



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY  
MARCH 31, 2023**

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GUERNSEY COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Cambridge Metropolitan Housing Authority  
Guernsey County  
1100 Maple Court  
Cambridge, Ohio 43725

To the Board of Commissioners:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Guernsey County, Ohio (the Authority), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying 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, Guernsey County, Ohio as of March 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule as required by the Department of Housing and Urban Development present additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards and Financial Data Schedule 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 December 19, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023

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**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

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**(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.

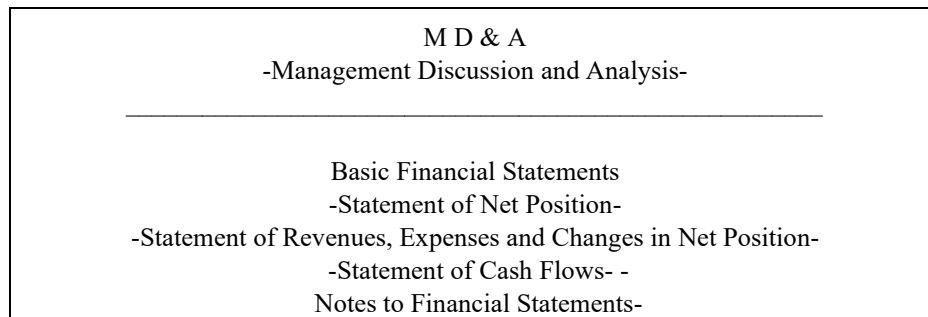
Since the MD&A is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority’s total net position increased by \$178,832 (or 6 percent) during fiscal year 2023. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$3,298,469 and \$3,119,637 for 2023 and 2022, respectively.
- The business-type activities revenue decreased by \$175,024 (3 percent) during fiscal year 2023. The amounts were \$6,084,813 and \$6,259,837 for 2023 and 2022, respectively.
- The total expenses of all Authority programs increased by \$249,490 (or 4 percent). Total expenses were \$5,905,981 and \$5,656,491 for fiscal years 2023 and 2022, 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:



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.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

---

**(UNAUDITED)**

**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.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**GUERNSEY COUNTY, OHIO**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**(UNAUDITED)**

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 the prior year. The Authority is engaged only in business-type activities.

Table 1 - Statement of Net Position

	<u>2023</u>	<u>2022</u>	Net Change	Percent Variance
<b><u>Assets and Deferred Outflows of Resources</u></b>				
Current and Other Assets	\$ 2,021,471	\$ 1,940,392	\$ 81,079	4%
Capital Assets	\$ 2,423,021	\$ 2,581,620	\$ (158,599)	-6%
Deferred Outflow of Resources	\$ 565,696	\$ 114,323	\$ 451,373	395%
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 5,010,188</b>	<b>\$ 4,636,335</b>	<b>\$ 373,853</b>	<b>8%</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Net Position</u></b>				
<b><u>Liabilities and Deferred Liabilities</u></b>				
Current Liabilities	\$ 182,170	\$ 176,707	\$ 5,463	3%
Long-Term Liabilities	\$ 1,377,457	\$ 533,023	\$ 844,434	158%
Deferred Inflow of Resources	\$ 152,092	\$ 806,968	\$ (654,876)	-81%
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>\$ 1,711,719</b>	<b>\$ 1,516,698</b>	<b>\$ 195,021</b>	<b>13%</b>

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**GUERNSEY COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**(UNAUDITED)**

<b>Net Position:</b>				
Investment in Capital Assets	\$ 2,423,021	\$ 2,581,620	\$ (158,599)	-6%
Restricted Net Position	\$ 24,886	\$ 97,484	\$ (72,598)	-74%
Unrestricted Net Position	\$ 850,562	\$ 440,533	\$ 410,029	93%
<b>Total Net Position</b>	<b>\$ 3,298,469</b>	<b>\$ 3,119,637</b>	<b>\$ 178,832</b>	<b>6%</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 5,010,188</b>	<b>\$ 4,636,335</b>	<b>\$ 373,853</b>	<b>8%</b>

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

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

During 2023, current assets increased by \$81,079 and current liabilities increased by \$5,463. The increase in current assets is mainly due to the change in cash and accounts receivable due to a result of current activities. The increase in liabilities is due to the year-end vendor invoices being accrued at the fiscal year end.

Capital assets also changed, decreasing from \$2,581,620 to \$2,423,021. The \$158,599 decrease may be contributed primarily to a combination of Net total acquisitions of \$105,376 less current year depreciation of \$263,975.

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

**Table 2 - Changes of Net Position**

	<b>Unrestricted</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>
Beg Balance - March 31, 2022	\$ 440,533	\$ 2,581,260	\$ 97,484
Results of Operation	251,430		(72,598)
Adjustments:	( 1)	1	
Current year Depreciation Expense (1)	263,976	(263,976)	-
Capital Expenditure (2)	(105,376)	105,376	-
Ending Balance -March 31, 2023	<u>\$ 850,562</u>	<u>\$ 2,423,021</u>	<u>\$ 24,886</u>

- (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.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**(UNAUDITED)**

