CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED MARCH 31, 2009

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, 2008 through March 31, 2009. 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

October 14, 2009

This Page is Intentionally Left Blank.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED MARCH 31, 2009

TABLE OF CONTENTS

This Page is Intentionally Left Blank.

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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 basic financial statements of the Cambridge Metropolitan Housing Authority as of and for the year ended March 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Cambridge Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic 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 basic 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 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Cambridge Metropolitan Housing Authority as of March 31, 2009, and the respective changes in financial position and cash flows 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 18, 2009 on our consideration of the Cambridge Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic 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 Government and Non-Profit Organizations* and is not a required part of the basic financial statements of the Cambridge Metropolitan Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Authority has not presented the Financial Data Schedules (FDS) required by the Department of Housing and Urban Development for additional analysis, although not required to be part of the basic financial statements. The FDS are not available due to revisions in the reporting system that the Department is now undertaking.

James G. Zupka

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

September 18, 2009

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 13).

FINANCIAL HIGHLIGHTS

- The Authority's total net assets decreased by $521,048 (or 7 percent) during the fiscal year ended 2009. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net assets were $6,932,680 and $7,453,728 for 2009 and 2008, respectively.

- The business-type activities revenue decreased by $256,132 (or 5 percent) during the fiscal year ended 2009, and were $4,461,059 and $4,717,191 for 2009 and 2008, respectively.

- The total expenses of all Authority programs increased by $77,855 (or 2 percent). Total expenses were $4,982,107 and $4,904,252 for 2009 and 2008, respectively.

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 (new) -

Basic Financial Statements

- Authority-Wide Financial Statements (new) - pgs 13-15

- Notes to Financial Statements (Expanded/Restructured) - pgs 16 - 28

Other Required Supplementary Information

- Required Supplementary Information pg 29 (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.

AUTHORITY-WIDE FINANCIAL STATEMENT

The Authority-wide financial statements (see pages 13-15) 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, 2009, 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 Fund 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 Fund 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, non-capital financing activities, and from capital and related financing activities.

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

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

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.

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

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

	2009	2008
Current and Other Assets	$ 1,512,606	$ 1,773,163
Capital Assets	5,616,700	5,858,053
Total Assets	$ 7,129,306	$ 7,631,216
Other Liabilities	$ 176,393	$ 160,481
Long-Term Liabilities	20,233	17,007
Total Liabilities	196,626	177,488
Net Assets:		
Invested in Capital Assets	$ 5,616,700	$ 5,858,053
Restricted	90,495	360,187
Unrestricted	1,225,485	1,235,488
Total Net Assets	6,932,680	7,453,728
Total Liabilities and Net Assets	$ 7,129,306	$ 7,631,216

For more detailed information see page 13 for the Statement of Net Assets.

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

Major Factors Affecting the Statement of Net Assets

The decrease in current assets of $260,557 was due mainly to the use of pre-2004 Section 8 Operating Reserves and expending Public Housing Reserves on the Maple Heights addition and other assets.

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

Table 2 - Change of Unrestricted Net Assets

Beginning Balance - March 31, 2008	$ 1,235,488
Results of Operations	(521,048)
Adjustments:	
Current Year Depreciation Expense	464,463
Capital Expenditures	(223,110)
Use of Restricted Assets	269,692
Ending Balance - March 31, 2009	$ 1,225,485

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.

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

Major Factors Affecting the Statement of Net Assets (Continued)

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

	2009	2008
Revenues		
Operating Subsidies	$ 3,368,686	$ 3,405,219
Capital Grants	164,255	327,806
Tenant Revenue	514,194	474,299
Management Fees	347,592	344,683
Investment Income	35,967	68,904
Other Revenues	30,365	96,280
Total Revenues	4,461,059	4,717,191
Expenses		
Administrative	756,739	655,078
Tenant Services	4,996	42,805
Utilities	109,774	111,640
Ordinary Maintenance & Operations	636,396	687,118
Insurance	47,196	42,327
Other Expenses	0	3,222
Payments in lieu of Taxes	40,402	36,489
Housing Assistance Payments	2,895,542	2,720,557
Depreciation	464,463	450,216
Extraordinary Maintenance	26,599	154,800
Total Expenses	4,982,107	4,904,252
Change in Net Assets	$ (521,048)	$ (187,061)

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

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

HUD PHA Operating Grants decreased by $36,533 (1 percent). This decrease was primarily due to the decreased funding in the Housing Choice Voucher program.

