

Cambridge Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2013



Dave Yost • Auditor of State

Board of Commissioners
Cambridge Metropolitan Housing Authority
110 Maple Court
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Cambridge Metropolitan Housing Authority, Guernsey County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2012 through March 31, 2013. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 16, 2013

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CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cambridge Metropolitan Housing
Authority

I have audited the accompanying financial statements of the business-type activities of Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cambridge Metropolitan Housing Authority as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS), and Schedule of Expenditure of Federal Awards are not a required part of the basic financial statements.

The accompanying Schedule of Expenditure 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 Government and Non-Profit Organizations* and is not a required part of the financial statements. The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 12, 2013, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Salvatore
Consiglio

Digitally signed by Salvatore
Consiglio
DN: cn=Salvatore Consiglio,
o=Salvatore Consiglio, CPA, Inc., ou,
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Date: 2013.09.28 11:12:30 -04'00'

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 12, 2013

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

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

Since the MD&A is designed to focus of the 2013 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by \$175,053 (or 3 percent) during fiscal year ended 2013. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Position was \$6,763,728 and \$6,938,781 for 2013 and 2012 respectively.
- The business-type activities revenue decreased by \$108,870 (or 2 percent) during FYE 2013 and was \$5,068,612 and \$5,177,482 for 2013 and 2012 respectively.
- The total expenses of all Authority programs decreased by \$164,579 (or 3 percent). Total expenses were \$5,243,665 and \$5,408,244 for FYE 2013 and 2012 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:

<p>MD & A -Management Discussion and Analysis-</p> <hr style="border: 0.5px solid black;"/>
<p>Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-</p>

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013
Unaudited

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

Authority financial Statements

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

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

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

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

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

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

The Authority 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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

Finally, a Statement of Cash Flow 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 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.

AUTHORITY PROGRAMS

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

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% 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 who 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% 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 PHA provides to Noble Metropolitan Housing Authority, Monroe Metropolitan Housing Authority and Cambridge Management Corporation for a fee for services that the PHA provides to the entities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

AUTHORITY STATEMENTS

Statement of Net Position

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

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 1,448,529	\$ 1,204,660
Capital Assets	<u>5,557,816</u>	<u>5,920,023</u>
Total Assets	<u>\$ 7,006,345</u>	<u>\$ 7,124,683</u>
Current Liabilities	\$ 194,427	\$ 171,888
Long-Term Liabilities	<u>48,190</u>	<u>14,014</u>
Total Liabilities	<u>242,617</u>	<u>185,902</u>
Net Position:		
Net Investment in Capital Assets	5,557,816	5,920,023
Restricted Net Position	69,210	16,541
Unrestricted Net Position	<u>1,136,702</u>	<u>1,002,217</u>
Total Net Position	<u>6,763,728</u>	<u>6,938,781</u>
Total Liabilities and Net Position	<u>\$ 7,006,345</u>	<u>\$ 7,124,683</u>

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

Major Factors Affecting the Statement of Net Position

During 2013, current assets decreased by \$243,869, and current liabilities increased by \$22,539. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The increase in liability is due to the yearend outstanding vendor invoices that were not paid until the following month.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

Capital assets also changed, decreasing from \$5,920,023 to \$5,557,816. The \$362,207 decrease may be contributed primarily to a combination of total acquisitions of \$50,853 less current year depreciation of \$413,059.

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

TABLE 2
CHANGE OF NET POSITION

		Net Investment in Capital Assets	
	Unrestricted		Restricted
Beginning Balance - March 31, 2012	\$ 1,002,217	\$ 5,920,023	\$ 16,541
Results of Operation	(227,722)	-	52,669
Adjustments:			
Current year Depreciation Expense (1)	413,059	(413,059)	-
Capital Expenditure (2)	(50,853)	50,853	-
Rounding Adjustment	1	-	-
	<u>1</u>	<u>-</u>	<u>-</u>
Ending Balance -March 31, 2013	<u>\$ 1,136,702</u>	<u>\$ 5,557,816</u>	<u>\$ 69,210</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.

