

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
CAMBRIDGE, OHIO**

**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**

**FOR THE YEAR ENDED MARCH 31, 2010**

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





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Cambridge Metropolitan Housing Authority  
1100 Maple Court  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2009 through March 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 3, 2010

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**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED MARCH 31, 2010**

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**JAMES G. ZUPKA, C.P.A., INC.**

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*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cambridge Metropolitan Housing Authority  
Cambridge, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of the Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Cambridge Metropolitan Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cambridge Metropolitan Housing Authority as of March 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2010, on our consideration of the Cambridge Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Metropolitan Housing Authority's financial statements as a whole. The Supplemental Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

September 29, 2010

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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Throughout this document, references to “we”, “our”, “Authority” or “us” refer to the Cambridge Metropolitan Housing Authority.

**Management’s Discussion and Analysis**

The Cambridge Metropolitan Housing Authority’s (the Authority) Management’s Discussion and Analysis 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 financial position (it’s ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 11).

**FINANCIAL HIGHLIGHTS**

- The Authority’s total net assets decreased by \$243,624 (or 3 percent) during the fiscal year ended 2010. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net assets were \$6,846,719 and \$7,090,343 for 2010 and 2009, respectively.
- The business-type activities revenue increased by \$458,988 (or 10 percent) during the fiscal year ended 2010, and were \$4,920,047 and \$4,461,059 for 2010 and 2009, respectively.
- The total expenses of all Authority programs increased by \$181,564 (or 4 percent). Total expenses were \$5,163,671 and \$4,982,107 for 2010 and 2009, respectively.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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**Using This Annual Report**

The report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

**MD&A**  
  
**- Management Discussion and Analysis**

**Basic Financial Statements**  
  
**- Authority-Wide Financial Statements  
(new) - pgs 11-13**  
  
**- Notes to Financial Statements  
(Expanded/Restructured) - pgs 14 - 26**

**Other Required Supplementary Information**  
  
**- Required Supplementary Information - pg 27  
(Other than MD&A) (Expanded)**

The primary focus of the Authority’s financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (Authority-wide and major fund) 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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**AUTHORITY-WIDE FINANCIAL STATEMENTS**

The Authority-wide financial statements (see pages 11-13) 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 Assets**, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities equals "Net Assets", formerly known as equity. 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 Assets (the "**Unrestricted** Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

***Net Assets, Invested in Capital Assets, Net of Related Debt:*** This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. For the year ended March 31, 2010, there was no related debt.

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

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

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

The focus of the Statement of Revenues, Expenses, and Changes in Net Assets is the "Change in Net Assets", 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, capital and related financing activities, and from investing activities..

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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**Fund Financial Statements**

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. The Authority has the Public Housing Operating Fund, Capital Fund, Housing Choice Voucher Program, Mod Rehab Fund, and a Business Activity Fund. The financial statements reflect the transactions for these programs.

**The Authority's Programs**

The Authority's significant programs are as follows:

Conventional Public Housing - 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 PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program - 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 Annual Contributions Contract (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 Housing Choice Voucher Program also includes the Family Self-Sufficiency Program (FSS), which is a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

*Statement of Net Assets*

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

**Table 1 - Statement of Net Assets**

	2010	Restated 2009
<b>Assets</b>		
Current and Other Assets	\$ 915,279	\$ 1,512,606
Capital Assets	<u>6,127,901</u>	<u>5,774,363</u>
<b>Total Assets</b>	<u>\$ 7,043,180</u>	<u>\$ 7,286,969</u>
<b>Total Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Other Liabilities	\$ 172,414	\$ 176,393
Long-Term Liabilities	<u>24,047</u>	<u>20,233</u>
<b>Total Liabilities</b>	<u>196,461</u>	<u>196,626</u>
<b>Net Assets</b>		
Invested in Capital Assets	6,127,901	5,774,363
Restricted	63,977	90,495
Unrestricted	<u>654,841</u>	<u>1,225,485</u>
<b>Total Net Assets</b>	<u>6,846,719</u>	<u>7,090,343</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,043,180</u>	<u>\$ 7,286,969</u>

For more detailed information see page 11 for the Statement of Net Assets.

