

**MONROE METROPOLITAN
HOUSING AUTHORITY
WOODSFIELD, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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



Dave Yost • Auditor of State

Board of Directors
Monroe Metropolitan Housing Authority
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, 2011 through June 30, 2012. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

January 16, 2013

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**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012**

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

Certified Public Accountants

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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 financial statements of the Monroe Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Monroe Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Monroe Metropolitan Housing Authority, Ohio, as of June 30, 2012, and the respective changes in financial position, and the cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012, on our consideration of the Monroe Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



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

November 21, 2012

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

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 9).

Financial Highlights

- The Authority’s net assets increased by \$40,418 (or 120 percent) during 2012. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Total net assets were \$74,025 and \$33,607 for 2012 and 2011, respectively.
- The business-type activities revenues increased by \$32,190 (or 4 percent) during 2012, and were \$777,108 and \$744,918 for 2012 and 2011, respectively.
- The total expenses of all Authority programs decreased by \$34,034 (or 4 percent) during 2012. Total expenses were \$736,690 and \$770,724 for 2012 and 2011, respectively.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

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 9 - 11
- Notes to Financial Statements
pgs 12 - 15

Other Required Supplementary Information
- Required Supplementary Information
pg 17
(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
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 9 - 11) 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 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 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
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

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

	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 82,154	\$ 49,814
Total Assets	<u>\$ 82,154</u>	<u>\$ 49,814</u>
Current Other Liabilities	\$ 6,648	\$ 12,043
Long-Term Liabilities	1,481	4,164
Total Liabilities	<u>8,129</u>	<u>16,207</u>
Net Assets:		
Restricted	72,760	33,105
Unrestricted	1,265	502
Total Net Assets	<u>\$ 74,025</u>	<u>\$ 33,607</u>

For more detailed information see page 9 for the Statement of Net Assets.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

Major Factors Affecting the Statement of Net Assets

The increase in assets of \$32,340 is due to the current year revenues exceeding expenses for the fiscal year. Accounts payable decreased by \$5,395 during the fiscal year.

Table 2 presents details on the change in Unrestricted Net Assets

Table 2 - Change of Unrestricted Net Assets

Unrestricted Net Assets June 30, 2011	\$ 502
Results of Operations	40,418
Less Restricted Net Asset Funds	<u>(39,655)</u>
Ending Balance - June 30, 2012	<u>\$ 1,265</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.

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>2012</u>	<u>2011</u>
Revenues		
HUD PHA Operating Grant	\$ 776,200	\$ 740,492
Other Revenue	815	4,317
Investment Income	<u>93</u>	<u>109</u>
Total Revenues	<u>777,108</u>	<u>744,918</u>
Expenses		
Administrative	93,712	102,905
Housing Assistance Payments	<u>642,978</u>	<u>667,819</u>
Total Expenses	<u>736,690</u>	<u>770,724</u>
Net Increase (Decrease)	<u>\$ 40,418</u>	<u>\$ (25,806)</u>

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

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

HUD PHA Operating Grants increased by \$35,708. This increase was primarily due to an increase in funding received from the Department of Housing and Urban Development for HAP payments.

The decrease in total expenses by \$34,034 is mainly due to the decrease in housing assistance payments.

Capital Assets and Debt

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

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.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 7,913
Restricted Cash and Cash Equivalents	<u>74,241</u>
Total Current Assets	<u>82,154</u>

TOTAL ASSETS \$ 82,154

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 6,648
Total Current Liabilities	<u>6,648</u>

Noncurrent Liabilities

FSS Program Liability	<u>1,481</u>
Total Noncurrent Liabilities	<u>1,481</u>

TOTAL LIABILITIES 8,129

Net Assets

Restricted	72,760
Unrestricted	<u>1,265</u>

TOTAL NET ASSETS \$ 74,025

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, 2012

Operating Revenues

HUD Grants	\$ 776,200
Other Income	<u>815</u>
Total Operating Revenues	<u><u>777,015</u></u>

Operating Expenses

Housing Assistance Payments	642,978
Outside Management Fees	71,601
Audit Fees	5,840
Other	<u>16,271</u>
Total Operating Expenses before Depreciation	<u><u>736,690</u></u>

Operating Income	<u><u>40,325</u></u>
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Non-Operating Revenues (Expenses)

