | |
| **290 Total Assets and Deferred Outflow of Resources** | 3,112,191 | 583,394 | 471,859 | - | 271,900 | 4,439,344 | - | 4,439,344 |
| | | | | | | | | |
| 312 Accounts Payable <= 90 Days | 22,628 | 4,844 | 20,660 | - | - | 48,132 | | 48,132 |
| 321 Accrued Wage/Payroll Taxes Payable | 11,650 | 8,668 | 28,403 | - | 540 | 49,261 | | 49,261 |
| 331 Accounts Payable - HUD PHA Programs | - | - | - | - | 3,464 | 3,464 | | 3,464 |
| 333 Accounts Payable - Other Government | 50,225 | - | - | - | - | 50,225 | | 50,225 |
| 341 Tenant Security Deposits | 40,598 | - | 375 | - | - | 40,973 | | 40,973 |
| 342 Unearned Revenue | 10,103 | - | 7,000 | - | - | 17,103 | | 17,103 |
| **310 Total Current Liabilities** | 135,204 | 13,512 | 56,438 | - | 4,004 | 209,158 | - | 209,158 |

## CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
## SUPPLEMENTAL FINANCIAL SCHEDULE
## ENTITY WIDE BALANCE SHEET SUMMARY
## MARCH 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | 14.896 PIH Family Self-Sufficiency Program | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 353 Non-current Liabilities - Other | 639 | 57,560 | - | - | - | 58,199 | | 58,199 |
| 354 Accrued Compensated Absences - Non Current | 16,596 | 17,352 | 17,875 | - | - | 51,823 | | 51,823 |
| 357 Accrued Pension and OPEB Liabilities | 817,206 | 436,044 | 626,285 | - | 20,315 | 1,899,850 | | 1,899,850 |
| **350 Total Non-Current Liabilities** | 834,441 | 510,956 | 644,160 | - | 20,315 | 2,009,872 | - | 2,009,872 |
| | | | | | | | | |
| **300 Total Liabilities** | 969,645 | 524,468 | 700,598 | - | 24,319 | 2,219,030 | - | 2,219,030 |
| | | | | | | | | |
| 400 Deferred Inflow of Resources | 155,989 | 83,232 | 119,546 | - | 3,878 | 362,645 | | 362,645 |
| | | | | | | | | |
| 508.4 Net Investment in Capital Assets | 2,762,852 | 404,451 | 27,106 | - | - | 3,194,409 | | 3,194,409 |
| 511.4 Restricted Net Position | - | 25,407 | - | - | - | 25,407 | | 25,407 |
| 512.4 Unrestricted Net Position | -776,295 | -454,164 | -375,391 | - | 243,703 | -1,362,147 | | -1,362,147 |
| **513 Total Equity - Net Assets / Position** | 1,986,557 | -24,306 | -348,285 | - | 243,703 | 1,857,669 | - | 1,857,669 |
| | | | | | | | | |
| **600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net** | 3,112,191 | 583,394 | 471,859 | - | 271,900 | 4,439,344 | - | 4,439,344 |

# CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE REVENUE AND EXPENSE SUMMARY
# FOR THE FISCAL YEAR ENDED MARCH 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | 14.896 PIH Family Self-Sufficiency Program | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | 634,641 | - | - | - | - | 634,641 | | 634,641 |
| 70400 Tenant Revenue - Other | 21,348 | - | - | - | - | 21,348 | | 21,348 |
| **70500 Total Tenant Revenue** | 655,989 | - | - | - | - | 655,989 | - | 655,989 |
| | | | | | | | | |
| 70600 HUD PHA Operating Grants | 320,458 | 3,806,316 | - | 32,900 | 210,938 | 4,370,612 | | 4,370,612 |
| 70610 Capital Grants | 100,097 | - | - | - | - | 100,097 | | 100,097 |
| **70700 Total Fee Revenue** | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| 71100 Investment Income - Unrestricted | 141 | 440 | 104 | - | 3 | 688 | | 688 |
| 71400 Fraud Recovery | - | 776 | - | - | - | 776 | | 776 |
| 71500 Other Revenue | 4,112 | 233,114 | 634,219 | - | 485 | 871,930 | | 871,930 |
| **70000 Total Revenue** | 1,080,797 | 4,040,646 | 634,323 | 32,900 | 211,426 | 6,000,092 | - | 6,000,092 |
| | | | | | | | | |
| 91100 Administrative Salaries | 91,974 | 209,548 | 157,114 | - | 13,938 | 472,574 | | 472,574 |
| 91200 Auditing Fees | 4,207 | 5,434 | 3,658 | - | 375 | 13,674 | | 13,674 |
| 91400 Advertising and Marketing | 3,155 | 144 | 48 | - | 10 | 3,357 | | 3,357 |
| 91500 Employee Benefit contributions - Administrative | 42,600 | 112,087 | 72,740 | - | 6,464 | 233,891 | | 233,891 |
| 91600 Office Expenses | 4,520 | 8,033 | 3,200 | - | 555 | 16,308 | | 16,308 |
| 91700 Legal Expense | 3,128 | 231 | 2,411 | - | 16 | 5,786 | | 5,786 |
| 91800 Travel | 498 | 636 | 247 | - | 44 | 1,425 | | 1,425 |
| 91900 Other | 95,404 | 86,611 | 37,980 | - | 6,083 | 226,078 | | 226,078 |
| **91000 Total Operating - Administrative** | 245,486 | 422,724 | 277,398 | - | 27,485 | 973,093 | - | 973,093 |
| | | | | | | | | |
| 92100 Tenant Services - Salaries | - | - | - | 32,900 | - | 32,900 | | 32,900 |
| 92400 Tenant Services - Other | 3,631 | - | - | - | - | 3,631 | | 3,631 |
| **92500 Total Tenant Services** | 3,631 | - | - | 32,900 | - | 36,531 | - | 36,531 |
| | | | | | | | | |
| 93100 Water | 47,396 | - | - | - | - | 47,396 | | 47,396 |
| 93200 Electricity | 64,780 | - | - | - | - | 64,780 | | 64,780 |
| 93300 Gas | 20,617 | - | - | - | - | 20,617 | | 20,617 |
| **93000 Total Utilities** | 132,793 | - | - | - | - | 132,793 | - | 132,793 |
| | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | 242,585 | - | 242,831 | - | - | 485,416 | | 485,416 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 119,756 | 9,177 | 4,630 | - | - | 133,563 | | 133,563 |
| 94300 Ordinary Maintenance and Operations Contracts | 83,578 | - | - | - | - | 83,578 | | 83,578 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 105,065 | - | 118,073 | - | - | 223,138 | | 223,138 |
| **94000 Total Maintenance** | 550,984 | 9,177 | 365,534 | - | - | 925,695 | - | 925,695 |
| | | | | | | | | |
| **95000 Total Protective Services** | - | - | - | - | - | - | - | - |

# CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
## SUPPLEMENTAL FINANCIAL SCHEDULE
## ENTITY WIDE REVENUE AND EXPENSE SUMMARY
## FOR THE FISCAL YEAR ENDED MARCH 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | 14.896 PIH Family Self-Sufficiency Program | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 96110 Property Insurance | 10,256 | 14,162 | 3,257 | - | - | 27,675 | | 27,675 |
| 96120 Liability Insurance | 10,256 | 14,161 | 3,258 | - | - | 27,675 | | 27,675 |
| 96130 Workmen's Compensation | 3,078 | 3,961 | 1,367 | - | 274 | 8,680 | | 8,680 |
| **96100 Total insurance Premiums** | 23,590 | 32,284 | 7,882 | - | 274 | 64,030 | - | 64,030 |
| | | | | | | | | |
| 96200 Other General Expenses | 93,443 | 47,988 | 68,834 | - | 2,057 | 212,322 | | 212,322 |
| 96300 Payments in Lieu of Taxes | 50,225 | - | - | - | - | 50,225 | | 50,225 |
| 96400 Bad debt - Tenant Rents | 1,210 | - | - | - | - | 1,210 | | 1,210 |
| **96000 Total Other General Expenses** | 144,878 | 47,988 | 68,834 | - | 2,057 | 263,757 | - | 263,757 |
| | | | | | | | | |
| **96700 Total Interest Expense and Amortization Cost** | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| **96900 Total Operating Expenses** | 1,101,362 | 512,173 | 719,648 | 32,900 | 29,816 | 2,395,899 | - | 2,395,899 |
| | | | | | | | | |
| **97000 Excess of Operating Revenue over Operating Expenses** | -20,565 | 3,528,473 | -85,325 | - | 181,610 | 3,604,193 | - | 3,604,193 |
| | | | | | | | | |
| 97300 Housing Assistance Payments | - | 3,473,035 | - | - | 176,268 | 3,649,303 | | 3,649,303 |
| 97350 HAP Portability-In | - | 206,573 | - | - | - | 206,573 | | 206,573 |
| 97400 Depreciation Expense | 373,143 | 42,094 | 5,444 | - | - | 420,681 | | 420,681 |
| **90000 Total Expenses** | 1,474,505 | 4,233,875 | 725,092 | 32,900 | 206,084 | 6,672,456 | - | 6,672,456 |
| | | | | | | | | |
| 10010 Operating Transfer In | 70,851 | - | - | - | - | 70,851 | -70,851 | - |
| 10020 Operating transfer Out | -70,851 | - | - | - | - | -70,851 | 70,851 | - |
| **10100 Total Other financing Sources (Uses)** | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| **10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses** | -393,708 | -193,229 | -90,769 | - | 5,342 | -672,364 | - | -672,364 |
| | | | | | | | | |
| 11030 Beginning Equity | 2,380,265 | 168,923 | -257,516 | - | 238,361 | 2,530,033 | | 2,530,033 |
| 11170 Administrative Fee Equity | - | -49,713 | - | - | - | -49,713 | | -49,713 |
| 11180 Housing Assistance Payments Equity | - | 25,407 | - | - | - | 25,407 | | 25,407 |
| 11190 Unit Months Available | 2,160 | 8,340 | - | - | 576 | 11,076 | | 11,076 |
| 11210 Number of Unit Months Leased | 2,095 | 8,343 | - | - | 517 | 10,955 | | 10,955 |
| 11270 Excess Cash | -17,392 | - | - | - | - | -17,392 | | -17,392 |

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# CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
# GUERNSEY COUNTY, OHIO
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE FISCAL YEAR ENDED MARCH 31, 2020

| **FEDERAL GRANTOR/**<br>*Pass-Through Grantor/*<br>Program/Title | **Federal CFDA Number** | **Federal Expenditures** |
|---|---|---|
| **U.S. Department of Housing and Urban Development** | | |
| *Direct Programs:* | | |
| Public and Indian Housing | 14.850 | $ 214,408 |
| Section 8 Project Based Cluster: | | |
| Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation | 14.856 | 210,938 |
| Total Section 8 Project Based Cluster | | 210,938 |
| Housing Voucher Cluster: | | |
| Section 8 Housing Choice Vouchers | 14.871 | 3,806,316 |
| Total Housing Voucher Cluster | | 3,806,316 |
| Public Housing Capital Fund | 14.872 | 206,147 |
| Family Self-Sufficiency Program | 14.896 | 32,900 |
| **Total U.S. Department of Housing and Urban Development** | | 4,470,709 |
| **Total Expenditures of Federal Awards** | | $ 4,470,709 |

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, 2020. 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.

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.

**JAMES G. ZUPKA, C.P.A., INC.**
*Certified Public Accountants*
*5240 East 98th Street*
*Garfield Hts., Ohio 44125*

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

To the Members of the Board
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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 23, 2020.

## *Internal Control Over Financial Reporting*

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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

November 23, 2020

**JAMES G. ZUPKA, C.P.A., INC.**
*Certified Public Accountants*
*5240 East 98th Street*
*Garfield Hts., Ohio 44125*

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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, 2020. 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, 2020.

***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

November 23, 2020

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| 2020(i) | Type of Financial Statement Opinion | Unmodified |
| 2020(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| 2020(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| 2020(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| 2020(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| 2020(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| 2020(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| 2020(vi) | Are there any reportable findings under 2 CFR 200.516(a)? | No |
| 2020(vii) | Major Programs (list):<br><br>Housing Voucher Cluster:<br>Section 8 Housing Choice Vouchers - CFDA #14.871 | |
| 2020(viii) | Dollar Threshold: Type A\B Programs | Type A: $750,000<br>Type B: All Others |
| 2020(ix) | Low Risk Auditee? | Yes |

## 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUJIRED TO BE REPORTED IN 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 YEAR AUDIT FINDINGS**
**MARCH 31, 2020**

The prior audit report, as of March 31, 2019, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**

**GUERNSEY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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

**Certified for Release 12/22/2020**

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