Cambridge Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2017

Dave Yost · Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2016 through March 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

October 18, 2017

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cambridge Metropolitan Housing
Authority

I have audited the accompanying financial statements of the business-type activities of Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cambridge Metropolitan Housing Authority as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule ("FDS") and the PHA Statement of Certificate and Actual Modernization Costs are not required part of the basic financial statements. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements.

The financial data schedule (FDS) and the PHA Statement of Certificate and Actual Modernization Costs are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards, the financial data schedule ("FDS") and the PHA Statement of Certificate and Actual Modernization Costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2017, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 29, 2017

Unaudited

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

Since the MD&A is designed to focus of the 2017 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 $356,156 (or 7.38 percent) during fiscal year ended 2017. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net Position was $4,471,645 and $4,827,801 for 2017 and 2016 respectively.

- The business-type activities revenue increased by $300,508 (or 5.46 percent) during fiscal year ended 2017. The amounts were $5,808,663 and $5,508,155 for 2017 and 2016 respectively.

- The total expenses of all Authority programs increased by $264,441 (or 4.48 percent). Total expenses were $6,164,819 and $5,900,378 for fiscal year ended 2017 and

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.

Unaudited

TABLE 1
STATEMENT OF NET POSITION

		2017		2016
Current and Other Assets	$	1,182,537	$	1,091,741
Capital Assets		4,150,941		4,608,504
Deferred Outflows of Resources		534,885		297,432
Total Assets	$	5,868,363	$	5,997,677
Current Liabilities	$	187,205	$	208,039
Long-Term Liabilities		1,198,532		941,078
Deferred Inflows of Resources		10,981		20,759
Total Liabilities		1,396,718		1,169,876
Net Position:				
Net Investment in Capital Assets		4,150,941		4,608,504
Restricted Net Position		123,123		46,453
Unrestricted Net Position		197,581		172,844
Total Net Position		4,471,645		4,827,801
Total Liabilities and Net Position	$	5,868,363	$	5,997,677

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

Major Factors Affecting the Statement of Net Position

During 2017, current and other assets increased by $90,796 and current liabilities decreased by $20,834. The increase in current assets is mainly due to the change in cash and accounts receivable due to the result of current activities. The decrease in liability is due to the year-end vendor invoices being paid during the fiscal year.

Capital assets also changed, decreasing from $4,608,504 to $4,150,941. The $457,563 decrease may be contributed primarily to a combination of total acquisitions of $106,311 less current year depreciation of $563,873.

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

Unaudited

TABLE 2

CHANGE OF NET POSITION

	Unrestricted	**Net Investment in Capital Assets**	**Restricted**
Beginning Balance	$172,844	$4,608,504	$46,453
Results of Operation	(432,826)	0	76,670
Adjustments:			
Current year Depreciation Expense (1)	563,873	(563,873)	0
Capital Expenditure (2)	(106,311)	106,311	0
Rounding Adjustment	1	(1)	0
Ending Balance	$197,581	$4,150,941	$123,123

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

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

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

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

The following schedule compares the revenues and expenses for the current and previous fiscal year. The authority is engaged on in Business-Type Activities.

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2017	2016
Revenues		
Total Tenant Revenues	$ 657,196	$ 667,379
Operating Subsidies	4,349,962	4,059,683
Capital Grants	92,466	121,267
Investment Income	882	854
Other Revenues	708,157	658,972
Total Revenues	**5,808,663**	**5,508,155**
Expenses		
Administrative	793,666	849,385
Tenant Services	37,200	37,192
Utilities	142,412	144,795
Maintenance	818,282	858,163
General Expenses	113,124	122,898
Housing Assistance Payments	3,696,262	3,451,786
Depreciation	563,873	436,159
Total Expenses	**6,164,819**	**5,900,378**
Net Increases (Decreases)	**$ (356,156)**	**$ (392,223)**

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

Operating Subsidy reflects an increase of $290,279 or 8.15%. In increase in operating subsidy is mainly due to additional housing assistance money received during the year. Capital grants decreased by $28,801 due to capital funded activities during the year. Total tenant revenue decreased by $10,183 (or 1.53 %). The decrease in tenant revenue was primarily due to decrease in tenant rents and units leased. The increase in other revenue was mainly due to more management fee received for the administration of other housing authorities and projects for the year.