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

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013
Unaudited

TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 637,212	\$ 600,055
Operating Subsidies	3,913,141	3,922,677
Capital Grants	48,864	255,112
Investment Income	1,651	4,835
Other Revenues	467,744	394,803
Total Revenues	<u>5,068,612</u>	<u>5,177,482</u>
<u>Expenses</u>		
Administrative	721,434	724,664
Tenant Services	5,006	4,110
Utilities	121,212	121,878
Maintenance	637,202	704,831
General Expenses	112,698	112,571
Housing Assistance Payments	3,233,054	3,247,490
Depreciation	413,059	492,700
Total Expenses	<u>5,243,665</u>	<u>5,408,244</u>
Net Increases (Decreases)	<u>\$ (175,053)</u>	<u>\$ (230,762)</u>

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

Operating Subsidy reflects a decrease of \$9,536, less than 1%. Capital grants decreased \$206,248 due to completion of capital funded projects in previous fiscal year. Total Tenant Revenue increased by \$37,157 (or 6%). The increase in tenant revenue was primarily due to increase in tenant rents and units leased. The increase in other revenue was mainly due to change in reporting portability income.

Total expenses decreased \$164,579 due mainly to decreases in housing assistance payments, maintenance costs and depreciation.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

CAPITAL ASSETS

As of year-end, the Authority had \$5,557,816 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$362,207 or 6% from the end of 2012. This decrease was due to capital improvements to buildings and depreciation expense.

TABLE 4
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2013</u>	<u>2012</u>
Land and Land Rights	\$ 415,810	\$ 415,810
Buildings	11,300,325	11,300,325
Leasehold Improvements	878,804	878,804
Equipment	941,492	939,502
Construction in Progress	113,007	64,144
Accumulated Depreciation	<u>(8,091,622)</u>	<u>(7,678,562)</u>
 Total	 <u>\$ 5,557,816</u>	 <u>\$ 5,920,023</u>

The following reconciliation identifies the change in Capital Assets:

TABLE 5
CHANGE IN CAPITAL ASSETS

Beginning Balance - March 31, 2012	\$	5,920,023
Current year Additions		50,853
Current year Depreciation Expense		(413,059)
Rounding Adjustment		<u>(1)</u>
 Ending Balance - March 31, 2013	 \$	 <u><u>5,557,816</u></u>

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Unaudited

Current year Additions are summarized as follows:

Hot Water Tanks	\$	1,990
Construction in Process		<u>48,863</u>
Total 2013 Additions	\$	<u><u>50,853</u></u>

DEBT OUTSTANDING

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 1,241,399
Restricted cash and cash equivalents	127,025
Receivables, net	27,414
Prepaid expenses and other assets	48,062
Inventory	4,629
<i>Total current assets</i>	<u>1,448,529</u>

Noncurrent assets

Capital assets:

Non-Depreciable capital assets	528,817
Depreciable capital assets	13,120,621
Less accumulated depreciation	(8,091,622)
<i>Total noncurrent assets</i>	<u>5,557,816</u>

Total assets	<u>\$ 7,006,345</u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 92,155
Accounts payable - Other Governments	55,213
Tenant security deposits	38,159
Deferred revenue	8,900
<i>Total current liabilities</i>	<u>194,427</u>

Noncurrent liabilities

Accrued Compensated Absences	32,196
Noncurrent liabilities - other	15,994
<i>Total noncurrent liabilities</i>	<u>48,190</u>
Total liabilities	<u>\$ 242,617</u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2013

NET POSITION

Net Invested in capital assets	\$ 5,557,816
Restricted net position	69,210
Unrestricted net position	1,136,702
Total net position	<u>6,763,728</u>
Total liabilities and net position	<u><u>\$ 7,006,345</u></u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2013

OPERATING REVENUES

Tenant revenue	\$ 637,212
Government operating grants	3,913,141
Other revenue	467,744
Total operating revenues	<u>5,018,097</u>

OPERATING EXPENSES

Administrative	721,434
Tenant services	5,006
Utilities	121,212
Maintenance	637,202
General	112,698
Housing assistance payment	3,233,054
Depreciation	413,059
Total operating expenses	<u>5,243,665</u>
Operating income (loss)	<u>(225,568)</u>

NONOPERATING REVENUES (EXPENSES)

Capital grant revenue	48,864
Interest Income	1,651
Total nonoperating revenues (expenses)	<u>50,515</u>
Change in net position	(175,053)
Total net position - beginning	6,938,781
Total net position - ending	<u><u>\$ 6,763,728</u></u>

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended March 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$3,913,141
Receipts from tenants	638,958
Other revenue received	465,599
Cash payments for administrative	(1,544,191)
Cash payments for HAP	(3,233,054)
	<u>240,453</u>