**Table 3 - Statement of Revenue, Expenses & Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variance</u>
<b><u>Revenues</u></b>				
Total Tenant Revenues	\$ 741,672	716,876	24,796	3%
Operating Subsidies	4,403,092	4,590,391	(187,299)	-4%
Capital Grants	95,642	57,321	38,321	66%
Investment Income	7,838	1,196	6,642	555%
Other Revenues	<u>836,569</u>	<u>894,053</u>	<u>(57,484)</u>	-6%
<b>Total Revenues</b>	<b><u>6,084,813</u></b>	<b><u>6,259,837</u></b>	<b><u>(175,024)</u></b>	1-3%
<b><u>Expenses</u></b>				
Administrative	892,308	897,370	(5062)	-1%
Tenant Services	37,586	126,260	(88,674)	-70%
Utilities	135,426	129,594	5,832	5%
Maintenance	842,608	822,294	20,314	2%
General Expenses	146,921	138,359	8,562	6%
Pension / OPEB Expense	(65,381)	(380,669)	315,288	-83%
Housing Assistance Payments	3,652,537	3,531,389	121,148	4%
Depreciation	<u>263,976</u>	<u>391,894</u>	<u>(127,918)</u>	33%
<b>Total Expenses</b>	<b><u>5,905,981</u></b>	<b><u>5,565,491</u></b>	<b><u>340,490</u></b>	6%
<b>Net Increases (Decreases)</b>	<b>\$ <u>178,832</u></b>	<b>\$ <u>603,346</u></b>	<b><u>(424,514)</u></b>	-70%

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

Operating Subsidy reflects a decrease of \$187,299 (or 4 percent). Operating subsidies decreased due to the HUD factors being reduced for 2023. Total tenant revenue increased by \$24,796 (or 3 percent). The increase in tenant revenue was primarily due to an increase in tenant income levels and units leased.

Total expenses increased by \$340,490 due to an increase in Housing Assistance Payments. Expenses for the GASB 68 and GASB 75 pension and other post-employment benefits increased by \$315,288.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2021**

**(UNAUDITED)  
CAPITAL ASSETS**

As of year-end, the Authority had \$2,423,021 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$158,599 (or 6 percent) from the end of 2022. This decrease was due to depreciation expenses, and disposal of equipment.

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

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land and Land Rights	415,810	415,810	-	0.00%
Buildings	12,139,222	12,104,129	35,093	1%
Furniture, Equipment, and Machinery - Dwelling	213,755	211,811	1,944	.5%
Furniture, Equipment, and Machinery - Administrative	995,890	986,394	9,496	1%
Leasehold Improvements	980,057	921,214	58,843	6%
<b>Total Capital Assets</b>	14,744,734	14,639,358	105,376	0.75%
Accumulated Depreciation	12,321,713	12,057,738	263,975	2%
<b>Net Capital Assets</b>	2,423,021	2,581,620	(158,599)	-6%

**DEBT OUTSTANDING**

As of March 31, 2023, 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
- CARES Act funding received during the fiscal year.

**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**  
**Statement of Net Position**  
**Proprietary Funds**  
**For the Year Ended March 31, 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**Current assets**

Cash and cash equivalents	\$1,675,699
Restricted cash and cash equivalents	98,109
Receivables, net	132,070
Prepaid expenses and other assets	55,836
<b>Total current assets</b>	<b>1,961,714</b>

**Noncurrent assets**

Capital assets:	
Non-Depreciable Capital Assets	415,810
Depreciable Capital Assets	14,328,924
Accumulated Depreciation	(12,321,713)
Total Capital Assets	2,423,021
Net Pension Asset	59,757
<b>Total noncurrent assets</b>	<b>2,482,778</b>

<b>Total Assets</b>	<b>4,444,492</b>
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**Deferred Outflow of Resources**

Deferred Outflow of Resources - Pension	476,813
Deferred Outflow of Resources - OPEB	88,883
<b>Total Deferred Outflow of Resources</b>	<b>565,696</b>

<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,010,188</b>
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**LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION**

**Current liabilities**

Accounts payable	55,061
Accounts payable - Other Governments	60,392
Tenant Security Deposits	57,524
Unearned Revenue	9,193
<b>Total current liabilities</b>	<b>182,170</b>

**Noncurrent liabilities**

Accrued Compensated Absences	30,781
Net Pension and OPEB Liability	1,314,696
Noncurrent liabilities - other	\$31,980
<b>Total Noncurrent liabilities</b>	1,377,457

<b>Total Liabilities</b>	<b>1,559,627</b>
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**Deferred Inflow of Resources**

Deferred Inflow of Resources - Pension	142,198
Deferred Inflow of Resources - OPEB	9,894
<b>Total Deferred Inflow of Resources</b>	<b>152,092</b>

**NET POSITION**

Net Invested in capital assets	2,423,021
Restricted net position	24,886
Unrestricted net position	850,562
<b>Total net Position</b>	<b>3,298,469</b>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$5,010,188</b>
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The notes to the basic financial statements are integral part of the statements.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended March 31, 2023**

<b>Operating Revenue</b>	
Tenant Revenue	\$741,672
Government operating grants	4,403,092
Other Revenue	836,569
<b>Total Operating Revenues</b>	<u>5,981,333</u>
<b>Operating Expenses</b>	
Administrative	892,308
Tenant Services	37,586
Utilities	135,426
Maintenance	842,608
General	146,921
Pension and OPEB Expense	(65,381)
Housing assistance payment	3,652,537
Depreciation	263,976
<b>Total Operating Expenses</b>	<u>5,905,981</u>
<b>Operating Profit (Loss)</b>	<u>75,352</u>
<b>Nonoperating Revenues</b>	
Capital Grant	95,642
Interest Income	7,838
<b>Total Nonoperating Revenues</b>	<u>103,480</u>
Change in Net Position	178,832
Total Net Position - Beginning	<u>3,119,637</u>
<b>Total Net Position - Ending</b>	<u><u>\$ 3,298,469</u></u>

The notes to the basic financial statements are integral part of the statements.