Total expenses increased $264,441 due to increase in depreciation expense, and housing assistance payments.

Unaudited

CAPITAL ASSETS

As of year-end, the Authority had $4,150,941 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $457,563 or 9,93% from the end of 2017. This decrease was due to depreciation expense net of current year capital additions.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

		2017		2016
Land and Land Rights	$	415,810	$	415,810
Buildings		11,739,486		11,645,081
Leasehold Improvements		908,860		896,954
Equipment		1,091,207		1,091,207
Accumulated Depreciation		(10,004,422)		(9,440,548)
Total	$	4,150,941	$	4,608,504

The following reconciliation identifies the change in Capital Assets:

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - March 31, 2016	$	4,608,504
Current year Additions		106,311
Current year Depreciation Expense		(563,873)
Rounding Adjustment		(1)
Ending Balance - March 31, 2017	$	4,150,941

Current year Additions are summarized as follows:		
Leasehold Improvements	$	11,906
Building Improvements		94,405
Total 2017 Additions	$	106,311

DEBT OUTSTANDING

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
March 31, 2017

ASSETS	
Current assets	
Cash and cash equivalents	$ 862,509
Restricted cash and cash equivalents	185,992
Receivables, net	69,166
Prepaid expenses and other assets	54,158
Inventory	2,760
Total current assets	**1,174,585**
Noncurrent assets	
Capital assets:	
Non-Depreciable capital assets	415,810
Depreciable capital assets	13,739,553
Less accumulated depreciation	(10,004,422)
Total capital assets	4,150,941
Net Pension Assets	7,952
Total noncurrent assets	4,158,893
Deferred Outflows of Resources	534,885
Total noncurrent assets	***4,693,778***
Total assets	**$ 5,868,363**
LIABILITIES	
Current liabilities	
Accounts payable	$ 64,526
Accounts payable - Other Governments	49,347
Tenant security deposits	38,070
Unearned revenue	14,112
Other Current liabilities	21,150
Total current liabilities	***187,205***
Noncurrent liabilities	
Accrued Compensated Absences	37,002
Net Pension Liability	1,161,530
Total noncurrent liabilities	***1,198,532***
Deferred Inflows of Resources	***10,981***
Total liabilities	**$ 1,396,718**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
March 31, 2017

NET POSITION		
Net Invested in capital assets	$	4,150,941
Restricted net position		123,123
Unrestricted net position		197,581
Total net position		**4,471,645**
Total liabilities and net position	**$**	**5,868,363**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2017

OPERATING REVENUES	
Tenant revenue	$ 657,196
Government operating grants	4,349,962
Other revenue	708,157
Total operating revenues	**5,715,315**
OPERATING EXPENSES	
Administrative	793,666
Tenant services	37,200
Utilities	142,412
Maintenance	818,282
General	113,124
Housing assistance payment	3,696,262
Depreciation	563,873
Total operating expenses	***6,164,819***
Operating income (loss)	**(449,504)**
NONOPERATING REVENUES (EXPENSES)	
Capital grant revenue	92,466
Interest Income	882
Total nonoperating revenues (expenses)	***93,348***
Change in net position	(356,156)
Total net position - beginning	4,827,801
Total net position - ending	**$ 4,471,645**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$4,354,170
Receipts from tenants	659,278
Other revenue received	779,442
Cash payments for administrative	(1,925,087)
Cash payments for HAP	(3,696,262)
Net cash provided (used) by operating activities	**171,541**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	882
Net cash provided (used) by investing activities	**882**
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Acquisition of capital assets	(106,311)
Capital grant received	92,466
Net cash provided (used) by capital and related activities	**(13,845)**
Net increase (decrease) in cash	158,578
Cash and cash equivalents - Beginning of year	889,923
Cash and cash equivalents - End of year	**$ 1,048,501**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
For the Year Ended March 31, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$	(449,504)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		563,873
- (Increases) Decreases in Accounts Receivable		77,575
- (Increases) Decreases in Prepaid Assets		(1,841)
- (Increases) Decreases in Net Pension Assets		(7,952)
- (Increases) Decreases in Deferred Outflows		(237,453)
- Increases (Decreases) in Accounts Payable		(23,907)
- Increases (Decreases) in Accounts Payable Other Governements		(11,758)
- Increases (Decreases) in Tenant Security Deposit		(543)
- Increases (Decreases) in Unearned Revenue		3,766
- Increases (Decreases) in Other Current Liabilities		11,609
- Increases (Decreases) in Pension Liability		258,791
- Increases (Decreases) in Deferred Inflows		(9,778)
- Increases (Decreases) in Non-Current Liabilities Other		(1,337)
Net cash provided by operating activities	**$**	**171,541**

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

NOTE1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net positions. The statement of revenues, expenses and changes in net positions presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flows needs of its enterprise activity.