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

The decrease in current assets of \$597,327 was due mainly to current funds used for the construction of the Section 8 office addition and other projects.

Table 2 presents details on the change in Unrestricted Net Assets.

**Table 2 - Change of Unrestricted Net Assets**

Beginning Balance - March 31, 2009	\$ 1,225,485
Results of Operations	(243,624)
Adjustments:	
Current Year Depreciation Expense	442,269
Capital Expenditures	(795,807)
Use of Restricted Assets	<u>26,518</u>
Ending Balance - March 31, 2010	<u>\$ 654,841</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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

**Table 3 - Statement of Revenue, Expenses, and Changes in Net Assets**

	2010	2009
<b>Revenues</b>		
Operating Subsidies	\$ 3,824,926	\$ 3,368,686
Capital Grants	163,330	164,255
Tenant Revenue	518,234	514,194
Management Fees	360,015	347,592
Investment Income	13,680	35,967
Other Revenues	39,862	30,365
<b>Total Revenues</b>	<b>4,920,047</b>	<b>4,461,059</b>
<b>Expenses</b>		
Administrative	762,892	756,739
Tenant Services	3,862	4,996
Utilities	113,382	109,774
Ordinary Maintenance and Operations	650,763	636,396
Insurance	48,191	47,196
Payments in lieu of Taxes	40,145	40,402
Housing Assistance Payments	3,050,478	2,895,542
Depreciation	442,269	464,463
Extraordinary Maintenance	51,689	26,599
<b>Total Expenses</b>	<b>5,163,671</b>	<b>4,982,107</b>
<b>Change in Net Assets</b>	<b>\$ (243,624)</b>	<b>\$ (521,048)</b>

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets**

HUD PHA Operating Grants increased by \$456,240 (14 percent). This increase was primarily due to increased funding in the Housing Choice Voucher program.

Capital Grants decreased by \$925 (1 percent). This decrease was primarily due to decreased funding in the Authority's Capital Fund Program.

Total Tenant Revenue increased by \$4,040 (1 percent). This increase was primarily due to increased tenant rents.

Management fees increased \$12,423 (4 percent), which can be attributed to increased management fees earned in the Business Activity Program.

Total expenses increased by \$181,564 (4 percent). Ordinary Maintenance and Operations Labor increased by \$14,367 (2 percent); Administrative increased by \$6,153 (1 percent).

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

Housing Assistance Payments increased by \$154,936 (5 percent). This increase was due to the increase in unit months leased and per unit costs of HAP payments.

The extraordinary maintenance expense increased by \$25,090 (94 percent). This increase is mainly due to funding provided to the Cambridge Management Corporation for start-up costs related to the Skye Meadows project.

**CAPITAL ASSETS**

As of year end, the Authority had \$6,127,901 invested in a variety of capital assets as reflected in the following schedule, net of accumulated depreciation. This represents a net increase (current purchases less depreciation) of \$353,538, or 6 percent from the end of the prior year.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	2010	Restated 2009
Land and Land Rights	\$ 415,810	\$ 415,810
Buildings	10,647,843	9,996,957
Equipment	751,299	680,922
Leasehold Improvements	753,373	692,485
Construction in Progress	326,054	380,507
Accumulated Depreciation	<u>(6,766,478)</u>	<u>(6,392,318)</u>
Total	<u>\$ 6,127,901</u>	<u>\$ 5,774,363</u>

The following reconciliation summarizes the change in Capital Assets, which are presented in detail on page 21 of the Notes to the Financial Statements.