Net cash provided (used) by operating activities

240,453

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	1,651
	<u>1,651</u>

Net cash provided (used) by investing activities

1,651

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Acquisition of capital assets	(50,853)
Capital grant received	243,648
	<u>192,795</u>

Net cash provided (used) by capital and related activities

192,795

Net increase (decrease) in cash	434,899
Cash and cash equivalents - Beginning of year	933,525
	<u>1,368,424</u>

Cash and cash equivalents - End of year **\$ 1,368,424**

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2013

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ (225,568)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	413,059
- (Increases) Decreases in Accounts Receivable	(1,832)
- (Increases) Decreases in Prepaid Assets	(1,396)
- (Increases) Decreases in Inventory	(526)
- Increases (Decreases) in Accounts Payable	19,737
- Increases (Decreases) in Accrued Liabilities	7,811
- Increases (Decreases) in Tenant Security Deposit	(102)
- Increases (Decreases) in Other Current Liabilities	(4,906)
- Increases (Decreases) in Non-Current Liabilities Other	34,176
Net cash provided by operating activities	\$ 240,453

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

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

NOTE1: 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 are 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, 2013
(CONTINUED)

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

Basis of Presentation (Continued)

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

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

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

Measurement Focus and Basis of Accounting

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

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

Use of Estimates

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

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

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **Business Activity**

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

Cash and Cash Equivalents

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

Investments

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

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

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

Capitalization of Interest

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

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. Deposits

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

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

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

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

At year-end, the carrying amount of the Authority's deposits was \$1,368,424 (including \$1,241,149 of unrestricted funds, \$127,025 of restricted funds, and \$250 of petty cash; and the bank balance was \$1,372,127.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$250,000 were covered by Federal Depository Insurance and deposits totaling \$1,122,127 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,

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

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

B. Investments (Continued)

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At March 31, 2012, 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.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND 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.

NOTE 3: **RESTRICTED ASSETS**

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

- Tenant Security Deposit	\$38,159
- FSS Escrow Funds held for tenants	15,994
- Tenant Council Funds	3,662
- Housing Assistance Payment Funds	<u>69,210</u>
Total Restricted Cash on Hand	<u>\$127,025</u>

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**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)**

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at March 31, 2013 by class is as follows:

	Balance 03/31/12	Additions	Deletion	Balance 03/31/13
Capital Assets Not Being Depreciated:				
Land	\$415,810	\$0	\$0	\$415,810
Construction in Progress	\$64,144	\$48,863	\$0	113,007
Total Capital Assets Not Being Depreciated	479,954	48,863	0	528,817
Capital Assets Being Depreciated:				
Buildings	11,300,325	0	0	11,300,326
Leasehold Improvements	878,803	0	0	878,804
Furnt, Mach. and Equip.	939,501	1,990	0	941,491
Total Capital Assets Being Depreciated	13,118,629	1,990	0	13,120,621
Accumulated Depreciation:				
Buildings	(6,710,404)	(309,497)	0	(7,019,901)
Leasehold Improvements	(532,043)	(28,803)	0	(560,846)
Furnt, Mach. and Equip.	(436,115)	(74,759)	0	(510,874)
Total Accumulated Depreciation	(7,678,562)	(413,059)	0	(8,091,622)
Total Capital Assets Being Depreciated, Net	5,440,067	(411,069)	0	5,028,999
Total Capital Assets, Net	\$5,920,021	(\$362,206)	\$0	\$5,557,816

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 5: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer rates were consistent across all three plans. The 2013 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's required contributions to OPERS for the years ended March 31, 2013, 2012 and 2011 were \$85,152, \$67,722, and \$57,667, respectively. The full amount has been contributed for 2012 and 2011. Ninety percent has been contributed for 2013, with the remainder being reported as a liability with the enterprise fund.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 6: **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.

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 issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 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.

**CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)**

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

B. Funding Policy (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, 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 2013 and 2012, the employer contribution allocated to the health care plan was 4.0 percent. 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, 2013, 2012, and 2011, which were used to fund post-employment benefits were \$30,221, \$27,089, and \$29,839, respectively; 90 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

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 7: **COMPENSATED ABSENCES**

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

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

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

	Balance		Balance	Due Within
	<u>03/31/12</u>	<u>Change</u>	<u>03/31/13</u>	<u>One Year</u>
Compensated Absence Liability	\$6,861	\$32,886	\$39,747	\$7,551

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 8: 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.