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

Use of Estimates

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

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **Business Activity**

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

Cash and Cash Equivalents

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

Investments

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

Compensated Absences

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

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

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

Capital Assets

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

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

Capitalization of Interest

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

Net Position

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

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

Operating Revenues and Expenses

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

Capital Contributions

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

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 5.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. Deposits

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

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

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

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

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

At year-end, the carrying amount of the Authority's deposits was $1,048,501 (including $862,509 of unrestricted funds, $185,992 of restricted funds. The unrestricted cash includes $250 of petty cash); and the bank balance was $1,148,668.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling $250,000 were covered by Federal Depository Insurance and deposits totaling $898,668 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

B. **Investments**

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for **Certain Investments and for External Investment Pools,*** **and records all its** investments at fair value. At March 31, 2017, 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 ASSETS**

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

Tenant Security Deposit	$37,695
FSS Escrow Funds held for Tenants	21,150
Advances from HUD for housing assistance payments	123,123
Tenant Council Funds	4,024
Total Restricted Cash on Hand	$185,992

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at March 31, 2017 by class is as follows:

	Balance 03/31/16	Additions	Adjustment	Balance 03/31/17
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	11,645,081	94,405	0	11,739,486
Leasehold Improvements	896,954	11,906	(1)	908,860
Furnt, Mach. and Equip.	1,091,207	0	0	1,091,207
Total Capital Assets Being Depreciated	**13,633,242**	**106,311**	**(1)**	**13,739,553**
Accumulated Depreciation:				
Buildings	(8,033,465)	(402,766)	0	(8,436,231)
Leasehold Improvements	(669,955)	(53,347)	(1)	(723,303)
Furnt, Mach. and Equip.	(737,127)	(107,760)	0	(844,887)
Total Accumulated Depreciation	**(9,440,547)**	**(563,873)**	**(1)**	**(10,004,422)**
Total Capital Assets Being Depreciated, Net	**4,192,695**	**(457,562)**	**(2)**	**3,735,131**
Total Capital Assets, Net	**$4,608,505**	**($457,562)**	**($2)**	**$4,150,941**

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

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

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position.

The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual costs-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 OPERS, 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):

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

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

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

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

	State and Local
2016 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

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

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	Total
Proportionate Share of Net Pension Liability	$1,161,529	($7,952)	$1,153,577
Proportion of the Net Pension Liability	0.005115%	0.014288%	
Pension Expense	$246,595	$5,745	$252,340

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

	Traditional Plan	Combined Plan	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$357,211	$3,878	$361,089
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	150,108	(3,159)	146,949
Authority contributions subsequent to the measurement date	26,844	0	26,844
Total Deferred Outflows of Resources	$534,163	$719	$534,882
Deferred Inflows of Resources			
Net Difference between projected and actual earning on pension plan investments	$6,913	$4,067	$10,980

$26,844 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan	Combined Plan	Total
Fiscal Year Ending December 31:			
2017	$145,141	$377	$145,518
2018	150,312	377	150,689
2019	61,490	293	61,783
2020	(6,645)	(395)	(7,040)
2021	0	(322)	(322)
Thereafter	0	(519)	(519)
Total	$350,298	($189)	$350,109

Actuarial Assumptions – PERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Future Salary Increases, including inflation	3.25 - 10.75 percent, including wage inflation of 3.25%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual entry age

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2015	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	18.00%	4.92%
TOTAL	100.00%	5.66%

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	$1,774,495	$1,161,529	$650,730
- Combine Plan	$571	($7,952)	($14,574)

NOTE 6: **POSTEMPLOYMENT BENEFITS**

A. Plan Description

The Ohio Public Employees Retirement System of Ohio (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 pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. See the Plan Statement in OPERS 2015 CAFR for details.

