

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**DARKE COUNTY, OHIO**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Directors  
Darke County Metropolitan Housing Authority  
1469 Sweitzer Street  
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of the Darke County Metropolitan Housing Authority, Darke County, prepared by Bastin & Company, LLC, for the audit period October 1, 2018 through September 30, 2019. 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 Darke County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

April 3, 2020

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**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Darke County Metropolitan Housing Authority  
1469 Sweitzer Street  
Greenville, Ohio 45331

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Darke County Metropolitan Housing Authority, Darke County, Ohio (the Authority), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Darke County Metropolitan Housing Authority, Darke County, Ohio as of September 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

### ***Supplementary and Other Information***

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in dark ink on a light-colored background.

Cincinnati, Ohio  
March 25, 2020



**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
UNAUDITED**

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This Management's Discussion and Analysis (MD&A) of the Darke County Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Authority for the fiscal year ended September 30, 2019. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2019, to assist the reader in focusing on significant financial issues.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 9).

**FINANCIAL HIGHLIGHTS**

During the fiscal year ended September 30, 2019:

- The Authority's net position decreased from \$390,156 to \$358,443, a decrease of \$31,713 or 8%. Total assets also decreased by \$115,531 or 7%, primarily due to the use of cash to reduce payables and for operations.
- The Authority's debt decreased by \$59,711 due to amortization of forgiveness of notes payable acquired for the purchase and remodel of rental units associated with the Business Activity Program. Total liabilities decreased by 7% for the current fiscal year, from \$1,151,810 to \$1,067,992.
- Total operating revenue decreased from \$1,422,959 to \$1,322,572, a decrease of \$100,387 or 7%.
- Total expenses decreased by \$18,313, from \$1,372,661 to \$1,354,348 for the current year.

**USING THIS ANNUAL REPORT**

The following is a list of the basic financial statements included in this report:

Management Discussion and Analysis  
*Basic Financial Statements:*  
Statement of Net Position  
Statement of Revenues, Expenses and Changes in Net Position  
Statement of Cash Flows  
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
UNAUDITED**

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The focus of the statement of net position (the “unrestricted” net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories.

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that have been used for the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Position: This component of net position consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted Net Position.

The *statement of revenues, expenses and changes in net position* is 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 investment income, gains and losses on capital asset disposals and interest expense.

The focus of the statement of revenues, expenses and changes in net position is the Increase (Decrease) in Net Position, which is similar to Net Income or Loss.

The *statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities and investing activities.

The *notes to the financial statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

### **The Authority's Programs**

The Authority has two programs. They include the Housing Choice Voucher Program (HCV) and a Business Activities Program.

- The Housing Choice Voucher Program provides rental assistance to help low income families afford decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. There are currently 299 vouchers funded. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is based on a HUD established rate earned per voucher leased.
- The Business Activity Program consists of eight rental properties received from the Darke County Board of Developmental Disabilities and other donations. These rental properties enable persons with developmental disabilities to be integrated into the community.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
UNAUDITED**

**FINANCIAL ANALYSIS OF THE AUTHORITY**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position as of September 30 compared to prior fiscal year.

**Summary Statement of Net Position**

	<b>2019</b>	<b>2018</b>
Current Assets	\$ 142,448	\$ 246,242
Noncurrent Assets	1,283,987	1,295,724
Total Assets	\$ 1,426,435	\$ 1,541,966
Current Liabilities	\$ 99,084	\$ 153,874
Noncurrent Liabilities	968,908	997,936
Total Liabilities	\$ 1,067,992	\$ 1,151,810
Net Investment in Capital Assets	\$ 249,875	\$ 201,901
Restricted	6,490	42,374
Unrestricted	102,078	145,881
Total Net Position	358,443	390,156
Total Liabilities and Net Position	\$ 1,426,435	\$ 1,541,966

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

The Authority's current asset balances decreased by \$103,794. This is primarily due to a decrease in the unrestricted cash balance from \$182,473 in the prior year to \$125,888 in the current year, a decrease of \$56,585. This decrease resulted primarily from the purchase of capital assets and the reduction of current accounts payable. Restricted cash decreased by \$35,884 due to HAP expenditures exceeding HAP revenues.

