

**MONROE METROPOLITAN HOUSING AUTHORITY  
WOODSFIELD, OHIO**

**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Monroe Metropolitan Housing Authority  
1100 Maple Court  
P. O. Box 1388  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Monroe Metropolitan Housing Authority, Monroe County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2008 through June 30, 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 Monroe Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 17, 2009

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MONROE METROPOLITAN HOUSING AUTHORITY  
WOODSFIELD, OHIO  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2009

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

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Monroe Metropolitan Housing Authority  
Woodsfield, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of the Monroe Metropolitan Housing Authority as of and for the year ended June 30, 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 Monroe 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 basic 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.

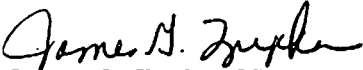
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Monroe Metropolitan Housing Authority as of June 30, 2009, and the changes in net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009 on our consideration of the Monroe 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 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 supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed 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 Monroe 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 presented 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 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, CPA, Inc.  
Certified Public Accountants

September 18, 2009



**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

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

**Management’s Discussion and Analysis**

The Monroe 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.

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

**Financial Highlights**

- The Authority’s net assets decreased by \$29,361 (or 93 percent) during 2009. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Total net assets were \$2,121 and \$31,482 for 2009 and 2008 respectively.
- The business-type activities revenues decreased by \$8,734 (or 1.2 percent) during 2009, and were \$701,405 and \$710,139 for 2009 and 2008 respectively.
- The total expenses of all Authority programs increased by \$46,300 (or 6.8 percent) during 2009. Total expenses were \$730,766 and \$684,466 for 2009 and 2008 respectively.

**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

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**Using This Annual Report**

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

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

**Basic Financial Statements**  
**- Authority-Wide Financial Statements  
- pgs 11 - 13**  
**- Notes to Financial Statements  
(Expanded/Restructured) - pgs 14 - 18**

**Other Required Supplementary  
Information**  
**- Required Supplementary Information  
pg 19  
(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.

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(Unaudited)**

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**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pages 11 - 13) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

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

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

***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 and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income, and interest income.

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.

**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

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**Fund Financial Statements**

The Authority consists exclusively of an Enterprise Fund. 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 only has one program, the Housing Choice Voucher Program. The financial statements reflect the transaction for this program.

**The Authority's Funds**

***Business Type Funds***

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.

**Authority-Wide Statement**

***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	\$ 79,566	\$ 40,494
Total Assets	\$ 79,566	\$ 40,494
Current Other Liabilities	\$ 74,132	\$ 7,097
Long-Term Liabilities	3,313	1,915
Total Liabilities	77,445	9,012
Net Assets:		
Restricted	0	25,547
Unrestricted	2,121	5,935
Total Net Assets	\$ 2,121	\$ 31,482

**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

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**Authority-Wide Statement** (Continued)

*Statement of Net Assets* (Continued)

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

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

The increase in current assets of \$39,072 was offset by an increase in accounts payable. Accounts payable increased by \$67,035 during the fiscal year.

Table 2 presents details on the change in Unrestricted Net Assets

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

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Unrestricted Net Assets June 30, 2008	\$ 5,935
Results of Operations	(29,361)
Add Restricted Net Asset Funds	<u>25,547</u>
Ending Balance - June 30, 2009	<u><u>\$ 2,121</u></u>

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

**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

**Major Factors Affecting the Statements 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 Revenues, Expenses and Changes in Net Assets**

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
HUD PHA Operating Grant	\$ 701,322	\$ 709,219
Other Revenue	0	748
Investment Income	<u>83</u>	<u>172</u>
<b>Total Revenues</b>	<u>701,405</u>	<u>710,139</u>
<b>Expenses</b>		
Administrative	93,174	87,024
Housing Assistance Payments	<u>637,592</u>	<u>597,442</u>
<b>Total Expenses</b>	<u>730,766</u>	<u>684,466</u>
Net Increase (Decrease)	<u>\$ (29,361)</u>	<u>\$ 25,673</u>

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

HUD PHA Operating Grants decreased by \$7,897. This decrease was primarily due to the way that the Department of Housing and Urban Development funds housing authorities.

The increase in total expenses by \$46,300 is mainly due to the increase in housing assistance payments.

**Capital Assets and Debt**

The Authority currently has no capital assets or debt that it is responsible for.

**MONROE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)**

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**Economic Factors**

Significant economic factors affecting the Authority are as follows:

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

**Financial Contact**

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

# ***BASIC FINANCIAL STATEMENTS***



**MONROE METROPOLITAN HOUSING AUTHORITY**  
**WOODSFIELD, OHIO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents \$ 76,253

**Total Current Assets** 76,253

**Restricted Assets**

Cash and Cash Equivalents - Restricted:

    FSS Escrow 3,313

**Total Restricted Assets** 3,313

**TOTAL ASSETS** \$ 79,566

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable \$ 74,132

**Total Current Liabilities** 74,132

**Noncurrent Liabilities**

FSS Program Liability 3,313

**Total Noncurrent Liabilities** 3,313

**TOTAL LIABILITIES** 77,445

**Net Assets**

Unrestricted Net Assets 2,121

**TOTAL NET ASSETS** \$ 2,121

See accompanying notes to the basic financial statements.