**Table 5 - Change in Capital Assets**

Beginning Balance - March 31, 2009, Restated	\$ 5,774,363
Current Year Additions	795,807
Current Year Depreciation Expense	<u>(442,269)</u>
<b>Ending Balance - March 31, 2010</b>	<b><u>\$ 6,127,901</u></b>

Current Year Additions are summarized as follows:

Construction in Progress	\$ 163,330
Building and Building Improvements	450,254
Land Improvements	57,802
Furniture, Equipment and Machinery	<u>124,421</u>
<b>Total 2010 Additions</b>	<b><u>\$ 795,807</u></b>

**Debt Outstanding**

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010  
(Unaudited)**

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**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2010**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 545,605
Cash and Cash Equivalents - Restricted	125,498
Investments	105,991
Accounts Receivable - HUD	72,489
Accounts Receivable - Miscellaneous	17,283
Tenant Accounts Receivable, Net of Allowance	1,540
Prepaid Items and Other Assets	44,787
Inventories	<u>2,086</u>
<b>Total Current Assets</b>	<b><u>915,279</u></b>

**Capital Assets**

Nondepreciable Capital Assets	741,864
Depreciable Capital Assets, Net	<u>5,386,037</u>
<b>Total Capital Assets</b>	<b><u>6,127,901</u></b>

**TOTAL ASSETS** **\$ 7,043,180**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 46,072
Accrued Wages and Payroll Taxes	29,215
Accrued Compensated Absences - Current Portion	4,370
Accounts Payable - Other Governments	40,145
Tenant Security Deposits	36,842
Deferred Revenue	<u>15,770</u>
<b>Total Current Liabilities</b>	<b><u>172,414</u></b>

**Noncurrent Liabilities**

FSS Program Liability	<u>24,047</u>
<b>Total Noncurrent Liabilities</b>	<b><u>24,047</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>196,461</u></b>

**NET ASSETS**

Invested in Capital Assets	6,127,901
Restricted Net Assets	63,977
Unrestricted Net Assets	<u>654,841</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 6,846,719</u></b>

See accompanying notes to the basic financial statements.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<b><u>Operating Revenues</u></b>	
Net Tenant Revenue	\$ 518,234
HUD Operating Grants	3,824,926
Management Fees	360,015
Other Revenues	<u>39,862</u>
<b>Total Operating Revenues</b>	<b><u>4,743,037</u></b>
<b><u>Operating Expenses</u></b>	
Housing Assistance Payments	3,050,478
Administrative	762,892
Tenant Services	3,862
Utilities	113,382
Maintenance	650,763
General	<u>88,336</u>
<b>Total Operating Expenses before Depreciation</b>	<b><u>4,669,713</u></b>
Income Before Depreciation	73,324
Depreciation	<u>442,269</u>
<b>Operating Income</b>	<b><u>(368,945)</u></b>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Capital Grants	163,330
Interest Income	13,680
Extraordinary Maintenance	<u>(51,689)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>125,321</u></b>
Change in Net Assets	(243,624)
Total Net Assets - Beginning of Year, Restated (see Note 13)	<u>7,090,343</u>
<b>Total Net Assets - End of Year</b>	<b><u>\$ 6,846,719</u></b>

See accompanying notes to the basic financial statements.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from HUD	\$ 3,838,196
Cash Received from Tenants	511,700
Cash Received for Management Fees	382,908
Cash Received from Other Revenues	39,862
Cash Payments for Housing Assistance	(3,050,478)
Cash Payments for Administrative Expenses	(756,290)
Cash Payments to FSS Escrow	3,814
Cash Payments for Other Operating Expenses	<u>(848,436)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>112,276</u></b>
 <b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Acquisition of Capital Assets	(795,807)
Extraordinary Maintenance	(51,689)
Capital Grants Received	<u>163,330</u>
<b>Net Cash Used by Capital and Other Related Financing Activities</b>	<b><u>(684,166)</u></b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Interest Received	6,722
Proceeds from the Sale and Maturity of Investments	<u>591,000</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>597,722</u></b>
Net Increase in Cash and Cash Equivalents	25,832
 Cash and Cash Equivalents - Beginning of Year	 <u>645,271</u>
 <b>Cash and Cash Equivalents - End of Year</b>	 <b><u>\$ 671,103</u></b>
 <b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
Net Operating Income	\$ (368,945)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	442,269
(Increase) Decrease in:	
Accounts Receivable - HUD	13,270
Accounts Receivable - Miscellaneous	22,893
Tenant Accounts Receivable	(1,269)
Prepaid Items	(3,684)
Inventories	7,907
Increase (Decrease) in:	
Accounts Payable	(5,447)
Accrued Payroll, Benefits, and Taxes	6,733
Tenant Security Deposits	163
FSS Program Liability	3,814
Deferred Revenue (HUD Subsidy)	<u>(5,428)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 112,276</u></b>