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 1-800-222-7377, or by visiting www.opers.org/investements/cafr.shtml.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary payroll of active members. For the year ended March 31, 2017, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains that cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees 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 Plan was 2.0 percent for calendar year 2016. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of actual Authority contributions for the years ended March 31, 2017, 2016, 2015 and 2014, which were used by OPERS to fund post-employment benefits, were $14,959, $14,057 and $10,208, respectively.

NOTE 7: **COMPENSATED ABSENCES**

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

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

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

	Balance 03/31/16	Change	Balance 03/31/17	Due Within One Year
Compensated Absence Liability	$38,339	($1,337)	$37,002	$0

NOTE 8: **PENSION LIABILITY**

The following is a summary of the change in pension liability amount for the year ended March 31, 2017:

	Balance 03/31/16	Change	Balance 03/31/17
Net Pension Liability	$902,739	$258,791	$1,161,530

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

NOTE 10: **CONTINGENCIES**

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

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

NOTE 11: **MANAGEMENT AGREEMENTS**

The Cambridge Metropolitan Housing Authority (the "Authority") entered into housing management agreements with the Noble Metropolitan Housing Authority (Noble) and Monroe Metropolitan Housing Authority (Monroe) on March 30, 1987 and August 27, 1990, respectively. Pursuant to these agreements, the Authority provides all management services to Noble and Monroe in order that they shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the parties have executed or may, from time to time, execute with HUD. As compensation for these services, Noble and Monroe transfer to the Authority the monthly earned administrative fees as determinable by HUD or an allocation of actual expenses as determined through the budget process. Total management fees earned for the fiscal year ended March 31, 2017, by the Authority from Noble and Monroe were $117,221 and $86,863, respectively. The additional management fees of $266,550 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 September 29, 2017, the date on which the financial statements were available to be issued.

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
111 Cash - Unrestricted	$151,801	$0	$156,441	$313,445	$240,822	$862,509	$0	$862,509
112 Cash - Restricted - Modernization and Development	$0	$0	$0	$0	$0	$0	$0	$0
113 Cash - Other Restricted	$4,024	$0	$144,273	$0	$0	$148,297	$0	$148,297
114 Cash - Tenant Security Deposits	$37,695	$0	$0	$0	$0	$37,695	$0	$37,695
115 Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0
100 Total Cash	$193,520	$0	$300,714	$313,445	$240,822	$1,048,501	$0	$1,048,501
121 Accounts Receivable - PHA Projects	$0	$0	$0	$0	$4,149	$4,149	$0	$4,149
122 Accounts Receivable - HUD Other Projects	$3	$0	$0	$0	$0	$3	$0	$3
125 Accounts Receivable - Miscellaneous	$147	$0	$0	$64,354	$0	$64,501	$0	$64,501
126 Accounts Receivable - Tenants	$3,072	$0	$0	$0	$0	$3,072	$0	$3,072
126.1 Allowance for Doubtful Accounts -Tenants	($2,559)	$0	$0	$0	$0	($2,559)	$0	($2,559)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$663	$0	$0	$64,354	$4,149	$69,166	$0	$69,166
142 Prepaid Expenses and Other Assets	$13,226	$0	$18,350	$22,582	$0	$54,158	$0	$54,158
143 Inventories	$2,760	$0	$0	$0	$0	$2,760	$0	$2,760
150 Total Current Assets	$210,169	$0	$319,064	$400,381	$244,971	$1,174,585	$0	$1,174,585
161 Land	$404,075	$0	$11,735	$0	$0	$415,810	$0	$415,810
162 Buildings	$11,140,220	$0	$599,266	$0	$0	$11,739,486	$0	$11,739,486
163 Furniture, Equipment & Machinery - Dwellings	$152,003	$0	$0	$0	$0	$152,003	$0	$152,003
164 Furniture, Equipment & Machinery -	$698,933	$0	$172,682	$67,589	$0	$939,204	$0	$939,204