**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended March 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$4,330,932
Receipts from tenants	744,129
Other revenue received	836,799
Cash payments for Administrative	(919,779)
Cash payments for HAP	(3,652,537)
Cash payments for Other Expenses	(1,111,774)
<b>Net cash provided (used) by operating activities</b>	<b>227,770</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	7,838
<b>Net cash provided (used) by investing activities</b>	<b>7,838</b>

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Acquisition of capital assets	(105,376)
Capital grant received	95,642
<b>Net cash provided (used) by capital and related activities</b>	<b>(9,734)</b>
Net increase(decrease) in cash	225,874

Cash and cash equivalents - Beginning of year	1,547,934
<b>Cash and cash equivalents - End of year</b>	<b>1,773,808</b>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	75,352
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
- Depreciation	263,976
- (Increase) Decreases in Accounts Receivable	(69,584)
- (Increase) Decreases in Prepaid Assets	19,690
- (Increase) Decreases in Net Pension / OPEB Activity	(65,381)
- Increase (Decreases) in Accounts Payable	(10,967)
- Increase (Decreases) in Accounts Payable Other Government	3,380
- Increase (Decreases) in Tenant Security Deposit	12,939
- Increase (Decreases) in Unearned Revenue	111
- Increase (Decreases) in Noncurrent Liabilities	(1,746)
<b>Net cash provided (used) by operating activities</b>	<b>\$227,770</b>

The notes to the basic financial statements are integral part of the statements.

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**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
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**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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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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) or by eligible securities pledged by the financial institution as security for repayment, by surety bonds deposited with the Authority by the financial institution.

On March 31, 2023, the carrying amount of the Authority's deposits was \$1,773,808 (including \$1,675,699 of unrestricted funds and \$98,109 of restricted funds). The unrestricted cash includes \$250 of petty cash. The bank balance on March 31, 2023, was \$1,778,878. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2023, deposits totaling \$500,000 were covered by Federal Depository Insurance and deposits totaling \$1,278,878 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.



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

**B. Investments** (Continued)

The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and records its investments at fair value. On March 31, 2023, 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.

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**NOTE 3: RESTRICTED CASH**

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

Tenant Security Deposits	\$ 42,275
Restricted HAP Equity	24,886
FSS Escrow Cash Balance	22,213
Tenant Council Funds	8,735
<b>Total Restricted Cash</b>	<u>\$ 98,109</u>

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets on March 31, 2023, by class is as follows:

	Balance 3/31/2022	Additions	Adjustment	Balance 3/31/2023
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$415,810	\$0	\$0	\$415,810
Construction in Progress	0	\$0	\$0	0
<b>Total Capital Assets Not Being Depreciated</b>	<b>415,810</b>	<b>0</b>	<b>0</b>	<b>415,810</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	12,104,129	35,093	0	12,139,222
Leasehold Improvements	921,214	58,843	0	980,057
Furnt, Mach. and Equip.	1,198,205	11,440	0	1,209,645
<b>Total Capital Assets Being Depreciated</b>	<b>14,223,548</b>	<b>105,376</b>	<b>0</b>	<b>14,328,924</b>
<b>Accumulated Depreciation:</b>				
Buildings	(10,130,185)	(224,380)	0	(10,354,565)
Leasehold Improvements	(875,853)	(15,839)	0	(891,692)
Furnt, Mach. and Equip.	(1,051,700)	(23,757)	1	(1,075,456)
<b>Total Accumulated Depreciation</b>	<b>(12,057,738)</b>	<b>(263,976)</b>	<b>1</b>	<b>(12,321,713)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,165,810</b>	<b>(158,600)</b>	<b>1</b>	<b>2,007,211</b>
<b>Total Capital Assets, Net</b>	<b>\$2,581,620</b>	<b>(\$158,600)</b>	<b>\$1</b>	<b>\$2,423,021</b>

**NOTE 5: Defined Benefit Pension Plans**

***Net Pension Liability/Asset***

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.

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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.

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

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benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 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 who retired 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 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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.

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

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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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the Traditional pension plan (defined benefit plan) and the Combined plan will no longer be available for new hires beginning in 2022.

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

	State and Local
<b>2022-2023 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2022-2023 Actual Contribution Rates</b>	
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.

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

The Authority's contractually required contributions used to fund pension benefits was \$94,385 for fiscal year ending March 31, 2023.