See accompanying notes to the basic financial statements.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

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

**Organization and Reporting Entity**

The Cambridge Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U. S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletin issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

The Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, 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 assets, 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 assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flows needs of its enterprise activity.

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

**Use of Estimates**

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Compensated Absences**

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

**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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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

**Capitalization of Interest**

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

NOTE 2: **CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the Authority implemented GASB Statements No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles for state and local governments into the GASB's authoritative literature.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards.

The implementation of GASB Statements No. 52, 55, and 56 did not affect the presentation of the financial statements of the Authority.

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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NOTE 3: **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.

At year-end, the carrying amount of the Authority's deposits was \$777,094 (including \$651,346 of unrestricted funds, \$125,498 of restricted funds, and \$250 of petty cash; \$105,991 of the total funds are non-negotiable certificates of deposit) and the bank balance was \$882,565.

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$500,000 were covered by Federal Depository Insurance and deposits totaling \$382,565 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

B. **Investments**

HUD, State statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At March 31, 2010, 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 represents 100 percent of its deposits.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

*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.

Reconciliation of cash and cash equivalents and investments is as follows:

	<u>Cash and Cash</u>	<u>Investments</u>
	<u>Equivalents*</u>	
Per Statement of Net Assets	\$ 671,103	\$ 105,991
Certificates of Deposit (Nonnegotiable)	105,991	(105,991)
Per GASB Statement No. 3	<u>\$ 777,094</u>	<u>\$ 0</u>

\*Includes Petty Cash

NOTE 4: **RESTRICTED ASSETS**

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

Tenant Security Deposits	\$ 36,842
Family Self Sufficiency (FSS) Program Escrow	24,047
Tenant Council	632
Housing Assistance Payments (HAP) Equity	<u>63,977</u>
Total Restricted Assets	<u>\$ 125,498</u>

The FSS Program is designed to promote employment and increase savings among families receiving Section 8 vouchers or living in public housing.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

A summary of capital assets at March 31, 2010 by class is as follows:

	Restated Balance 03/31/2009	Transfers	Additions	Deletions	Balance 03/31/2010
<b><u>Capital Assets Not Being Depreciated</u></b>					
Land	\$ 415,810	\$ 0	\$ 0	\$ 0	\$ 415,810
Construction in Progress	380,507	(217,783)	163,330	0	326,054
<b>Total Capital Assets not Being Depreciated</b>	<u>796,317</u>	<u>(217,783)</u>	<u>163,330</u>	<u>0</u>	<u>741,864</u>
<b><u>Capital Assets Being Depreciated</u></b>					
Building and Building Improvements	9,996,957	200,632	450,254	0	10,647,843
Land Improvements	692,485	3,086	57,802	0	753,373
Furniture and Equipment, and Machinery	680,922	14,065	124,421	(68,109)	751,299
<b>Total Capital Assets Being Depreciated</b>	<u>11,370,364</u>	<u>217,783</u>	<u>632,477</u>	<u>(68,109)</u>	<u>12,152,515</u>
<b><u>Accumulated Depreciation</u></b>					
Building and Building Improvements	(5,658,684)	(11,402)	(321,803)	0	(5,991,889)
Land Improvements	(385,356)	(309)	(45,748)	0	(431,413)
Furniture, Equipment and Machinery	(348,278)	(1,761)	(61,246)	68,109	(343,176)
<b>Total Accumulated Depreciation</b>	<u>(6,392,318)</u>	<u>(13,472)</u>	<u>(428,797)</u>	<u>68,109</u>	<u>(6,766,478)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>4,978,046</u>	<u>204,311</u>	<u>203,680</u>	<u>0</u>	<u>5,386,037</u>
<b>Total Capital Assets</b>	<u>\$ 5,774,363</u>	<u>\$ (13,472)</u>	<u>\$ 367,010</u>	<u>\$ 0</u>	<u>\$ 6,127,901</u>

**NOTE 6: DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Authority participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Effective January 1, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2010 and 2009 was 14.0 percent (of which 8.5 percent relates to pension contributions) of covered payroll.