Cambridge Metropolitan Housing Authority

FDS Schedule Submitted to REAC

March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
Administration								
165 Leasehold Improvements	$851,058	$0	$57,802	$0	$0	$908,860	$0	$908,860
166 Accumulated Depreciation	($9,649,879)	$0	($323,716)	($30,827)	$0	($10,004,422)	$0	($10,004,422)
160 Total Capital Assets, Net of Accumulated Depreciation	$3,596,410	$0	$517,769	$36,762	$0	$4,150,941	$0	$4,150,941
174 Other Assets	$3,419	$0	$1,829	$2,624	$80	$7,952	$0	$7,952
180 Total Non-Current Assets	$3,599,829	$0	$519,598	$39,386	$80	$4,158,893	$0	$4,158,893
200 Deferred Outflow of Resources	$230,062	$0	$122,816	$176,363	$5,644	$534,885	$0	$534,885
290 Total Assets and Deferred Outflow of Resources	$4,040,060	$0	$961,478	$616,130	$250,695	$5,868,363	$0	$5,868,363
312 Accounts Payable <= 90 Days	$9,953	$0	$12,907	$4,151	$1,661	$28,672	$0	$28,672
321 Accrued Wage/Payroll Taxes Payable	$0	$0	$4,847	$30,730	$277	$35,854	$0	$35,854
333 Accounts Payable - Other Government	$49,347	$0	$0	$0	$0	$49,347	$0	$49,347
341 Tenant Security Deposits	$37,695	$0	$0	$375	$0	$38,070	$0	$38,070
342 Unearned Revenue	$7,112	$0	$0	$7,000	$0	$14,112	$0	$14,112
345 Other Current Liabilities	$0	$0	$21,150	$0	$0	$21,150	$0	$21,150
310 Total Current Liabilities	$104,107	$0	$38,904	$42,256	$1,938	$187,205	$0	$187,205
354 Accrued Compensated Absences - Non Current	$11,806	$0	$13,083	$12,113	$0	$37,002	$0	$37,002
357 Accrued Pension and OPEB Liabilities	$499,624	$0	$266,588	$382,898	$12,420	$1,161,530	$0	$1,161,530
350 Total Non-Current Liabilities	$511,430	$0	$279,671	$395,011	$12,420	$1,198,532	$0	$1,198,532

Cambridge Metropolitan Housing Authority

FDS Schedule Submitted to REAC

March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
300 Total Liabilities	$615,537	$0	$318,575	$437,267	$14,358	$1,385,737	$0	$1,385,737
400 Deferred Inflow of Resources	$4,715	$0	$2,548	$3,640	$78	$10,981	$0	$10,981
508.4 Net Investment in Capital Assets	$3,596,410	$0	$517,769	$36,762	$0	$4,150,941	$0	$4,150,941
511.4 Restricted Net Position	$0	$0	$123,123	$0	$0	$123,123	$0	$123,123
512.4 Unrestricted Net Position	($176,602)	$0	($537)	$138,461	$236,259	$197,581	$0	$197,581
513 Total Equity - Net Assets / Position	$3,419,808	$0	$640,355	$175,223	$236,259	$4,471,645	$0	$4,471,645
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$4,040,060	$0	$961,478	$616,130	$250,695	$5,868,363	$0	$5,868,363
70300 Net Tenant Rental Revenue	$634,314	$0	$0	$0	$0	$634,314	$0	$634,314
70400 Tenant Revenue - Other	$22,882	$0	$0	$0	$0	$22,882	$0	$22,882
70500 Total Tenant Revenue	$657,196	$0	$0	$0	$0	$657,196	$0	$657,196
70600 HUD PHA Operating Grants	$357,156	$32,898	$3,757,855	$0	$202,053	$4,349,962	$0	$4,349,962
70610 Capital Grants	$92,466	$0	$0	$0	$0	$92,466	$0	$92,466
71100 Investment Income - Unrestricted	$101	$0	$521	$254	$6	$882	$0	$882
71400 Fraud Recovery	$0	$0	$640	$0	$0	$640	$0	$640
71500 Other Revenue	$4,286	$0	$232,597	$470,634	$0	$707,517	$0	$707,517
70000 Total Revenue	$1,111,205	$32,898	$3,991,613	$470,888	$202,059	$5,808,663	$0	$5,808,663