The Authority's noncurrent asset balance decreased due to current year depreciation exceeding the purchase of improvements to properties for the Business Activities Program. These improvements were acquired through the use of loans. Please note the capital asset portion presented in a later section.

Current liabilities decreased by \$54,790, due primarily to a decrease in the amount reported as current portion of long-term debt due and forgiveness of loans reported in the current year.

Non-current liabilities decreased by \$29,028 due to forgiveness of debt obligations recorded in the current year associated with the Business Activities Program.

The net position of the Authority decreased by \$31,713 compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$145,881 to \$102,078, a decrease of \$43,803 or 30% for the current year. This decrease was due to operating expenses exceeding revenues

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
UNAUDITED**

associated with the Housing Choice Voucher Program. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Individual program balances that comprise the unrestricted component of net position are as follows:

Housing Choice Voucher Program	\$ 3,860
Business Activities	<u>98,218</u>
Total Unrestricted Net Assets	<u>\$102,078</u>

The Authority's restricted component of net position changed from \$42,374 to \$6,490. This was due to HAP expenditures of \$1,035,271 exceeding HAP revenues of \$999,387 in the current year. The restricted component of the net position is restricted for the purpose of HAP expenses. Net Investments in Capital Assets increased by \$47,974 as net capital assets decreased by \$11,737 while debt used to fund the purchase of those assets decreased by \$59,711.

**Statement of Revenues & Expenses and Changes in Net Position**

The following table reflects the condensed Statement of Net Position for the year ended September 30 compared to prior fiscal year.

**Summary Statement of Revenues, Expenses and Changes in Net Position**

	<u>2019</u>	<u>2018</u>
Tenant Rental Revenue	\$ 70,855	\$ 69,500
Government Operating Grants	1,144,120	1,234,391
Other Revenue	107,597	119,068
Interest Income	63	89
Total Revenue	<u>1,322,635</u>	<u>1,423,048</u>
Administration	209,555	217,015
Utilities	-	963
General Expense	11,810	11,723
Insurance	892	882
Ordinary Maintenance	43,203	33,659
Housing Assistance Payments	1,032,233	1,055,529
Depreciation	56,655	52,890
Total Expenses	<u>1,354,348</u>	<u>1,372,661</u>
Increase in Net Position	(31,713)	50,387
Net Position, Beginning of Year	<u>390,156</u>	<u>339,769</u>
Net Position, End of Year	<u>\$ 358,443</u>	<u>\$ 390,156</u>

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
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**Major Factors Affecting the Statement of Net Position**

Revenues of the Authority are principally generated from Federal funding. Total revenues decreased by a total of \$100,413 compared to the previous fiscal year. Tenant revenue increased by \$1,355. Government operating grants decreased by \$90,271 due to a decrease in funding received for HAP expenditures. Current year HAP funding was calculated based on prior year's HAP expenses resulting in a decrease in funding in the current year. Other revenue decreased by \$11,471 due to lower reimbursed property renovation costs associated with the Business Activities Program and a reduction in Fraud recovery.

Total expenses decreased \$18,313. Administration expense decreased by \$7,460 primarily due to a decrease in office expenses associated with the Housing Choice Voucher Program. Ordinary maintenance increased by \$9,544 primarily due to an increase in landscaping and lawncare of \$8,476 as a result of two new properties placed in service in the prior fiscal year and an increase in snow removal expense of \$2,160, and an offsetting decrease in general repair and maintenance costs of \$1,092 associated with the Business Activities Program. Housing assistance payments decreased by \$23,296 due to a reduction of 171 total units leased during the current fiscal year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2019, the Authority's capital assets totaled \$1,283,987 (capital assets net of accumulated depreciation) as reflected in the following schedule.

**Summary Statement of Capital Assets**

	<b>2019</b>	<b>2018</b>
Land	\$ 222,156	\$ 222,156
Buildings	1,453,780	1,408,862
Equipment	62,313	62,313
Accumulated Depreciation	(454,262)	(397,607)
Total Net Fixed Assets	\$ 1,283,987	\$ 1,295,724

Buildings increased due to two roof updates and the installation of a fire suppression system for existing rental properties associated with the Business Activities Program.