The Authority's required contributions for pension obligations to the Traditional and Combined plans for the years ended March 31, 2010, 2009 and 2008 were \$52,195, \$41,321, and \$48,453, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

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

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

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

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended March 31, 2010, which were used to fund post-employment benefits were \$33,773.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy** (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 8: **COMPENSATED ABSENCES**

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

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

At March 31, 2010, based on the vesting method, \$4,370 was accrued by the Authority for unused vacation and sick time of which 100 percent was current.

NOTE 9: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Cambridge is one. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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**NOTE 10: CONTINGENCIES**

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

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

**NOTE 11: MANAGEMENT AGREEMENTS**

The Cambridge Metropolitan Housing Authority (the "Authority") entered into housing management agreements with the Noble Metropolitan Housing Authority (Noble) and Monroe Metropolitan Housing Authority (Monroe) on March 30, 1987 and August 27, 1990, respectively. Pursuant to these agreements, the Authority provides all management services to Noble and Monroe in order that they shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the parties have executed or may, from time to time, execute with HUD. As compensation for these services, Noble and Monroe transfer to the Authority the monthly earned administrative fees as determinable by HUD or an allocation of actual expenses as determined through the budget process. Total management fees earned for the fiscal year ended March 31, 2010, by the Authority from Noble and Monroe were \$94,872 and \$86,287, respectively. The additional management fees of \$178,856 are made up from the agreements with several other entities.

**NOTE 12: EXTRAORDINARY MAINTENANCE**

During fiscal year 2010, the Authority disbursed several payments for various operations. The Authority disbursed \$50,000 to Cambridge Management Corporation. These disbursements were used to cover additional start-up costs for the Village of Skye Meadows. The Authority disbursed an additional \$1,639 for other costs relating to the Authority. All disbursements were funded through the Section 8 Pre-2004 Operating Reserves.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**  
**(CONTINUED)**

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NOTE 13: **PRIOR PERIOD ADJUSTMENT**

The Authority adjusted prior period net assets as follows:

Net Assets as of March 31, 2009	\$ 6,932,680
Adjustment:	
Decrease in Accumulated Depreciation	<u>157,663</u>
<b>Restated Net Assets as of March 31, 2009</b>	<b><u>\$ 7,090,343</u></b>

The adjustment to prior period net assets was necessary to properly reflect the value of the Authority's capital assets still being utilized by implementing a salvage value on all furniture, equipment, and machinery.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2010**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b>Direct Programs:</b>		
Low Rent Public Housing	14.850	\$ <u>281,803</u>
<b><u>CFP Cluster</u></b>		
Capital Fund Program	14.872	162,980
Public Housing Capital Fund Stimulus (Formula)		
Recovery Act Funded	14.885	<u>80,757</u>
Total CFP Cluster		<u>243,737</u>
<b><u>Section 8 Programs</u></b>		
Section 8 Moderate Rehabilitation	14.856	<u>175,228</u>
Section 8 Housing Choice Voucher Program	14.871	<u>3,287,488</u>
<b>Total Section 8 Programs</b>		<u>3,462,716</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>3,988,256</u>
<b>Total Federal Expenditures</b>		<u>\$ 3,988,256</u>

NOTE: This schedule is prepared on the accrual basis of accounting.