NOTE 9: 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 10: 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, 2013, by the Authority from Noble and Monroe were \$99,201 and \$86,381, respectively. The additional management fees of \$176,871 are made up from the agreements with several other entities.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

NOTE 11: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLE

In 2012, the Entity adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB Statement No. 62, incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net positions, rather than net assets, as the residual of all other elements presented in a statement of financial position. There was no effect on beginning net position/fund balance.

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$280,366	\$382,666	\$370,067	\$208,300	\$1,241,399	\$0	\$1,241,399
113 Cash - Other Restricted	\$3,662	\$85,204	\$0	\$0	\$88,866	\$0	\$88,866
114 Cash - Tenant Security Deposits	\$38,159	\$0	\$0	\$0	\$38,159	\$0	\$38,159
100 Total Cash	\$322,187	\$467,870	\$370,067	\$208,300	\$1,368,424	\$0	\$1,368,424
122 Accounts Receivable - HUD Other Projects	\$9,898	\$0	\$0	\$0	\$9,898	\$0	\$9,898
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$16,964	\$0	\$16,964	\$0	\$16,964
126 Accounts Receivable - Tenants	\$744	\$0	\$0	\$0	\$744	\$0	\$744
126.1 Allowance for Doubtful Accounts -Tenants	(\$192)	\$0	\$0	\$0	(\$192)	\$0	(\$192)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,450	\$0	\$16,964	\$0	\$27,414	\$0	\$27,414
142 Prepaid Expenses and Other Assets	\$12,978	\$17,924	\$17,160	\$0	\$48,062	\$0	\$48,062
143 Inventories	\$4,629	\$0	\$0	\$0	\$4,629	\$0	\$4,629
144 Inter Program Due From	\$0	\$0	\$19,426	\$0	\$19,426	(\$19,426)	\$0
150 Total Current Assets	\$350,244	\$485,794	\$423,617	\$208,300	\$1,467,955	(\$19,426)	\$1,448,529
161 Land	\$404,075	\$11,735	\$0	\$0	\$415,810	\$0	\$415,810
162 Buildings	\$10,736,383	\$563,942	\$0	\$0	\$11,300,325	\$0	\$11,300,325
164 Furniture, Equipment & Machinery - Administration	\$778,864	\$140,945	\$21,683	\$0	\$941,492	\$0	\$941,492
165 Leasehold Improvements	\$821,002	\$57,802	\$0	\$0	\$878,804	\$0	\$878,804
166 Accumulated Depreciation	(\$7,923,643)	(\$155,208)	(\$12,771)	\$0	(\$8,091,622)	\$0	(\$8,091,622)
167 Construction in Progress	\$113,007	\$0	\$0	\$0	\$113,007	\$0	\$113,007

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,929,688	\$619,216	\$8,912	\$0	\$5,557,816	\$0	\$5,557,816
180 Total Non-Current Assets	\$4,929,688	\$619,216	\$8,912	\$0	\$5,557,816	\$0	\$5,557,816
190 Total Assets	\$5,279,932	\$1,105,010	\$432,529	\$208,300	\$7,025,771	(\$19,426)	\$7,006,345
312 Accounts Payable <= 90 Days	\$28,388	\$173	\$21,573	\$0	\$50,134	\$0	\$50,134
321 Accrued Wage/Payroll Taxes Payable	\$19,514	\$8,941	\$5,487	\$528	\$34,470	\$0	\$34,470
322 Accrued Compensated Absences - Current Portion	\$2,558	\$2,804	\$2,189	\$0	\$7,551	\$0	\$7,551
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$3,581	\$3,581	\$0	\$3,581
333 Accounts Payable - Other Government	\$51,632	\$0	\$0	\$0	\$51,632	\$0	\$51,632
341 Tenant Security Deposits	\$38,159	\$0	\$0	\$0	\$38,159	\$0	\$38,159
342 Deferred Revenues	\$1,900	\$0	\$7,000	\$0	\$8,900	\$0	\$8,900
347 Inter Program - Due To	\$13,886	\$5,540	\$0	\$0	\$19,426	(\$19,426)	\$0
310 Total Current Liabilities	\$156,037	\$17,458	\$36,249	\$4,109	\$213,853	(\$19,426)	\$194,427
353 Non-current Liabilities - Other	\$0	\$15,994	\$0	\$0	\$15,994	\$0	\$15,994
354 Accrued Compensated Absences - Non Current	\$14,304	\$10,170	\$7,722	\$0	\$32,196	\$0	\$32,196
350 Total Non-Current Liabilities	\$14,304	\$26,164	\$7,722	\$0	\$48,190	\$0	\$48,190
300 Total Liabilities	\$170,341	\$43,622	\$43,971	\$4,109	\$262,043	(\$19,426)	\$242,617