**Debt**

At September 30, 2019, the authority maintained a balance of \$1,034,112 in outstanding notes payable as compared to \$1,093,823 in 2018. During the year, the Authority incurred one additional loan associated with the Business Activity Program. This loan was used to update the roof on one existing rental property.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
UNAUDITED**

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**ECONOMIC CONDITIONS**

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

Due to the 2019 Congressional Appropriations, the 2019 calendar year for the Housing Choice Voucher Program includes a proration of administrative fees at an estimated 79.37% and HAP funding at 99%. These percentages are down from 2018 rates of 80% and 99.75%.

The Authority has maneuvered though past difficult times by making sound financial decisions including reducing expenses where possible. The Authority will continue to monitor the resources made available to provide the housing services to those we serve.

**CONTACTING THE AUTHORITY**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Darke County Metropolitan Housing Authority  
Deborah Donnelly, Chief Finance Officer  
1469 Sweitzer Street  
Greenville, OH 45331

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**Statement of Net Position**

**Proprietary Fund**

**September 30, 2019**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 125,888
Restricted cash	6,490
Receivables, net	10,070
<b>Total current assets</b>	<u>142,448</u>

**Noncurrent assets**

Capital assets:	
Land	222,156
Building and equipment	1,516,093
Less accumulated depreciation	(454,262)
<b>Total noncurrent assets</b>	<u>1,283,987</u>
<b>Total assets</b>	<u>\$ 1,426,435</u>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 29,473
Unearned revenue	4,407
Current portion of long-term debt	65,204
<b>Total current liabilities</b>	<u>99,084</u>

**Noncurrent liabilities**

Long-term debt, net of current	968,908
<b>Total noncurrent liabilities</b>	<u>968,908</u>
<b>Total liabilities</b>	<u>1,067,992</u>

**NET POSITION**

Net invested in capital assets	249,875
Restricted net position	6,490
Unrestricted net position	102,078
<b>Total net position</b>	<u>358,443</u>
<b>Total liabilities and net position</b>	<u>\$ 1,426,435</u>

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

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2019**

<b><i>OPERATING REVENUES</i></b>	
Tenant revenue	\$ 70,855
Government operating grants	1,144,120
Other revenue	107,597
<b>Total operating revenues</b>	<u>1,322,572</u>
 <b><i>OPERATING EXPENSES</i></b>	
Administrative	209,555
General	11,810
Insurance	892
Ordinary maintenance	43,203
Housing assistance payment	1,032,233
Depreciation	56,655
<b>Total operating expenses</b>	<u>1,354,348</u>
<b>Operating income (loss)</b>	<u>(31,776)</u>
 <b><i>NONOPERATING REVENUES (EXPENSES)</i></b>	
Interest and investment revenue	63
<b>Total nonoperating revenues (expenses)</b>	<u>63</u>
Change in net position	(31,713)
Total net position - beginning	390,156
<b>Total net position - ending</b>	<u><u>\$ 358,443</u></u>

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



**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from tenant payments	\$ 72,762
Cash received from grantors	1,154,308
Other income received	38,559
Cash paid operating activities	(282,051)
Cash paid for housing assistance	(1,038,656)
<b>Net cash provided (used) by operating activities</b>	<u>(55,078)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	63
<b>Net cash provided (used) by investing activities</b>	<u>63</u>

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Proceeds from debt	7,464
Property and equipment purchased	(44,918)
<b>Net cash provided (used) by capital and related activities</b>	<u>(37,454)</u>

Net increase (decrease) in Cash	(92,469)
Cash and cash equivalents - Beginning of Year	224,847
<b>Cash and cash equivalents - End of Year</b>	<u>\$ 132,378</u>

**PROVIDED BY OPERATING ACTIVITIES**

Net operating income (Loss)	\$ (31,776)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	56,655
Debt forgiveness	(67,175)
(Increase) decrease in accounts receivable	8,575
(Increase) decrease in prepaid expense	2,750
Increase (decrease) in accounts payable	(25,764)
Increase (decrease) in unearned revenues	1,657
<b>Net cash provided (used) by operating activities</b>	<u>\$ (55,078)</u>

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

# **DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

## **Notes to the Basic Financial Statements for the year ended September 30, 2019**

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### **NOTE 1 – DESCRIPTION OF THE ENTITY**

The Darke County Metropolitan Housing Authority was created under the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14 (as amended by GASB Statement No. 61), the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

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Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Basis of Presentation**

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

**Fund Accounting**

The Authority maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses.