## Cambridge Metropolitan Housing Authority (OH033)

CAMBRIDGE, OH

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2010

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	Total
111 Cash - Unrestricted	\$98,777	\$10,439	\$315,390		\$120,999	\$545,605	\$545,605
113 Cash - Other Restricted	\$632	\$88,024			\$0	\$88,656	\$88,656
114 Cash - Tenant Security Deposits	\$36,842				\$0	\$36,842	\$36,842
100 Total Cash	\$136,251	\$98,463	\$315,390	\$0	\$120,999	\$671,103	\$671,103
122 Accounts Receivable - HUD Other Projects	\$5,023	\$8,143		\$4,586	\$54,737	\$72,489	\$72,489
125 Accounts Receivable - Miscellaneous			\$17,283		\$0	\$17,283	\$17,283
126 Accounts Receivable - Tenants	\$1,840				\$0	\$1,840	\$1,840
126.1 Allowance for Doubtful Accounts - Tenants	-\$300				\$0	-\$300	-\$300
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,563	\$8,143	\$17,283	\$4,586	\$54,737	\$91,312	\$91,312
131 Investments - Unrestricted		\$105,991			\$0	\$105,991	\$105,991
142 Prepaid Expenses and Other Assets	\$12,714	\$17,558	\$14,515		\$0	\$44,787	\$44,787
143 Inventories	\$2,086				\$0	\$2,086	\$2,086
144 Inter Program Due From	\$4,872		\$29,056		\$0	\$33,928	\$33,928
150 Total Current Assets	\$162,486	\$230,155	\$376,244	\$4,586	\$175,736	\$949,207	\$949,207
161 Land	\$404,075	\$11,735			\$0	\$415,810	\$415,810
162 Buildings	\$10,112,615	\$535,228			\$0	\$10,647,843	\$10,647,843
164 Furniture, Equipment & Machinery - Administration	\$594,750	\$138,649	\$17,900		\$0	\$751,299	\$751,299
165 Leasehold Improvements	\$695,571	\$57,802			\$0	\$753,373	\$753,373
166 Accumulated Depreciation	-\$6,717,851	-\$41,199	-\$7,428		\$0	-\$6,766,478	-\$6,766,478
167 Construction in Progress	\$271,342			\$54,712	\$0	\$326,054	\$326,054
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,360,502	\$702,215	\$10,472	\$54,712	\$0	\$6,127,901	\$6,127,901
180 Total Non-Current Assets	\$5,360,502	\$702,215	\$10,472	\$54,712	\$0	\$6,127,901	\$6,127,901
190 Total Assets	\$5,522,988	\$932,370	\$386,716	\$59,298	\$175,736	\$7,077,108	\$7,077,108
312 Accounts Payable <= 90 Days	\$18,672	\$14,477	\$12,923		\$0	\$46,072	\$46,072
321 Accrued Wage/Payroll Taxes Payable	\$16,482	\$6,546	\$5,394	\$793	\$0	\$29,215	\$29,215
322 Accrued Compensated Absences - Current Portion	\$3,820	\$36	\$514		\$0	\$4,370	\$4,370
333 Accounts Payable - Other Government	\$40,145				\$0	\$40,145	\$40,145
341 Tenant Security Deposits	\$36,842				\$0	\$36,842	\$36,842
342 Deferred Revenues	\$8,770		\$7,000		\$0	\$15,770	\$15,770
347 Inter Program - Due To	\$21,543	\$8,592		\$3,793	\$0	\$33,928	\$33,928
310 Total Current Liabilities	\$146,274	\$29,651	\$25,831	\$4,586	\$0	\$206,342	\$206,342
353 Non-current Liabilities - Other		\$24,047			\$0	\$24,047	\$24,047
350 Total Non-Current Liabilities	\$0	\$24,047	\$0	\$0	\$0	\$24,047	\$24,047
300 Total Liabilities	\$146,274	\$53,698	\$25,831	\$4,586	\$0	\$230,389	\$230,389
508.1 Invested In Capital Assets, Net of Related Debt	\$5,360,502	\$702,215	\$10,472	\$54,712	\$0	\$6,127,901	\$6,127,901
511.1 Restricted Net Assets		\$63,977			\$0	\$63,977	\$63,977
512.1 Unrestricted Net Assets	\$16,212	\$112,480	\$350,413	\$0	\$175,736	\$654,841	\$654,841
513 Total Equity/Net Assets	\$5,376,714	\$878,672	\$360,885	\$54,712	\$175,736	\$6,846,719	\$6,846,719
600 Total Liabilities and Equity/Net Assets	\$5,522,988	\$932,370	\$386,716	\$59,298	\$175,736	\$7,077,108	\$7,077,108