***Net Pension Liability/Asset, 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, 2022, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that

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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:

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005385%	0.002007%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.004349%</u>	<u>0.025354%</u>	
Change in Proportionate Share	<u>-0.001036%</u>	<u>0.023347%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,284,696	\$ (59,757)	\$ 1,224,939
Pension Expense	\$ 102,141	\$ 3,362	\$ 105,503

At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net Differences between projected and actual earnings on pension plan investments	\$ 366,179	\$ 21,777	\$ 387,956
Differences between expected and actual experience	\$ 42,672	\$ 3,674	\$ 46,346
Changes of assumptions	13,572	3,956	17,528
Authority contributions subsequent to the measurement date	<u>21,778</u>	<u>3,205</u>	<u>24,983</u>
Total Deferred Outflows of Resources	<u>\$ 444,201</u>	<u>\$ 32,612</u>	<u>\$ 476,813</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 0	\$ 0
Differences between expected and actual experience	0	8,538	8,538
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>111,771</u>	<u>21,889</u>	<u>133,660</u>
Total Deferred Inflows of Resources	<u>\$ 111,771</u>	<u>\$ 30,427</u>	<u>\$ 142,198</u>

\$24,983 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending June 30:	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
2023	\$ (26,731)	\$ (100)	\$ (26,831)
2024	50,219	(2,611)	47,608
2025	107,784	512	108,296
2026	179,380	2,396	181,776
Thereafter	<u>0</u>	<u>(905)</u>	<u>(905)</u>
Total	<u>\$ 310,652</u>	<u>\$ (708)</u>	<u>\$ 309,944</u>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability as of December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:



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	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	3.25 percent	3.25 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 12.1 percent for 2022.

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 long-term expected 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



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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. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	<u>31.17 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** The following table presents the Authority’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 1,924,432	\$ 1,284,696	\$ 752,551
Combined Plan	\$ (31,185)	\$ (59,757)	\$ (82,400)

**NOTE 6: DEFINED BENEFIT OPEB PLANS**  
**Net OPEB Liability/Asset**

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its

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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/asset represents the Authority’s proportionate share of the OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan’s fiduciary net position. The net OPEB 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 these estimates annually.

Ohio Revised Code limits the Authority’s obligation related to this liability/asset 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.

GASB 75 assumes any 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/asset. Resulting adjustments to the net OPEB asset 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 funded benefits is presented as a long-term net OPEB liability/asset. 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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health

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care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2022, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. 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' Annual Comprehensive Financial Report 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.

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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

Employer contribution rates are expressed as a percentage of covered payroll. In 2022-2023, 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. For 2022-2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. 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 2022-2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's had no contractually required contribution allocated to health care for the fiscal year ending March 31, 2023.

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***Net OPEB Liability/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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/asset 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:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005599%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.004758%
Change in Proportionate Share	-0.000841%
Proportionate Share of the Net OPEB Liability	\$ 30,000
OPEB Expense	\$ (57,002)

At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	59,581
Changes of assumptions	29,302
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-
Authority contributions subsequent to the measurement date	458
Total Deferred Outflows of Resources	\$ 89,700
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on OPEB plan investments	\$ 0
Differences between expected and actual experience	7,483
Changes of assumptions	2,411
Changes in proportion and differences between Authority contributions and proportionate share of contributions	539
Total Deferred Inflows of Resources	\$ 10,433

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

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Year Ending March 31:	<u>OPERS</u>
2023	\$ 9,680
2024	21,587
2025	18,579
2026	<u>28,783</u>
Total	<u>\$ 78,629</u>

***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 health care costs 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, 2021, rolled forward to the measurement date of December 31, 2022. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	4.05 percent
Prior Measurement Date:	1.85 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2036
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a Loss of 15.6 percent for 2022.

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

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pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	<u>23.58 %</u>

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 4.05 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 2054. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset 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 5.22 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 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease 4.22%	Current Discount Rate 5.22%	1% Increase 6.22%
Authority's proportionate share of the net OPEB asset	\$ 102,107	\$ 30,000	\$ (29,500)



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*Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/Asset 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/asset. The following table presents the net OPEB liability/asset calculated using the assumed trend rates, and the expected net OPEB liability/asset 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 2022 is 5.50 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 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.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB asset	\$ 28,120	\$ 30,000	\$ 32,117

**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:

	<u>Balance</u>		<u>Balance</u>	<u>Due Within</u>
	<u>3/31/2022</u>	<u>Change</u>	<u>3/31/2023</u>	<u>One Year</u>
Compensated Absence Liability	\$42,632	(\$8,431)	\$34,201	\$3,420



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**NOTE 8: PENSION/OPEB LIABILITY**

The following is a summary of changes in long-term liabilities for the year ended March 31, 2023:

	<b>Balance</b>		<b>Balance</b>
	<b><u>3/31/2022</u></b>	<b><u>Change</u></b>	<b><u>3/31/2023</u></b>
Net Pension & OPEB Liability	\$ 468,517	846,179	\$ 1,314,696

**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 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, 2023, by the Authority from Noble and Monroe were \$3,430 and \$112,221, respectively. The additional management fees of \$391,597 are made up from the agreements with several other entities.

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**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 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.

Required Supplementary Information  
Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System  
Last Eight Fiscal Years (1)

<b>Traditional Plan</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Authority's Proportion of the Net Pension Liability	0.004349%	0.005385%	0.005451%	0.005630%	0.005582%	0.005075%	0.005115%	0.005252%	0.005066%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,284,696	\$ 468,517	\$ 807,174	\$ 1,112,808	\$ 1,528,797	\$ 796,169	\$ 1,161,529	\$ 909,713	\$ 605,439
Authority's Covered Payroll	\$ 674,182	\$ 781,555	\$ 767,687	\$ 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	190.56%	59.95%	105.14%	140.49%	202.76%	118.72%	175.68%	139.18%	97.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
<b>Combined Plan</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2014</b>
Authority's Proportion of the Net Pension Asset	0.025354%	0.020070%	0.015812%	0.015446%	0.015188%	0.014821%	0.014288%	0.014330%	0.014486%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (59,757)	\$ (79,077)	\$ (45,643)	\$ (32,209)	\$ (16,984)	\$ (20,176)	\$ (7,952)	\$ (6,793)	\$ (3,275)
Authority's Covered Payroll	\$ 109,236	\$ 91,498	\$ 69,682	\$ 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	54.70%	86.42%	65.50%	46.84%	26.15%	33.24%	14.30%	13.02%	6.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	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.