The Authority uses a single enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**Basis of Accounting**

Enterprise fund transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

**Measurement Focus**

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

**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.

**Restricted Cash**

Restricted cash represent amounts held due to HAP revenues exceeding HAP expenditures.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**Notes to the Basic Financial Statements  
for the year ended September 30, 2019**

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**Accounts Receivable**

Accounts receivable consist mainly of amounts due from various funding agencies for program costs incurred that have not been reimbursed at year-end. Accounts receivable also include \$15,322 for fraud recovery \$14,272 of which is considered as uncollectable at September 30, 2019.

**Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	39 years
Furniture, equipment and machinery	3-5 years
Leasehold improvement	15 years

**Revenue Recognition**

Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred. Expenses are recognized as incurred.

**Unearned Revenue**

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

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**Net Position**

Net position represents the difference between assets and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Revenues and Expenses**

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise 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 the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Income Taxes**

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

**Estimates**

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

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current 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.

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At September 30, 2019, the carrying amount of the Authority's deposits totaled \$132,378 and its bank balance was \$188,125. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2019, the \$188,125 bank balance was covered by the Federal Depository Insurance Corporation.

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 at least 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, 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.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

**NOTE 4 – RELATED PARTY TRANSACTIONS**

The authority contracts with Miami Valley Community Action Partnership (MVCAP) to provide financial services for the housing authority. The authority does not have any employees; instead services are contracted from MVCAP. MVCAP designates certain employees to maintain the Authority’s records. MVCAP is a nonprofit entity providing resources for the purpose of assisting low income individuals through a variety of programs supported by federal and state government grants.

The Authority and MVCAP have entered into a Master Housing Contract with the Darke County Board of Developmental Disabilities (Board) in order to improve the availability of housing for individuals with disabilities in Darke County. MVCAP responsibilities are to provide fiscal services for the properties that the Authority received from the Darke County Board of Developmental Disabilities.

The Authority has several notes outstanding with MVCAP due to some of the properties received from the Board. The details of these notes are listed in footnote 6, below. During the fiscal year, the Authority paid the MVCAP Agency \$169,177 for management and fiscal services.

**NOTE 5 – CAPITAL ASSETS**

The following is a summary of the changes in capital assets:

	<b>Balance 10/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2019</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 222,156	\$ -	\$ -	\$ 222,156
<b>Total Capital Assets Not Being Depreciated</b>	<u>222,156</u>	<u>-</u>	<u>-</u>	<u>222,156</u>
<b>Capital Assets Being Depreciated:</b>				
Building	1,408,862	44,918	-	1,453,780
Furniture, Equipment - Admin	62,313	-	-	62,313
<b>Total Capital Assets Being Depreciated</b>	<u>1,471,175</u>	<u>44,918</u>	<u>-</u>	<u>1,516,093</u>
<b>Accumulated Depreciation:</b>				
Building	(335,909)	(56,040)	-	(391,949)
Office Equipment	(61,698)	(615)	-	(62,313)
<b>Total Accumulated Depreciation</b>	<u>(397,607)</u>	<u>(56,655)</u>	<u>-</u>	<u>(454,262)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>1,073,568</u>	<u>(11,737)</u>	<u>-</u>	<u>1,061,831</u>
<b>Total Capital Assets, Net</b>	<u>\$1,295,724</u>	<u>\$ (11,737)</u>	<u>\$ -</u>	<u>\$1,283,987</u>

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**Notes to the Basic Financial Statements  
for the year ended September 30, 2019**

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of long-term debt of the Authority for the year ended September 30, 2019:

<u>Description</u>	<u>Balance 10/1/2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 09/30/2019</u>	<u>Due Within One Year</u>
314 Delaware	\$ 12,071	\$ -	\$ 3,744	\$ 8,327	\$ 1,358
109 Dwyer Ave	31,513	-	8,398	23,115	8,398
1312 Hillside Drive	42,896	-	9,217	33,679	9,217
1124 Donald Drive	55,139	-	9,333	45,806	9,333
205 Glenwood Dr	133,308	-	-	133,308	-
627 Birt Street	164,068	-	-	164,068	-
1039 Central Ave	155,784	-	-	155,784	-
1237 Sugar Maple	64,439	-	5,121	59,318	5,121
1312 Hillside Roof	5,760	-	473	5,287	473
1312 Hillside HVAC	5,174	-	417	4,757	417
5802 Lake	124,959	7,464	9,397	123,026	9,812
609 Chestnut	129,283	-	9,290	119,993	9,290
314 Delaware	42,367	-	3,100	39,267	3,100
109 Dwyer	18,251	-	1,259	16,992	1,259
1122 N Ohio	108,811	-	7,426	101,385	7,426
Totals	<u>\$ 1,093,823</u>	<u>\$ 7,464</u>	<u>\$67,175</u>	<u>\$ 1,034,112</u>	<u>\$ 65,204</u>

During 2019, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 5802 Lake Avenue, Greenville, Ohio in the amount of \$7,464. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2018, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 1122 North Ohio Street, Greenville, Ohio in the amount of \$110,375. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2018, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to renovate the property located at 109 Dwyer Avenue, Greenville, Ohio in the amount of \$18,880. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.



**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

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During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 609 Chestnut Street, Greenville, Ohio in the amount of \$139,348. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to purchase and renovate the property located at 5802 Lake Avenue, Greenville, Ohio in the amount of \$139,706. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to renovate the property located at 314 Delaware Avenue, Greenville, Ohio in the amount of \$46,500. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance the purchase of a property located at 1237 Sugar Maple in the amount of \$76,815. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance replacement of a roof at the property located 1312 Hillside Drive in the amount of \$7,100. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance replacement of a ventilation system at the property located 1312 Hillside Drive in the amount of \$6,250. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2014, the Authority entered into a promissory note with Darke County Board of Commissioners in the sum of \$133,308. The note is zero interest and the funds were used to purchase and renovate the property located at 205 Glenwood Drive, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on March 24, 2040 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**Notes to the Basic Financial Statements  
for the year ended September 30, 2019**

During 2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$164,068. The note is zero interest and the funds were used to purchase and renovate the property located at 627 Birt Street, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on July 6, 2026 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

During 2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$155,785. The note is zero interest and the funds were used to purchase and renovate the property located at 1039 Central Avenue, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on January 15, 2026 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

During 2013, the Authority entered into a Master Housing Contract with the Darke County Board of Developmental Disabilities in order to improve the availability of housing for individuals with disabilities in Darke County. This contract was extended by signing a new agreement on November 10, 2014. The Ohio Revised Code 5126.05 permits county boards to enter into agreements with nonprofit corporations to provide residential services. On January 1, 2014, the Deed to the properties listed below was transfer to the Authority. In return, the Authority agreed to be bound by the terms and conditions of the Project Agreement between the Darke County Board of Developmental Disabilities and the Ohio Department of Developmental Disabilities for the distribution of Capital Assistance Funds.

Property
314 Delaware, Greenville, Ohio
109 Dwyer Avenue, Greenville, Ohio
1312 Hillside Drive, Greenville, Ohio
1124 Donald Drive, Greenville, Ohio

The principal and interest payments for the notes payable at September 30, 2019 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 65,204	-
2021	64,604	-
2022	58,009	-
2023	52,310	-
2024	45,166	-
2025-2029	514,457	-
2030-2034	101,054	-
2035-2039	-	-
2040	133,308	-
Total	<u>\$1,034,112</u>	<u>\$ -</u>

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Notes to the Basic Financial Statements**  
**for the year ended September 30, 2019**

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**NOTE 7 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2019, the Authority contracted with Cincinnati Insurance Company for vehicle insurance, commercial property and general liability, employee dishonesty and directors' and officers' liability.