Cambridge Metropolitan Housing Authority (OH033)

CAMBRIDGE, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2010

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	Total
70300 Net Tenant Rental Revenue	\$498,507				\$0	\$498,507	\$498,507
70400 Tenant Revenue - Other	\$19,727				\$0	\$19,727	\$19,727
70500 Total Tenant Revenue	\$518,234	\$0	\$0	\$0	\$0	\$518,234	\$518,234
70600 HUD PHA Operating Grants	\$336,165	\$3,287,488		\$26,045	\$175,228	\$3,824,926	\$3,824,926
70610 Capital Grants	\$108,618			\$54,712	\$0	\$163,330	\$163,330
71100 Investment Income - Unrestricted	\$967	\$10,229	\$1,661		\$53	\$12,910	\$12,910
71400 Fraud Recovery		\$6,305			\$0	\$6,305	\$6,305
71500 Other Revenue	\$562	\$25,247	\$367,763		\$0	\$393,572	\$393,572
72000 Investment Income - Restricted		\$770			\$0	\$770	\$770
70000 Total Revenue	\$964,546	\$3,330,039	\$369,424	\$80,757	\$175,281	\$4,920,047	\$4,920,047
91100 Administrative Salaries	\$75,778	\$129,250	\$123,326	\$15,495	\$8,951	\$352,800	\$352,800
91200 Auditing Fees	\$3,519	\$4,545	\$8,705		\$314	\$17,083	\$17,083
91400 Advertising and Marketing	\$4,172	\$433	\$84		\$5	\$4,694	\$4,694
91500 Employee Benefit contributions - Administrative	\$49,095	\$38,348	\$61,105	\$4,993	\$2,653	\$156,194	\$156,194
91600 Office Expenses	\$7,848	\$14,923	\$4,844		\$0	\$27,615	\$27,615
91700 Legal Expense	\$2,280	\$1,503	\$923		\$104	\$4,810	\$4,810
91800 Travel	\$2,348	\$1,008	\$392		\$70	\$3,818	\$3,818
91900 Other	\$41,970	\$118,663	\$29,240		\$6,005	\$195,878	\$195,878
91000 Total Operating - Administrative	\$187,010	\$308,673	\$228,619	\$20,488	\$18,102	\$762,892	\$762,892
92400 Tenant Services - Other	\$3,862				\$0	\$3,862	\$3,862
92500 Total Tenant Services	\$3,862	\$0	\$0	\$0	\$0	\$3,862	\$3,862
93100 Water	\$35,063	\$54			\$0	\$35,117	\$35,117
93200 Electricity	\$51,708	\$319			\$0	\$52,027	\$52,027
93300 Gas	\$25,600	\$638			\$0	\$26,238	\$26,238
93000 Total Utilities	\$112,371	\$1,011	\$0	\$0	\$0	\$113,382	\$113,382

Cambridge Metropolitan Housing Authority (OH033)