Capital Grants decreased by $163,551 (50 percent). This decrease was primarily due to decreased funding in the Authority's Capital Fund Program.

Total Tenant Revenue increased by $39,895 (8 percent). This increase was primarily due to increased tenant rents.

Other revenue decreased $65,915 (68 percent) which can be attributed to decreased management fees earned in the Business Activity Program.

The total expenses increased by $77,855 (2 percent). Ordinary Maintenance and Operations Labor decreased by $50,722 (7 percent); Administrative increased by $101,661 (16 percent).

The Housing Assistance Payments increased by $174,985 (6 percent). This increase was due to the increase in unit months leased and per unit costs of HAP payments.

The extraordinary maintenance expense decreased by $128,201 (83 percent). This decrease is mainly due to a one time payment to the Huston Hills, LLC in fiscal year 2008. This payment did not occur in fiscal year 2009.

CAPITAL ASSETS

As of year end, the Authority had $5,616,700 invested in a variety of capital assets as reflected in the following schedule, net of accumulated depreciation. This represents a net decrease (current purchases less depreciation) of $241,353 or (4 percent) from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	2009	2008
Land and Land Rights	$ 415,810	$ 415,810
Buildings	9,996,957	9,727,931
Equipment	680,922	646,440
Leasehold Improvements	692,485	692,485
Construction in Progress	380,507	460,905
Accumulated Depreciation	(6,549,981)	(6,085,518)
Total	$ 5,616,700	$ 5,858,053

CAPITAL ASSETS (Continued)

The following reconciliation summarizes the change in Capital Assets, which are presented in detail on page 23 of the Notes.

Table 5 - Change in Capital Assets

Beginning Balance - March 31, 2008	$ 5,858,053
Current Year Additions	223,110
Current Year Depreciation Expense	(464,463)
Ending Balance - March 31, 2009	$ 5,616,700

Current Year Additions are summarized as follows:

Construction in Progress	$ 164,255
Building and Building Improvements	47,880
Furniture, Equipment and Machinery	10,975
Total 2009 Additions	$ 223,110

Debt Outstanding

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

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
CAMBRIDGE, OHIO
STATEMENT OF NET ASSETS
MARCH 31, 2009

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 496,883
Investments	690,033
Accounts Receivable - HUD	85,759
Accounts Receivable - Miscellaneous	40,176
Tenant Accounts Receivable, Net of Allowance	271
Prepaid Items and Other Assets	41,103
Inventories	9,993
Total Current Assets	1,364,218
Restricted Assets	
Cash and Cash Equivalents - Tenant Security Deposits	36,679
Cash and Cash Equivalents - FSS Escrow	20,233
Cash and Cash Equivalents - Tenant Council	981
Cash and Cash Equivalents - HAP Equity	90,495
Total Restricted Assets	148,388
Capital Assets	
Nondepreciable Capital Assets	796,317
Depreciable Capital Assets, Net	4,820,383
Total Capital Assets	5,616,700
TOTAL ASSETS	$7,129,306
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 51,519
Accrued Wages and Payroll Taxes	21,569
Accrued Compensated Absences - Current Portion	5,026
Accounts Payable - Other Governments	40,402
Tenant Security Deposits	36,679
Deferred Revenue	21,198
Total Current Liabilities	176,393
Noncurrent Liabilities	
FSS Program Liability	20,233
Total Noncurrent Liabilities	20,233
TOTAL LIABILITIES	196,626
NET ASSETS	
Invested in Capital Assets	5,616,700
Restricted Net Assets	90,495
Unrestricted Net Assets	1,225,485
TOTAL NET ASSETS	$6,932,680

See accompanying notes to the basic financial statements.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