Required Supplementary Information  
Schedule of the Authority's Contributions - Pension  
Ohio Public Employees Retirement System  
Last Nine Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 96,665	\$ 107,701	\$ 108,635	\$ 109,107	\$ 109,039	\$ 89,676	\$ 78,430	\$ 78,074	\$ 74,152	\$ 66,108
Combined Plan	<u>13,983</u>	<u>14,307</u>	<u>9,795</u>	<u>9,764</u>	<u>9,147</u>	<u>8,242</u>	<u>6,673</u>	<u>6,302</u>	<u>6,136</u>	<u>\$ 5,377</u>
Total Required Contributions	110,648	122,008	118,430	118,871	118,186	97,918	85,103	84,376	80,288	\$ 71,485
Contributions in Relation to the Contractually Required Contribution	<u>(110,648)</u>	<u>(122,008)</u>	<u>(118,430)</u>	<u>(118,871)</u>	<u>(118,186)</u>	<u>(97,918)</u>	<u>(85,103)</u>	<u>(84,376)</u>	<u>(80,288)</u>	<u>\$ (71,485)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -</u>
Authority's Covered Payroll										
Traditional Plan	\$ 690,464	\$ 769,293	\$ 775,964	\$ 779,336	\$ 778,850	\$ 677,553	\$ 640,879	\$ 650,618	\$ 617,933	\$ 550,900
Combined Plan	\$ 99,879	\$ 102,193	\$ 69,964	\$ 69,743	\$ 65,336	\$ 62,283	\$ 54,530	\$ 52,515	\$ 51,137	\$ 44,808
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.24%	12.24%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	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.

Required Supplementary Information  
Schedule of the Authority's Proportionate Share of the Net OPEB Liability/(Asset)  
Ohio Public Employees Retirement System  
Last Six Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/Asset	0.004758%	0.005599%	0.005537%	0.005698%	0.005646%	0.005163%	0.005163%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 30,000	\$ (175,369)	\$ (98,646)	\$ 787,042	\$ 736,105	\$ 560,664	\$ 560,664
Authority's Covered Payroll	\$ 783,418	\$ 873,053	\$ 837,369	\$ 860,832	\$ 818,964	\$ 731,302	\$ 731,302
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-3.83%	20.09%	-11.78%	91.43%	89.88%	76.67%	76.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.14%

(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.

Required Supplementary Information  
Schedule of the Authority's Contributions - OPEB  
Ohio Public Employees Retirement System  
Last Nine Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 2,670	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,659	\$ 12,255	\$ 14,063	\$ 13,381
Contributions in Relation to the Contractually Required Contribution	(2,670)	0	0	0	0	(5,659)	(12,255)	(14,063)	(13,381)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 783,418	\$ 871,846	\$ 845,928	\$ 849,079	\$ 844,187	\$ 739,836	\$ 695,409	\$ 703,133	\$ 669,070
Contributions as a Percentage of Covered Payroll	0.34%	0.00%	0.00%	0.00%	0.00%	0.76%	1.76%	2.00%	2.00%

*Cambridge Metropolitan Housing Authority  
Guernsey County  
Notes to the Required Supplementary Information  
For the Year Ended March 31, 2023*

**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 2015-2023.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2015-2016 and 2023. 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 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation changed from 3.75% to 3.25% (b) future salary increases changed from 4.25% - 10.05% to 3.25% - 10.75%.

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.

For 2021, 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 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple.

For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75% (b) future salary increases changed from 3.25% - 10.75% to 2.75% - 10.75% (c) the cost-of-living adjustments for post- 1/7/2013 retirees was increase from 0.5% simple though 2021, then 2.15% simple to 3.0% simple through 2022 then 2.05% simple (d) Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub- 2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

*Cambridge Metropolitan Housing Authority  
Guernsey County  
Notes to the Required Supplementary Information  
For the Year Ended March 31, 2023*

***Net OPEB Liability/Asset***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2020 and 2022-2023.

The 2021, the following change was reflected: on January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

*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%. (d) the municipal bond rate changed from 3.31% to 3.71% (e) the healthcare cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

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%. (b) the municipal bond rate changed from 3.71% to 2.75% (c) the healthcare cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate remained at 6.00% (b) the municipal bond rate changed from 2.00% to 1.84% (c) the projected salary increase changed from 3.25% - 10.75% to 2.75% - 10.75% (d) wage inflation changed from 3.25% to 2.75% (e) the healthcare cost trend rate changed from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034.

For 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.00% (c) the healthcare cost trend rate changed from 5.5% initial, 3.5% ultimate in 2034 to 5.5% initial, 3.5% ultimate in 2036.