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
508.1 Invested In Capital Assets, Net of Related Debt	\$4,929,688	\$619,216	\$8,912	\$0	\$5,557,816	\$0	\$5,557,816
511.1 Restricted Net Assets	\$0	\$69,210	\$0	\$0	\$69,210	\$0	\$69,210
512.1 Unrestricted Net Assets	\$179,903	\$372,962	\$379,646	\$204,191	\$1,136,702	\$0	\$1,136,702
513 Total Equity/Net Assets	\$5,109,591	\$1,061,388	\$388,558	\$204,191	\$6,763,728	\$0	\$6,763,728
600 Total Liabilities and Equity/Net Assets	\$5,279,932	\$1,105,010	\$432,529	\$208,300	\$7,025,771	(\$19,426)	\$7,006,345
70300 Net Tenant Rental Revenue	\$617,967	\$0	\$0	\$0	\$617,967	\$0	\$617,967
70400 Tenant Revenue - Other	\$19,245	\$0	\$0	\$0	\$19,245	\$0	\$19,245
70500 Total Tenant Revenue	\$637,212	\$0	\$0	\$0	\$637,212	\$0	\$637,212
70600 HUD PHA Operating Grants	\$289,701	\$3,446,056	\$0	\$177,384	\$3,913,141	\$0	\$3,913,141
70610 Capital Grants	\$48,864	\$0	\$0	\$0	\$48,864	\$0	\$48,864
71100 Investment Income - Unrestricted	\$232	\$1,007	\$405	\$7	\$1,651	\$0	\$1,651
71400 Fraud Recovery	\$0	\$7,572	\$0	\$0	\$7,572	\$0	\$7,572
71500 Other Revenue	\$14,152	\$83,567	\$362,453	\$0	\$460,172	\$0	\$460,172
70000 Total Revenue	\$990,161	\$3,538,202	\$362,858	\$177,391	\$5,068,612	\$0	\$5,068,612
91100 Administrative Salaries	\$100,962	\$180,927	\$104,601	\$9,503	\$395,993	\$0	\$395,993
91200 Auditing Fees	\$3,623	\$4,680	\$8,924	\$323	\$17,550	\$0	\$17,550
91400 Advertising and Marketing	\$6,350	\$489	\$223	\$0	\$7,062	\$0	\$7,062
91500 Employee Benefit contributions - Administrative	\$60,157	\$48,666	\$41,229	\$3,245	\$153,297	\$0	\$153,297