Cambridge Metropolitan Housing Authority

FDS Schedule Submitted to REAC

March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
91100 Administrative Salaries	$96,934	$0	$173,315	$131,394	$11,885	$413,528	$0	$413,528
91200 Auditing Fees	$4,026	$0	$5,200	$9,851	$359	$19,436	$0	$19,436
91400 Advertising and Marketing	$7,875	$0	$193	$115	$13	$8,196	$0	$8,196
91500 Employee Benefit contributions - Administrative	$35,452	$0	$77,244	$49,490	$4,278	$166,464	$0	$166,464
91600 Office Expenses	$4,949	$0	$9,689	$3,845	$950	$19,433	$0	$19,433
91700 Legal Expense	$249	$0	$15	$6	$1	$271	$0	$271
91800 Travel	$1,506	$0	$1,938	$0	$134	$3,578	$0	$3,578
91900 Other	$56,947	$0	$70,074	$31,345	$4,394	$162,760	$0	$162,760
91000 Total Operating - Administrative	$207,938	$0	$337,668	$226,046	$22,014	$793,666	$0	$793,666
92100 Tenant Services - Salaries	$0	$31,659	$0	$0	$0	$31,659	$0	$31,659
92300 Employee Benefit Contributions - Tenant Services	$0	$1,239	$0	$0	$0	$1,239	$0	$1,239
92400 Tenant Services - Other	$4,302	$0	$0	$0	$0	$4,302	$0	$4,302
92500 Total Tenant Services	$4,302	$32,898	$0	$0	$0	$37,200	$0	$37,200
93100 Water	$46,906	$0	$0	$0	$0	$46,906	$0	$46,906
93200 Electricity	$78,340	$0	$0	$0	$0	$78,340	$0	$78,340
93300 Gas	$17,166	$0	$0	$0	$0	$17,166	$0	$17,166
93000 Total Utilities	$142,412	$0	$0	$0	$0	$142,412	$0	$142,412
94100 Ordinary Maintenance and Operations - Labor	$290,654	$0	$0	$164,140	$0	$454,794	$0	$454,794
94200 Ordinary Maintenance and Operations - Materials and Other	$107,581	$0	$13,381	$3,000	$516	$124,478	$0	$124,478

Cambridge Metropolitan Housing Authority

FDS Schedule Submitted to REAC

March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	$62,567	$0	$0	$0	$0	$62,567	$0	$62,567
94500 Employee Benefit Contributions - Ordinary Maintenance	$113,371	$0	$0	$63,072	$0	$176,443	$0	$176,443
94000 Total Maintenance	$574,173	$0	$13,381	$230,212	$516	$818,282	$0	$818,282
96110 Property Insurance	$9,316	$0	$14,027	$3,109	$0	$26,452	$0	$26,452
96120 Liability Insurance	$9,317	$0	$14,027	$3,109	$0	$26,453	$0	$26,453
96130 Workmen's Compensation	$2,265	$0	$2,915	$277	$201	$5,658	$0	$5,658
96140 All Other Insurance	$0	$0	$0	$0	$0	$0	$0	$0
96100 Total insurance Premiums	$20,898	$0	$30,969	$6,495	$201	$58,563	$0	$58,563
96200 Other General Expenses	$1,649	$0	$495	$948	$513	$3,605	$0	$3,605
96300 Payments in Lieu of Taxes	$49,347	$0	$0	$0	$0	$49,347	$0	$49,347
96400 Bad debt - Tenant Rents	$1,609	$0	$0	$0	$0	$1,609	$0	$1,609
96000 Total Other General Expenses	$52,605	$0	$495	$948	$513	$54,561	$0	$54,561
96900 Total Operating Expenses	$1,002,328	$32,898	$382,513	$463,701	$23,244	$1,904,684	$0	$1,904,684
97000 Excess of Operating Revenue over Operating Expenses	$108,877	$0	$3,609,100	$7,187	$178,815	$3,903,979	$0	$3,903,979
97300 Housing Assistance Payments	$0	$0	$3,315,022	$0	$169,668	$3,484,690	$0	$3,484,690
97350 HAP Portability-In	$0	$0	$211,572	$0	$0	$211,572	$0	$211,572
97400 Depreciation Expense	$511,345	$0	$45,769	$6,759	$0	$563,873	$0	$563,873
90000 Total Expenses	$1,513,673	$32,898	$3,954,876	$470,460	$192,912	$6,164,819	$0	$6,164,819