CAMBRIDGE, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2010

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$254,048		\$100,163		\$0	\$354,211	\$354,211
94200 Ordinary Maintenance and Operations - Materials and Other	\$126,319	\$16,523	\$3,398	\$5,557	\$0	\$151,797	\$151,797
94300 Ordinary Maintenance and Operations Contracts	\$91,598	\$19			\$0	\$91,617	\$91,617
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,409		\$4,729		\$0	\$53,138	\$53,138
94000 Total Maintenance	\$520,374	\$16,542	\$108,290	\$5,557	\$0	\$650,763	\$650,763
96110 Property Insurance	\$9,359	\$12,924	\$1,814		\$0	\$24,097	\$24,097
96120 Liability Insurance	\$9,358	\$12,923	\$1,813		\$0	\$24,094	\$24,094
96100 Total insurance Premiums	\$18,717	\$25,847	\$3,627	\$0	\$0	\$48,191	\$48,191
96300 Payments in Lieu of Taxes	\$40,145				\$0	\$40,145	\$40,145
96000 Total Other General Expenses	\$40,145	\$0	\$0	\$0	\$0	\$40,145	\$40,145
96900 Total Operating Expenses	\$882,479	\$352,073	\$340,536	\$26,045	\$18,102	\$1,619,235	\$1,619,235
97000 Excess of Operating Revenue over Operating Expenses	\$82,067	\$2,977,966	\$28,888	\$54,712	\$157,179	\$3,300,812	\$3,300,812
97100 Extraordinary Maintenance		\$51,689			\$0	\$51,689	\$51,689
97300 Housing Assistance Payments		\$2,905,950			\$144,528	\$3,050,478	\$3,050,478
97400 Depreciation Expense	\$418,273	\$22,385	\$1,611		\$0	\$442,269	\$442,269
90000 Total Expenses	\$1,300,752	\$3,332,097	\$342,147	\$26,045	\$162,630	\$5,163,671	\$5,163,671
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$336,206	-\$2,058	\$27,277	\$54,712	\$12,651	-\$243,624	-\$243,624
11030 Beginning Equity	\$5,576,541	\$871,528	\$321,526	\$0	\$163,085	\$6,932,680	\$6,932,680
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$136,379	\$9,202	\$12,082		\$0	\$157,663	\$157,663
11170 Administrative Fee Equity		\$814,695			\$0	\$814,695	\$814,695
11180 Housing Assistance Payments Equity		\$63,977			\$0	\$63,977	\$63,977
11190 Unit Months Available	4272	8340			576	13188	13188
11210 Number of Unit Months Leased	4270	8241			539	13050	13050
11270 Excess Cash	-\$177,830				\$0	-\$177,830	-\$177,830
11620 Building Purchases	\$113,940				\$0	\$113,940	\$113,940
11640 Furniture & Equipment - Administrative Purchases	\$55,698				\$0	\$55,698	\$55,698
11650 Leasehold Improvements Purchases	\$11,032				\$0	\$11,032	\$11,032

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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Garfield Hts., Ohio 44125

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

Board of Directors  
Cambridge Metropolitan Housing Authority  
Cambridge, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority (the Authority), Ohio, as of and for the year ended March 31, 2010, which collectively comprise the Cambridge Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cambridge Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cambridge Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cambridge Metropolitan Housing Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Cambridge Metropolitan Housing Authority in a separate letter dated September 29, 2010.

This report is intended solely for the information and use of the management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

September 29, 2010

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

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Cambridge Metropolitan Housing Authority  
Cambridge, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the Cambridge Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Cambridge Metropolitan Housing Authority, Ohio's major federal program for the year ended March 31, 2010. Cambridge Metropolitan Housing Authority, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Cambridge Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Cambridge Metropolitan Housing Authority, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cambridge Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Cambridge Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Cambridge Metropolitan Housing Authority, Ohio 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, 2010.

### **Internal Control Over Compliance**

Management of the Cambridge Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Cambridge Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cambridge Metropolitan Housing Authority, Ohio's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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

September 29, 2010

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
MARCH 31, 2010**

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**1. SUMMARY OF AUDITOR’S RESULTS**

2010(i)	Type of Financial Statement Opinion	Unqualified
2010(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2010(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2010(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2010(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2010(iv)	Were there any other significant deficiency in internal control reported for major federal programs?	No
2010(v)	Type of Major Program’s Compliance Opinion	Unqualified
2010(vi)	Are there any reportable findings under .510?	No
2010(vii)	Major Programs (list):  Section 8 Housing Choice Voucher Program - CFDA #14.871	
2010(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2010(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED MARCH 31, 2010**

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The prior audit report, as of March 31, 2009, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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**Mary Taylor, CPA**  
Auditor of State

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 16, 2010**