Cambridge Metropolitan Housing Authority (OH033)  
CAMBRIDGE, OH  
Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2023

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$898,739		\$289,091	\$182,002	\$305,867	\$1,675,699		\$1,675,699
113 Cash - Other Restricted	\$8,735			\$47,099	\$0	\$55,834		\$55,834
114 Cash - Tenant Security Deposits	\$42,275				\$0	\$42,275		\$42,275
100 Total Cash	\$949,749	\$0	\$289,091	\$229,101	\$305,867	\$1,773,808		\$1,773,808
122 Accounts Receivable - HUD Other Projects	\$75,307				\$0	\$75,307		\$75,307
125 Accounts Receivable - Miscellaneous			\$46,461		\$0	\$46,461		\$46,461
126 Accounts Receivable - Tenants	\$705				\$0	\$705		\$705
126.1 Allowance for Doubtful Accounts - Tenants	-\$878				\$0	-\$878		-\$878
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0	\$0		\$0
128 Fraud Recovery	\$10,475				\$0	\$10,475		\$10,475
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$85,609	\$0	\$46,461	\$0	\$0	\$132,070		\$132,070
142 Prepaid Expenses and Other Assets	\$19,124		\$6,144	\$26,401	\$0	\$51,669		\$51,669
143 Inventories	\$4,167				\$0	\$4,167		\$4,167
143.1 Allowance for Obsolete Inventories	\$0				\$0	\$0		\$0
150 Total Current Assets	\$1,058,649	\$0	\$341,696	\$255,502	\$305,867	\$1,961,714		\$1,961,714
161 Land	\$404,075			\$11,735	\$0	\$415,810		\$415,810
162 Buildings	\$11,530,878		\$7,458	\$600,886	\$0	\$12,139,222		\$12,139,222
163 Furniture, Equipment & Machinery - Dwellings	\$213,755			\$0	\$0	\$213,755		\$213,755
164 Furniture, Equipment & Machinery - Administration	\$734,201		\$73,495	\$188,194	\$0	\$995,890		\$995,890
165 Leasehold Improvements	\$922,265			\$57,892	\$0	\$980,057		\$980,057
166 Accumulated Depreciation	-\$11,707,334		-\$62,325	-\$552,054	\$0	-\$12,321,713		-\$12,321,713
167 Construction in Progress					\$0	\$0		\$0
168 Infrastructure					\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,097,830	\$0	\$18,628	\$306,563	\$0	\$2,423,021		\$2,423,021
174 Other Assets	\$20,317		\$23,903	\$14,939	\$598	\$59,757		\$59,757
180 Total Non-Current Assets	\$2,118,147	\$0	\$42,531	\$321,502	\$598	\$2,482,778		\$2,482,778
200 Deferred Outflow of Resources	\$192,616			\$225,677	\$141,626	\$5,777	\$565,696	\$565,696
290 Total Assets and Deferred Outflow of Resources	\$3,369,412	\$0	\$609,904	\$718,630	\$312,242	\$5,010,188		\$5,010,188
312 Accounts Payable <= 90 Days	\$16,897		\$9,897	\$221	\$0	\$26,985		\$26,985
321 Accrued Wage/Payroll Taxes Payable	\$4,237		\$6,110	\$4,064	\$0	\$14,411		\$14,411
322 Accrued Compensated Absences - Current Portion	\$954		\$1,406	\$1,060	\$0	\$3,420		\$3,420
331 Accounts Payable - HUD PHA Programs					\$10,645	\$10,645		\$10,645
333 Accounts Payable - Other Government	\$60,392				\$0	\$60,392		\$60,392
341 Tenant Security Deposits	\$57,149		\$375		\$0	\$57,524		\$57,524
342 Unearned Revenue	\$2,193		\$7,000		\$0	\$9,193		\$9,193
310 Total Current Liabilities	\$141,592	\$0	\$24,588	\$5,345	\$10,645	\$182,170		\$182,170
353 Non-current Liabilities - Other	\$8,857			\$23,123	\$0	\$31,980		\$31,980
354 Accrued Compensated Absences - Non Current	\$8,588		\$12,651	\$9,542	\$0	\$30,781		\$30,781
357 Accrued Pension and OPEB Liabilities	\$446,997		\$525,878	\$328,674	\$13,147	\$1,314,696		\$1,314,696
350 Total Non-Current Liabilities	\$464,442	\$0	\$538,529	\$351,339	\$13,147	\$1,377,457		\$1,377,457
300 Total Liabilities	\$606,034	\$0	\$563,117	\$366,684	\$23,792	\$1,559,627		\$1,559,627
400 Deferred Inflow of Resources	\$51,628		\$60,621	\$35,652	\$4,191	\$152,092		\$152,092
508.4 Net Investment in Capital Assets	\$2,097,830	\$0	\$18,628	\$306,563	\$0	\$2,423,021		\$2,423,021
511.4 Restricted Net Position	\$0	\$0	\$0	\$24,886	\$0	\$24,886		\$24,886
512.4 Unrestricted Net Position	\$613,920	\$0	(\$32,462)	(\$15,155)	\$284,259	\$850,562		\$850,562
513 Total Equity - Net Assets / Position	\$2,711,750	\$0	(\$13,834)	\$316,294	\$284,259	\$3,298,469		\$3,298,469
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,369,412	\$0	\$609,904	\$718,630	\$312,242	\$5,010,188		\$5,010,188

Cambridge Metropolitan Housing Authority (OH033)  
CAMBRIDGE, OH  
Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2023