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
91600 Office Expenses	\$5,457	\$7,583	\$4,296	\$0	\$17,336	\$0	\$17,336
91700 Legal Expense	\$382	\$657	\$83	\$45	\$1,167	\$0	\$1,167
91800 Travel	\$742	\$955	\$371	\$66	\$2,134	\$0	\$2,134
91900 Other	\$46,459	\$54,022	\$22,623	\$3,791	\$126,895	\$0	\$126,895
91000 Total Operating - Administrative	\$224,132	\$297,979	\$182,350	\$16,973	\$721,434	\$0	\$721,434
92400 Tenant Services - Other	\$5,006	\$0	\$0	\$0	\$5,006	\$0	\$5,006
92500 Total Tenant Services	\$5,006	\$0	\$0	\$0	\$5,006	\$0	\$5,006
93100 Water	\$37,477	\$41	\$0	\$0	\$37,518	\$0	\$37,518
93200 Electricity	\$67,150	\$672	\$0	\$0	\$67,822	\$0	\$67,822
93300 Gas	\$15,445	\$427	\$0	\$0	\$15,872	\$0	\$15,872
93000 Total Utilities	\$120,072	\$1,140	\$0	\$0	\$121,212	\$0	\$121,212
94100 Ordinary Maintenance and Operations - Labor	\$238,084	\$0	\$121,449	\$0	\$359,533	\$0	\$359,533
94200 Ordinary Maintenance and Operations - Materials and Other	\$97,347	\$13,691	\$4,307	\$766	\$116,111	\$0	\$116,111
94300 Ordinary Maintenance and Operations Contracts	\$73,304	\$0	\$0	\$0	\$73,304	\$0	\$73,304
94500 Employee Benefit Contributions - Ordinary Maintenance	\$52,580	\$0	\$34,174	\$0	\$86,754	\$0	\$86,754
94000 Total Maintenance	\$461,315	\$13,691	\$159,930	\$766	\$635,702	\$0	\$635,702
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cambridge Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
96110 Property Insurance	\$9,906	\$13,678	\$1,809	\$0	\$25,393	\$0	\$25,393
96120 Liability Insurance	\$9,905	\$13,679	\$1,809	\$0	\$25,393	\$0	\$25,393
96130 Workmen's Compensation	\$3,485	\$4,485	\$1,743	\$310	\$10,023	\$0	\$10,023
96100 Total insurance Premiums	\$23,296	\$31,842	\$5,361	\$310	\$60,809	\$0	\$60,809
96300 Payments in Lieu of Taxes	\$51,632	\$0	\$0	\$0	\$51,632	\$0	\$51,632
96400 Bad debt - Tenant Rents	\$257	\$0	\$0	\$0	\$257	\$0	\$257
96000 Total Other General Expenses	\$51,889	\$0	\$0	\$0	\$51,889	\$0	\$51,889
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$885,710	\$344,652	\$347,641	\$18,049	\$1,596,052	\$0	\$1,596,052
97000 Excess of Operating Revenue over Operating Expenses	\$104,451	\$3,193,550	\$15,217	\$159,342	\$3,472,560	\$0	\$3,472,560
97100 Extraordinary Maintenance	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$1,500
97300 Housing Assistance Payments	\$0	\$3,023,995	\$0	\$146,056	\$3,170,051	\$0	\$3,170,051
97350 HAP Portability-In	\$0	\$63,003	\$0	\$0	\$63,003	\$0	\$63,003
97400 Depreciation Expense	\$373,446	\$37,662	\$1,951	\$0	\$413,059	\$0	\$413,059
90000 Total Expenses	\$1,259,156	\$3,470,812	\$349,592	\$164,105	\$5,243,665	\$0	\$5,243,665
10010 Operating Transfer In	\$34,457	\$0	\$0	\$0	\$34,457	(\$34,457)	\$0

Cambridge Metropolitan Housing Authority
 FDS Schedule Submitted to REAC
 Proprietary Fund Type - Enterprise Fund

March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Business Activities	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate	Subtotal	ELIM	Total
10020 Operating transfer Out	(\$34,457)	\$0	\$0	\$0	(\$34,457)	\$34,457	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$268,995)	\$67,390	\$13,266	\$13,286	(\$175,053)	\$0	(\$175,053)
11030 Beginning Equity	\$5,378,586	\$993,998	\$375,292	\$190,905	\$6,938,781	\$0	\$6,938,781
11170 Administrative Fee Equity	\$0	\$992,178	\$0	\$0	\$992,178	\$0	\$992,178
11180 Housing Assistance Payments Equity	\$0	\$69,210	\$0	\$0	\$69,210	\$0	\$69,210
11190 Unit Months Available	2,160	8,340	0	576	11,076	0	11,076
11210 Number of Unit Months Leased	2,116	8,053	0	515	10,684	0	10,684
11620 Building Purchases	\$48,864	\$0	\$0	\$0	\$48,864	\$0	\$48,864

Cambridge Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended March 31, 2013

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	\$255,244
Section 8 Moderate Rehabilitation	14.856	177,384
Housing Choice Voucher Program	14.871	3,446,056
Public Housing Capital Fund Program	14.872	<u>83,321</u>
Total Expenditure of Federal Award		<u>\$3,962,005</u>



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

Board of Commissioners
Cambridge Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cambridge Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Cambridge Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated September 12, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Salvatore
Consiglio

Digitally signed by Salvatore Consiglio
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Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 12, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Cambridge Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Cambridge Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cambridge Metropolitan Housing Authority's major federal programs for the year ended March 31, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Cambridge Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Cambridge Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

Report on Internal Control Over Compliance

Management of the Cambridge Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Salvatore
Consiglio

Digitally signed by Salvatore Consiglio
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o=Salvatore Consiglio, CPA, Inc., ou,
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Date: 2013.09.28 11:13:38 -0400

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
September 12, 2013

Cambridge Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unmodified
Are there any reportable findings under § .510?	No
Major Programs (list):	<ul style="list-style-type: none"> • CFDA # 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended March 31, 2013.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended March 31, 2013.

Cambridge Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2013

The audit report for the fiscal year ending March 31, 2012 contained no audit findings.

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Dave Yost • Auditor of State

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2013**