Operating Revenues	
Net Tenant Revenue	$ 514,194
HUD Operating Grants	3,368,686
Management Fees	347,592
Other Revenues	30,365
Total Operating Revenues	4,260,837
Operating Expenses	
Housing Assistance Payments	2,895,542
Administrative	756,739
Tenant Services	4,996
Utilities	109,774
Maintenance	636,396
General	87,598
Total Operating Expenses before Depreciation	4,491,045
Income Before Depreciation	(230,208)
Depreciation	464,463
Operating Income	(694,671)
Non-Operating Revenues (Expenses)	
Capital Grants	164,255
Interest Income	35,967
Extraordinary Maintenance	(26,599)
Total Non-Operating Revenues (Expenses)	173,623
Change in Net Assets	(521,048)
Total Net Assets - Beginning of Year	7,453,728
Total Net Assets - End of Year	$6,932,680

See accompanying notes to the basic financial statements.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009

Cash Flows from Operating Activities	
Cash Received from HUD	$3,356,190
Cash Received from Tenants	521,898
Cash Received for Management Fees	321,194
Cash Received from Other Revenues	30,365
Cash Payments for Housing Assistance	(2,895,542)
Cash Payments for Administrative Expenses	(751,572)
Cash Payments to FSS Escrow	3,226
Cash Payments for Other Operating Expenses	(840,730)
Net Cash Provided by Operating Activities	(254,971)
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(223,110)
Extraordinary Maintenance	(26,599)
Capital Grants Received	164,255
Net Cash Provided by Capital and Other Related Financing Activities	(85,454)
Cash Flows from Investing Activities	
Interest Received	35,967
Net Cash Provided by Investing Activities	35,967
Net Increase/(Decrease) in Cash, Cash Equivalents, and Investments	(304,458)
Cash, Cash Equivalents, and Investments Beginning	1,639,762
Cash, Cash Equivalents, and Investments, Ending	$1,335,304
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	$ (694,671)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	464,463
(Increase) Decrease in:	
Accounts Receivable - HUD	(12,496)
Accounts Receivable - Miscellaneous	(26,398)
Tenant Accounts Receivable	82
Prepaid Items	(3,123)
Inventories	(1,966)
Increase (Decrease) in:	
Accounts Payable	1,843
Accrued Payroll, Benefits and Taxes	6,447
Tenant Security Deposits	1,510
FSS Program Liability	3,226
Deferred Revenue (HUD Subsidy)	6,112
Net Cash Provided by Operating Activities	$ (254,971)

See accompanying notes to the basic financial statements.

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.

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.

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

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.

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.

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

Capital Assets

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

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Furniture and Equipment	5-7 years
Vehicles	5 years

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 2009, the Authority implemented GASB Statements No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,*" No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*" and No. 50 "*Pension Disclosures*". GASB Statement No. 45 provides guidance on all aspects of other postemployment benefit (OPEB) reporting by employers. GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

The implementation of GASB Statements No. 45, No. 49 and No. 50 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.

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 $1,335,304 (including $1,186,666 of unrestricted funds, $148,388 of restricted funds, and $250 of petty cash; $690,033 of the total funds are non-negotiable certificates of deposit) and the bank balance was $1,389,994.

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 $645,549 were covered by Federal Depository Insurance and deposits totaling $744,445 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,

NOTE 3: **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, 2009, 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.

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:

	Cash and Cash Equivalents*	Investments
Per Statement of Net Assets	$ 645,271	$ 690,033
Certificates of Deposit (Nonnegotiable)	690,033	(690,033)
Per GASB Statement No. 3	$ 1,335,304	$ 0

*Includes Petty Cash

NOTE 4: **RESTRICTED ASSETS**

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

Tenant Security Deposits	$ 36,679
Family Self Sufficiency (FSS) Program Escrow	20,233
Tenant Council	981
Housing Assistance Payments (HAP) Equity	90,495
Total Restricted Assets	$ 148,388

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

This space intentionally left blank.