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$721,563				\$0	\$721,563		\$721,563
70400 Tenant Revenue - Other	\$20,109				\$0	\$20,109		\$20,109
70500 Total Tenant Revenue	\$741,672	\$0	\$0	\$0	\$0	\$741,672	\$0	\$741,672
70600 HUD PHA Operating Grants	\$389,560	\$32,900		\$3,747,791	\$232,841	\$4,403,092		\$4,403,092
70610 Capital Grants	\$95,642				\$0	\$95,642		\$95,642
71100 Investment Income - Unrestricted	\$4,519		\$466	\$2,799	\$54	\$7,838		\$7,838
71400 Fraud Recovery	\$4,786			\$1,160	\$0	\$5,946		\$5,946
71500 Other Revenue	\$13,026		\$656,007	\$161,590	\$0	\$830,623		\$830,623
70000 Total Revenue	\$1,249,205	\$32,900	\$656,473	\$3,913,340	\$232,895	\$6,084,813	\$0	\$6,084,813
91100 Administrative Salaries	\$65,435		\$150,095	\$198,940	\$12,732	\$427,202		\$427,202
91200 Auditing Fees	\$4,307		\$9,657	\$5,576	\$372	\$19,912		\$19,912
91400 Advertising and Marketing	\$1,095		\$109	\$1,840	\$0	\$3,044		\$3,044
91500 Employee Benefit contributions - Administrative	\$6,187		\$37,432	\$76,112	\$2,757	\$122,488		\$122,488
91600 Office Expenses	\$5,021		\$3,277	\$7,831	\$527	\$16,656		\$16,656
91700 Legal Expense	\$3,615		\$1,532	\$3,686	\$255	\$9,088		\$9,088
91900 Other	\$75,927		\$50,204	\$95,799	\$6,807	\$228,737		\$228,737
91000 Total Operating - Administrative	\$161,587	\$0	\$252,306	\$399,584	\$23,450	\$826,927	\$0	\$826,927
92100 Tenant Services - Salaries		\$32,900			\$0	\$32,900		\$32,900
92400 Tenant Services - Other	\$4,686				\$0	\$4,686		\$4,686
92500 Total Tenant Services	\$4,686	\$32,900	\$0	\$0	\$0	\$37,586	\$0	\$37,586
93100 Water	\$49,923				\$0	\$49,923		\$49,923
93200 Electricity	\$54,691				\$0	\$54,691		\$54,691
93300 Gas	\$30,812				\$0	\$30,812		\$30,812
93000 Total Utilities	\$135,426	\$0	\$0	\$0	\$0	\$135,426	\$0	\$135,426
94100 Ordinary Maintenance and Operations - Labor	\$211,670		\$235,138		\$0	\$446,808		\$446,808
94200 Ordinary Maintenance and Operations - Materials and Other	\$105,977		\$6,160		\$0	\$112,137		\$112,137
94300 Ordinary Maintenance and Operations Contracts	\$87,936		\$87	\$11,432	\$0	\$99,455		\$99,455
94500 Employee Benefit Contributions - Ordinary Maintenance	\$87,028		\$97,180		\$0	\$184,208		\$184,208
94000 Total Maintenance	\$492,611	\$0	\$338,565	\$11,432	\$0	\$842,608	\$0	\$842,608
96110 Property Insurance					\$0			
96120 Liability Insurance	\$26,770		\$8,076	\$30,305	\$0	\$65,151		\$65,151
96130 Workmen's Compensation	\$2,465		\$1,232	\$3,172	\$219	\$7,088		\$7,088
96140 All Other Insurance				\$6,652	\$0	\$6,652		\$6,652
96100 Total Insurance Premiums	\$29,235	\$0	\$9,308	\$40,129	\$219	\$78,891	\$0	\$78,891
96200 Other General Expenses	\$4,250				\$0	\$4,250		\$4,250
96300 Payments in Lieu of Taxes	\$63,780				\$0	\$63,780		\$63,780
96000 Total Other General Expenses	\$68,030	\$0	\$0	\$0	\$0	\$68,030	\$0	\$68,030
96900 Total Operating Expenses	\$891,575	\$32,900	\$600,179	\$441,145	\$23,669	\$1,989,468	\$0	\$1,989,468
97000 Excess of Operating Revenue over Operating Expenses	\$357,630	\$0	\$56,294	\$3,472,195	\$209,226	\$4,095,345	\$0	\$4,095,345
97300 Housing Assistance Payments				\$3,325,085	\$194,210	\$3,519,295		\$3,519,295
97350 HAP Portability-In				\$133,242	\$0	\$133,242		\$133,242
97400 Depreciation Expense	\$226,058		\$5,066	\$32,852	\$0	\$263,976		\$263,976
90000 Total Expenses	\$1,117,633	\$32,900	\$605,245	\$3,932,324	\$217,879	\$5,905,981	\$0	\$5,905,981
10010 Operating Transfer In	\$65,693				\$0	\$65,693	-\$65,693	\$0
10020 Operating transfer Out	-\$65,693				\$0	-\$65,693	\$65,693	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$131,572	\$0	\$51,228	(\$18,984)	\$15,016	\$178,832	\$0	\$178,832
11030 Beginning Equity	\$2,580,178	\$0	-\$65,062	\$335,278	\$269,243	\$3,119,637		\$3,119,637
11170 Administrative Fee Equity				\$276,770	\$0	\$276,770		\$276,770
11180 Housing Assistance Payments Equity				\$24,886	\$0	\$24,886		\$24,886
11190 Unit Months Available	2136			8340	576	11052		11052
11210 Number of Unit Months Leased	2033			8079	576	10688		10688
11270 Excess Cash	\$812,567				\$0	\$812,567		\$812,567
11610 Land Purchases	\$0				\$0	\$0		\$0
11620 Building Purchases	\$95,642				\$0	\$95,642		\$95,642