Vehicle insurance carries a \$250 per vehicle comprehensive deductible. Property and general insurance carries a \$250 deductible.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**NOTE 8 – CONTINGENCIES**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)**  
**ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD**  
**SEPTEMBER 30, 2019**

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$11,940	\$113,948	\$125,888	\$0	\$125,888
113 Cash - Other Restricted	\$6,490	\$0	\$6,490	\$0	\$6,490
100 Total Cash	\$18,430	\$113,948	\$132,378	\$0	\$132,378
125 Accounts Receivable - Miscellaneous	\$0	\$7,464	\$7,464	\$0	\$7,464
126 Accounts Receivable - Tenants	\$0	\$1,556	\$1,556	\$0	\$1,556
128 Fraud Recovery	\$15,322	\$0	\$15,322	\$0	\$15,322
128.1 Allowance for Doubtful Accounts - Fraud	-\$14,272	\$0	-\$14,272	\$0	-\$14,272
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,050	\$9,020	\$10,070	\$0	\$10,070
144 Inter Program Due From	\$24,750	\$0	\$24,750	-\$24,750	\$0
150 Total Current Assets	\$44,230	\$122,968	\$167,198	-\$24,750	\$142,448
161 Land	\$4,725	\$217,431	\$222,156	\$0	\$222,156
162 Buildings	\$52,746	\$1,401,034	\$1,453,780	\$0	\$1,453,780
164 Furniture, Equipment & Machinery - Administration	\$62,313	\$0	\$62,313	\$0	\$62,313
166 Accumulated Depreciation	-\$97,478	-\$356,784	-\$454,262	\$0	-\$454,262
160 Total Capital Assets, Net of Accumulated Depreciation	\$22,306	\$1,261,681	\$1,283,987	\$0	\$1,283,987
180 Total Non-Current Assets	\$22,306	\$1,261,681	\$1,283,987	\$0	\$1,283,987
290 Total Assets and Deferred Outflow of Resources	\$66,536	\$1,384,649	\$1,451,185	-\$24,750	\$1,426,435
312 Accounts Payable <= 90 Days	\$29,473	\$0	\$29,473	\$0	\$29,473
342 Unearned Revenue	\$4,407	\$0	\$4,407	\$0	\$4,407
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$65,204	\$65,204	\$0	\$65,204
347 Inter Program - Due To	\$0	\$24,750	\$24,750	-\$24,750	\$0
310 Total Current Liabilities	\$33,880	\$89,954	\$123,834	-\$24,750	\$99,084
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$968,908	\$968,908	\$0	\$968,908
350 Total Non-Current Liabilities	\$0	\$968,908	\$968,908	\$0	\$968,908
300 Total Liabilities	\$33,880	\$1,058,862	\$1,092,742	-\$24,750	\$1,067,992
508.4 Net Investment in Capital Assets	\$22,306	\$227,569	\$249,875	\$0	\$249,875
511.4 Restricted Net Position	\$6,490	\$0	\$6,490	\$0	\$6,490
512.4 Unrestricted Net Position	\$3,860	\$98,218	\$102,078	\$0	\$102,078
513 Total Equity - Net Assets / Position	\$32,656	\$325,787	\$358,443	\$0	\$358,443
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$66,536	\$1,384,649	\$1,451,185	-\$24,750	\$1,426,435