NOTE 5: **CAPITAL ASSETS**

A summary of capital assets at March 31, 2009 by class is as follows:

	Balance 3/31/2008	Transfers	Additions	Deletions	Balance 3/31/2009
Capital Assets Not Being Depreciated					
Land	$ 415,810	$ 0	$ 0	$ 0	$ 415,810
Construction in Progress	460,905	(244,653)	164,255	0	380,507
Total Capital Assets not Being Depreciated	876,715	(244,653)	164,255	0	796,317
Capital Assets Being Depreciated					
Buildings and Building Improvements	9,727,931	221,146	47,880	0	9,996,957
Land Improvements	692,485	0	0	0	692,485
Furniture, Equipment and Machinery	646,440	23,507	10,975	0	680,922
Total Capital Assets Being Depreciated	11,066,856	244,653	58,855	0	11,370,364
Accumulated Depreciation					
Building and Building Improvements	(5,326,160)	(4,971)	(320,013)	0	(5,651,144)
Land Improvements	(340,111)	0	(45,245)	0	(385,356)
Furniture, Equipment and Machinery	(419,247)	(2,351)	(91,883)	0	(513,481)
Total Accumulated Depreciation	(6,085,518)	(7,322)	(457,141)	0	(6,549,981)
Total Capital Assets Being Depreciated, Net	4,981,338	237,331	(398,286)	0	4,820,383
Total Capital Assets	$ 5,858,053	$ (7,322)	$ (234,031)	$ 0	$ 5,616,700

This space intentionally left blank.

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 to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2009 and 2008 was 14.0 percent (of which 7.0 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, 2009, 2008 and 2007 were $41,321, $48,453, and $47,975 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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 healthcare 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 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.

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

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009 and 2008, 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 2009 and 2008, the employer contribution allocated to the health care plan was 7.00 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, 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, 2009 which were used to fund post employment benefits were $41,321.

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, and 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, 2009, based on the vesting method, $5,026 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.

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 the Department of Housing and Urban Development or an allocation of actual expenses as determined through the budget process. Total management fees earned for the fiscal year ended March 31, 2009 by the Authority from Noble and Monroe were $79,499 and $90,194, respectively. The additional management fees of $177,899 are made up from the agreements with several other entities.

NOTE 12: **EXTRAORDINARY MAINTENANCE**

During fiscal year 2009, the Housing Authority disbursed several payments for various operations. The Housing Authority disbursed $25,000 to Cambridge Management Corporation. These disbursements were used to cover the start-up costs for the Village of Skye Meadows. The Housing Authority disbursed an additional $1,599 for other costs relating to the Housing Authority. All disbursements were funded through the Section 8 Pre-2004 Operating Reserves.

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing	14.850	$ 274,040
Capital Fund Program	14.872	209,091
Total Public Housing Programs		483,131
Section 8 Programs		
Section 8 Tenant Based Program:		
Housing Choice Voucher Program	14.871	2,877,098
Section 8 Moderate Rehabilitation	14.856	172,712
Total Section 8 Programs		3,049,810
Total Federal Assistance		$3,532,941

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

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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 accompanying 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, 2009, which collectively comprise the Cambridge Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated September 18, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cambridge Metropolitan Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Cambridge Metropolitan Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Cambridge Metropolitan Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Cambridge Metropolitan Housing Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 basic 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 18, 2009.

This report is intended solely for the information and use of the management, 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

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

September 18, 2009

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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 compliance of the Cambridge Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended March 31, 2009. Cambridge Metropolitan Housing Authority'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's management. Our responsibility is to express an opinion on Cambridge Metropolitan Housing Authority'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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cambridge Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cambridge Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Cambridge Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2009.

Internal Control Over Compliance
The management of the Cambridge Metropolitan Housing Authority 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 Cambridge Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, 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

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

September 18, 2009

CAMBRIDGE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
MARCH 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

2009(i)	Type of Financial Statement Opinion	Unqualified
2009(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2009(ii)	Were there any other significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2009(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2009(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2009(iv)	Were there any other significant deficiency conditions reported for major federal programs?	No
2009(v)	Type of Major Program's Compliance Opinion	Unqualified
2009(vi)	Are there any reportable findings under .510?	No
2009(vii)	Major Programs (list):	Section 8 Housing Choice Voucher CFDA #14.871
2009(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: > all others
2009(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
CAMBRIDGE, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2009

The prior audit report, as of March 31, 2008, included no citations.

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
NOVEMBER 5, 2009

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us