Cambridge Metropolitan Housing Authority

FDS Schedule Submitted to REAC

March 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
10010 Operating Transfer In	$126,320	$0	$0	$0	$0	$126,320	($126,320)	$0
10020 Operating transfer Out	($126,320)	$0	$0	$0	$0	($126,320)	$126,320	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($402,468)	$0	$36,737	$428	$9,147	($356,156)	$0	($356,156)
11030 Beginning Equity	$4,091,484	$0	$747,614	($244,669)	$233,372	$4,827,801	$0	$4,827,801
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($269,208)	$0	($143,996)	$419,464	($6,260)	$0	$0	$0
11170 Administrative Fee Equity	$0	$0	$517,232	$0	$0	$517,232	$0	$517,232
11180 Housing Assistance Payments Equity	$0	$0	$123,123	$0	$0	$123,123	$0	$123,123
11190 Unit Months Available	2,160	0	8,340	0	576	11,076	0	11,076
11210 Number of Unit Months Leased	2,119	0	8,342	0	549	11,010	0	11,010
11620 Building Purchases	$92,466	$0	$0	$0	$0	$92,466	$0	$92,466

Cambridge Metropolitan Housing Authority
PHA's Statement of Cetification of Actual Modernization Costs
March 31, 2017

Capital Fund Program Number (OH16P033501-13)

1. The Program Costs are as follows:

Funds Approved	$	208,818
Funds Expended		208,818
Excess (Deficiency) of Funds Approved	$	-

Funds Approved	$	208,818
Funds Expended		208,818
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been p[aid and there are no outstanding obliogations.

3. The Final Financial Status Report was signed and filed on October 30, 2015

4. The Final Costs on the Certification agrees with the Authority's records.

Cambridge Metropolitan Housing Authority
PHA's Statement of Cetification of Actual Modernization Costs
March 31, 2017

Capital Fund Program Number (OH16P033501-14)

1. The Program Costs are as follows:

Funds Approved	$	205,683
Funds Expended		205,683
Excess (Deficiency) of Funds Approved	$	-

Funds Approved	$	205,683
Funds Expended		205,683
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been p[aid and there are no outstanding obliogations.

3. The Final Financial Status Report was signed and filed on March 29, 2016.

4. The Final Costs on the Certification agrees with the Authority's records.

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

Traditional Plan	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability / Asset	0.005115%	0.005252%	0.005066%
Authority's Proportionate Share of the Net Pension Liability	$1,161,529	$909,713	$605,439
Authority's Covered-Employee Payroll	$692,931	$653,634	$621,149
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	167.63%	139.18%	97.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.54%

Combined Plan	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability / Asset	0.014288%	0.014330%	0.014486%
Authority's Proportionate Share of the Net Pension Asset	($7,952)	($6,973)	($3,275)
Authority's Covered-Employee Payroll	$55,303	$52,167	$52,950
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(14.38%)	(13.37%)	(6.19%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	116.90%	114.83%

(1) Information prior to 2014 is not available.

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

	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Contractually Required Contribution	$89,794	$84,382	$83,462	$71,485	$54,931	$40,633	$27,828	$18,422	$20,661	$15,451
Contributions in Relation to the Contractually Required Contribution	$89,794	$84,382	$83,462	$71,485	$54,931	$40,633	$27,828	$18,422	$20,661	$15,451
Authority's Covered-Employee Payroll	$748,235	$703,184	$873,325	$873,440	$699,948	$856,870	$862,884	$794,743	$762,890	$744,159
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%

Cambridge Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended March 31, 2017

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	**CFDA NUMBER**	**EXPENDITURES**
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	$192,090
Section 8 Moderate Rehabilitation	14.856	202,053
Housing Choice Voucher Program	14.871	3,757,855
Public Housing Capital Fund Program	14.872	257,532
Family Self Sufficiency Program	14.896	32,898
Total Expenditure of Federal Award		**$4,442,428**

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended March 31, 2017.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2017.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended March 31, 2017.

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

Board of Commissioners
Cambridge Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise Cambridge Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

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

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

I did note certain matter not requiring inclusion in this report that reported to the Authority management in a separate letter dated September 29, 2017.

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 29, 2017

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

Board of Commissioners
Cambridge Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Cambridge Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cambridge Metropolitan Housing Authority's major federal programs for the year ended March 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Cambridge Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 29, 2017

Cambridge Metropolitan Housing Authority
Schedule of Findings
2 CFR § 200.515
March 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	• CFDA # 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All Others
Low Risk Auditee under 2 CFR §200.520?	Yes

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

There are no findings or questioned costs for the year ended March 31, 2017.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings or questioned costs for the year ended March 31, 2017.

Cambridge Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2017

The audit report for the fiscal year ending March 31,2016 contained no audit findings.

Dave Yost • Auditor of State

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 9, 2017