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)**  
**ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$70,855	\$70,855	\$0	\$70,855
70500 Total Tenant Revenue	\$0	\$70,855	\$70,855	\$0	\$70,855
70600 HUD PHA Operating Grants	\$1,144,120	\$0	\$1,144,120	\$0	\$1,144,120
71100 Investment Income - Unrestricted	\$53	\$10	\$63	\$0	\$63
71400 Fraud Recovery	\$9,660	\$0	\$9,660	\$0	\$9,660
71500 Other Revenue	\$5,856	\$92,081	\$97,937	\$0	\$97,937
70000 Total Revenue	\$1,159,689	\$162,946	\$1,322,635	\$0	\$1,322,635
91200 Auditing Fees	\$7,734	\$0	\$7,734	\$0	\$7,734
91300 Management Fee	\$144,427	\$24,750	\$169,177	\$0	\$169,177
91400 Advertising and Marketing	\$46	\$0	\$46	\$0	\$46
91600 Office Expenses	\$19,742	\$0	\$19,742	\$0	\$19,742
91700 Legal Expense	\$292	\$0	\$292	\$0	\$292
91900 Other	\$12,484	\$80	\$12,564	\$0	\$12,564
91000 Total Operating - Administrative	\$184,725	\$24,830	\$209,555	\$0	\$209,555
94200 Ordinary Maintenance and Operations - Materials and Other	\$823	\$360	\$1,183	\$0	\$1,183
94300 Ordinary Maintenance and Operations Contracts	\$46	\$41,974	\$42,020	\$0	\$42,020
94000 Total Maintenance	\$869	\$42,334	\$43,203	\$0	\$43,203
96140 All Other Insurance	\$892	\$0	\$892	\$0	\$892
96100 Total insurance Premiums	\$892	\$0	\$892	\$0	\$892
96200 Other General Expenses	\$878	\$0	\$878	\$0	\$878
96300 Payments in Lieu of Taxes	\$0	\$5,332	\$5,332	\$0	\$5,332
96600 Bad debt - Other	\$5,600	\$0	\$5,600	\$0	\$5,600
96000 Total Other General Expenses	\$6,478	\$5,332	\$11,810	\$0	\$11,810
96900 Total Operating Expenses	\$192,964	\$72,496	\$265,460	\$0	\$265,460
97000 Excess of Operating Revenue over Operating Expenses	\$966,725	\$90,450	\$1,057,175	\$0	\$1,057,175
97300 Housing Assistance Payments	\$1,032,233	\$0	\$1,032,233	\$0	\$1,032,233
97400 Depreciation Expense	\$1,352	\$55,303	\$56,655	\$0	\$56,655
90000 Total Expenses	\$1,226,549	\$127,799	\$1,354,348	\$0	\$1,354,348
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$66,860	\$35,147	-\$31,713	\$0	-\$31,713
11020 Required Annual Debt Principal Payments	\$0	\$67,175	\$67,175	\$0	\$67,175
11030 Beginning Equity	\$99,516	\$290,640	\$390,156	\$0	\$390,156
11170 Administrative Fee Equity	\$26,166	\$0	\$26,166	\$0	\$26,166
11180 Housing Assistance Payments Equity	\$6,490	\$0	\$6,490	\$0	\$6,490
11190 Unit Months Available	3588	132	3720	0	3720
11210 Number of Unit Months Leased	3263	132	3395	0	3395

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**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Federal Grantor/ Pass-through Grantor/ Program/Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Program</i>			
Section 8 Housing Choice Vouchers - Housing Voucher Cluster	14.871	N/A	\$ 1,144,120
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,144,120</b>

The accompanying notes are an integral part of this schedule.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Note A – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Darke County Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended September 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Note C – Indirect Cost Rate**

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note D – Subrecipients**

The Authority provided no federal awards to subrecipients during the fiscal year ending September 30, 2019.



# Bastin & Company, LLC

*Certified Public Accountants*

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

Board of Commissioners  
Darke County Metropolitan Housing Authority  
1469 Sweitzer Street  
Greenville, Ohio 45331

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Darke County Metropolitan Housing Authority, Darke County, Ohio (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 25, 2020.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
March 25, 2020

# Bastin & Company, LLC

*Certified Public Accountants*

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

Board of Commissioners  
Darke County Metropolitan Housing Authority  
1469 Sweitzer Street  
Greenville, Ohio 45331

To the Board of Commissioners:

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

We have audited Darke County Metropolitan Housing Authority' (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended September 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

### ***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

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

In our opinion, the Darke County Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2019.

### ***Report on Internal Control over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
March 25, 2020

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
SEPTEMBER 30, 2019**

**SUMMARY OF AUDITOR'S RESULTS**

Type of financial statement opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unmodified
Are there any reportable findings?	No
Major programs:	CFDA # 14.871 Section 8 Housing Choice Vouchers - Housing Voucher Cluster
Dollar threshold to distinguish between Type A/B programs	Type A: >\$750,000 Type B: all others
Low risk auditee?	No

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

None

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
SEPTEMBER 30, 2019**

There were no findings reported in the prior audit report.

# OHIO AUDITOR OF STATE KEITH FABER



**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**

**DARKE 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  
APRIL 16, 2020**