**MONROE METROPOLITAN HOUSING AUTHORITY  
WOODSFIELD, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

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<b><u>Operating Revenues</u></b>	
HUD Grants	\$ <u>701,322</u>
<b>Total Operating Revenues</b>	<u>701,322</u>
<b><u>Operating Expenses</u></b>	
Housing Assistance Payments	637,592
Outside Management Fees	87,518
Audit Fees	5,632
Miscellaneous	<u>24</u>
Total Operating Expenses before Depreciation	<u>730,766</u>
<b>Operating Income (Loss)</b>	<u>(29,444)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Interest Income	<u>83</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>83</u>
Change in Net Assets	<u>(29,361)</u>
Total Net Assets - Beginning of Year	<u>31,482</u>
<b>Total Net Assets - End of Year</b>	<u>\$ 2,121</u>

See accompanying notes to the basic financial statements.

**MONROE METROPOLITAN HOUSING AUTHORITY  
WOODSFIELD, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Cash Flows from Operating Activities**

Cash Received from HUD	\$ 701,322
Cash Received from Tenants	44
Cash Payments for Housing Assistance	(637,592)
Cash Payments for Administrative Expenses	(26,139)
Cash Payments to FSS Escrow	<u>1,398</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>39,033</u></b>

**Cash Flows from Investing Activities**

Interest Received	<u>83</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>83</u></b>

Net Increase in Cash and Cash Equivalents	39,116
Cash and Cash Equivalents, Beginning	<u>40,450</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 79,566</u></b>

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities**

Operating Income	\$ (29,444)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Tenant Accounts Receivable	44
Increase (Decrease) in:	
Accounts Payable	67,035
FSS Program Liability	<u>1,398</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 39,033</u></b>

See accompanying notes to the basic financial statements.

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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

**Organization and Reporting Entity**

The Monroe 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.

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Use of Estimates**

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

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(CONTINUED)**

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

**Cash and Cash Equivalents**

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

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 “*Pensions 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**

**Deposits**

At fiscal year end, the carrying amount of the Authority’s deposits was \$79,566 (\$76,253 of unrestricted funds and \$3,313 of restricted funds) and the bank balance was \$79,816. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2009, the Authority’s bank balance of \$79,816 was covered by Federal Depository Insurance.

Custodial credit risk is the risk that, in the event of 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 Authority’s Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(CONTINUED)**

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

**Investments**

The Authority has a formal investment policy; however, the Authority held no investments at June 30, 2009. Therefore, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks, and foreign currency risks.

NOTE 4: **RESTRICTED ASSETS**

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

Family Self Sufficiency (FSS) Program Escrow	\$ 3,313
Total Restricted Assets	<u>\$ 3,313</u>

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

The Authority had no restricted net assets at June 30, 2009 as the housing assistance payment funds were used during the current fiscal year.

NOTE 5: **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 Monroe is one. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 6: **CONTINGENCIES**

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.

**MONROE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(CONTINUED)**

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NOTE 7: **MANAGEMENT AGREEMENT**

The Monroe Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Cambridge Metropolitan Housing Authority (Cambridge) on August 27, 1990. Pursuant to the agreement Cambridge provides all management services to the Authority in order that the Authority 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 Authority has executed or may, from time to time, execute with HUD. As compensation for these services, the Authority transfers to Cambridge the monthly earned administrative fees as determinable by the Department of Housing and Urban Development. Total administrative fees earned for the fiscal year ended June 30, 2009 were \$100,607.



**MONROE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

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<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<i><u>U.S. Department of Housing and Urban Development</u></i>		
<b>Direct Programs:</b>		
<b><u>Section 8 Programs</u></b>		
Section 8 Tenant Based Program:		
Section 8 Housing Choice Voucher Program	14.871	\$ <u>701,322</u>
<b>Total Federal Assistance</b>		<b>\$ <u>701,322</u></b>

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

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

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

Board of Directors  
Monroe Metropolitan Housing Authority  
Woodsfield, 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 Monroe Metropolitan Housing Authority (the Authority), Ohio as of and for the year ended June 30, 2009, 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 Monroe 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 Monroe Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monroe 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 Monroe 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 Monroe Metropolitan Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Monroe Metropolitan Housing Authority's internal control.

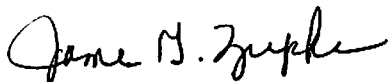
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Monroe Metropolitan Housing Authority's internal control.

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 Monroe 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 that are required to be reported under *Government Auditing Standards*.

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



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

September 18, 2009

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Monroe Metropolitan Housing Authority  
Woodsfield, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Monroe 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 June 30, 2009. Monroe 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 Monroe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Monroe 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 and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe 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 of Monroe Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Monroe 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 June 30, 2009.

### **Internal Control Over Compliance**

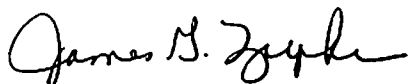
The management of the Monroe Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Monroe 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 Monroe 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 Monroe Metropolitan Housing Authority's internal control.

Our consideration of 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, CPA, Inc.  
Certified Public Accountants

September 18, 2009

**MONROE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2009**

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**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

**MONROE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2009  
(CONTINUED)**

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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.

**MONROE METROPOLITAN HOUSING AUTHORITY  
WOODSFIELD, OHIO  
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2009**

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The prior audit report, as of June 30, 2008, included no citations.





**Mary Taylor, CPA**  
Auditor of State

**MONROE METROPOLITAN HOUSING AUTHORITY**

**MONROE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 1, 2009**