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY**

**SCHEDULE AND NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2023**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<i>Direct Program</i>		
Low Rent Public Housing	14.850	279,709
Section 8 Project-Based Cluster		
Section 8 Moderate Rehabilitation	14.856	232,841
Total Section 8 Project-Based Cluster		<u>232,841</u>
Housing Voucher Cluster		
Housing Choice Voucher Program	14.871	3,747,791
Total Housing Voucher Cluster		<u>3,747,791</u>
Public Housing Capital Fund Program	14.872	205,493
Family Self-Sufficiency Program	14.896	32,900
<b>Total Expenditures of Federal Awards</b>		<b><u><u>\$4,498,734</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**NOTE - SIGNIFICANT ACCOUNTING POLICIES**

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

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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Cambridge Metropolitan Housing Authority  
Guernsey County  
1100 Maple Court  
Cambridge, Ohio 43725

To the Board of Commissioners:

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 (*Government Auditing Standards*), the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Guernsey County (the Authority), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 19, 2023.

***Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

***Report on 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 financial statements. 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*.

***Response to Findings***

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Cambridge Metropolitan Housing Authority  
Guernsey County  
1100 Maple Court  
Cambridge, Ohio 43725

To the Board of Commissioners:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Cambridge Metropolitan Housing Authority's, Guernsey County, Ohio (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Cambridge Metropolitan Housing Authority's major federal program for the year ended March 31, 2023. Cambridge Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Cambridge Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2023.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023

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**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
MARCH 31, 2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL # 14.871 - Housing Choice Voucher Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

**FINDING NUMBER 2023-001**

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
MARCH 31, 2023  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2023-001 (Continued)**

**Material Weakness - Financial Reporting (Continued)**

Additionally, Governmental Accounting Standards Board (GASB) Statement No. 68 paragraphs .54-.57 and Governmental Accounting Standards Board (GASB) Statement No. 75 paragraphs .64-.68 describes the requirement to calculate change in proportion, contributions during the measurement period and contributions subsequent to the measurement date in relation to Net Pension Liability, Net OPEB Liability/Asset, related Deferred Inflows of Resources, Deferred Outflows of Resources and Pension/OPEB Expense.

We identified the following errors requiring adjustment:

- The Authority failed to calculate entity specific deferrals within their calculation of Net Pension Liability, Net OPEB Liability/Asset, Deferred Inflows of Resources and Deferred Outflows of Resources resulting in adjustments to Pension Expense, Deferred Inflows of Resources – Pension and Deferred Outflows – Pension.
- The Authority’s Financial Data Schedule (reported as Supplementary Information as required by the Department of Housing and Urban Development) did not reconcile to the Authority’s financial statements, partially in relation to the calculation errors described above and other unidentified differences.
- The Notes to the Financial Statements and Required Supplementary Information (RSI) required corrections relating to the calculation errors described above and other errors in amounts and information reported.

These adjustments, with which management has agreed, are reflected in the accompanying financial statements, notes to the financial statements, required supplementary information and supplementary information of the Authority to correct these errors.

Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Authority’s financial information. Failure to properly report financial activity in accordance with generally accepted accounting principles could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Authority’s financial position and operations.

The Authority should utilize available authoritative resources and take necessary steps to ensure that all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the Authority are properly presented and disclosed in the Authority’s basic financial statements, required supplementary information and supplementary information.

**Officials’ Response:** Refer to Corrective Action Plan

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

# Cambridge Metropolitan Housing Authority



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740.439.6651 • FAX 740.439.2953 • TDD: 1.800.457.6651

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TAMMI DEMATTIO, EXECUTIVE DIRECTOR

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) March 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Significant Deficiency – Financial Reporting	Not Corrected	Repeated as Finding 2023-001

# Cambridge Metropolitan Housing Authority



P.O. Box 1388 • 1100 MAPLE COURT • CAMBRIDGE, OHIO 43725-6388  
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TAMMI DEMATTIO, EXECUTIVE DIRECTOR

December 19, 2023

Keith Faber  
Auditor of State  
And  
Denise A. Blair, CPA, Chief Auditor  
PO Box 828  
Athens, OH 45701

Subject: Corrective Action Plan of Audit Recommendations for Cambridge Metropolitan Housing Authority (CMHA) FYE Audit 03.31.2023

To whom it may concern:

Please find the following actions Cambridge Metropolitan Housing Authority will take to implement recommendations provided by the Auditor of State in regard to findings identified during our FYE Audit for 03.31.2023.

Cambridge Metropolitan Housing Authority maintains accurate daily accounting records and posts adjusting journal entries at year-end as part of its annual financial statement preparation. The errors referred in the finding report were a result of the inadvertent omission and miscalculations of the fiscal year 2023 adjusting journal entries for pension/OPEB from the financial statements. The errors were promptly rectified upon discovery. No errors in CMHA's operational accounting records were identified and CMHA made all required pension contributions. Additional procedures will be implemented to review the calculation of the pension/OPEB going forward.

Please advise if you need any further information by calling 740.439.6651 ext. 1015. Thank you.

Sincerely,

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY



TAMMI DEMATTIO  
EXECUTIVE DIRECTOR

# 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 12/21/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)