Interest Income	<u>93</u>
Total Non-Operating Revenues (Expenses)	<u><u>93</u></u>
Change in Net Assets	40,418

Total Net Assets - Beginning of Year	<u><u>33,607</u></u>
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Total Net Assets - End of Year	<u><u>\$ 74,025</u></u>
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See accompanying notes to the basic financial statements.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD	\$ 776,200
Cash Received from Other Revenues	815
Cash Payments for Housing Assistance	(642,978)
Cash Payments for Administrative Expenses	(99,107)
Cash Payments to FSS Escrow	<u>(2,683)</u>
Net Cash Provided by Operating Activities	<u>32,247</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>93</u>
Net Cash Provided by Investing Activities	<u>93</u>
Net Increase in Cash and Cash Equivalents	32,340
Cash and Cash Equivalents, Beginning	<u>49,814</u>
Cash and Cash Equivalents, Ending	<u>\$ 82,154</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Used by Operating Activities</u>	
Operating Income (Loss)	\$ 40,325
Increase (Decrease) in:	
Accounts Payable	(5,395)
FSS Program Liability	<u>(2,683)</u>
Net Cash Provided by Operating Activities	<u>\$ 32,247</u>

See accompanying notes to the basic financial statements.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

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

Basis of Presentation (Continued)

The Authority's basic financial statements consist of a statement of net 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
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

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: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was \$82,154 (\$7,913 of unrestricted funds and \$74,241 of restricted funds) and the bank balance was \$83,332. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2012, the Authority's bank balance of \$83,332 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.

Investments

The Authority has a formal investment policy; however, the Authority held no investments at June 30, 2012. Therefore, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks, and foreign currency risks.

NOTE 3: **RESTRICTED ASSETS**

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

Family Self Sufficiency (FSS) Program Escrow	\$ 1,481
Housing Assistance Payments (HAP) Equity	<u>72,760</u>
Total Restricted Assets	<u>\$ 74,241</u>

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

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 4: 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 5: 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.

NOTE 6: 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 management fees for the fiscal year ended June 30, 2012 were \$71,601.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<i>U.S. Department of Housing and Urban Development</i>		
Direct Programs:		
<u>Section 8 Programs</u>		
Section 8 Tenant Based Program:		
Section 8 Housing Choice Voucher Program	14.871	<u>\$ 776,200</u>
Total Federal Assistance		<u>\$ 776,200</u>

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

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2012

	14,871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$7,913	\$7,913
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$74,241	\$74,241
100 Total Cash	\$82,154	\$82,154
150 Total Current Assets	\$82,154	\$82,154
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0
180 Total Non-Current Assets	\$0	\$0
190 Total Assets	\$82,154	\$82,154
312 Accounts Payable	\$6,648	\$6,648
310 Total Current Liabilities	\$6,648	\$6,648
353 Non-current Liabilities - Other	\$1,481	\$1,481
350 Total Non-Current Liabilities	\$1,481	\$1,481
300 Total Liabilities	\$8,129	\$8,129
508.1 Invested In Capital Assets, Net of Related Debt		
511.1 Restricted Net Assets	\$72,760	\$72,760
512.1 Unrestricted Net Assets	\$1,265	\$1,265
512.2 Unreserved, Undesignated Fund Balance		
513 Total Equity/Net Assets	\$74,025	\$74,025
600 Total Liabilities and Equity/Net Assets	\$82,154	\$82,154

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED JUNE 30, 2012**

	14.871 Housing Choice Vouchers	Total
70600 HUD PHA Operating Grants	\$776,200	\$776,200
70610 Capital Grants		
71100 Investment Income - Unrestricted	\$1	\$1
71400 Fraud Recovery	\$815	\$815
72000 Investment Income - Restricted	\$92	\$92
70000 Total Revenue	\$777,108	\$777,108
91100 Administrative Salaries		
91200 Auditing Fees	\$5,840	\$5,840
91300 Management Fee	\$71,601	\$71,601
91000 Total Operating - Administrative	\$77,441	\$77,441
96200 Other General Expenses	\$16,271	\$16,271
96000 Total Other General Expenses	\$16,271	\$16,271
96900 Total Operating Expenses	\$93,712	\$93,712
97000 Excess of Operating Revenue over Operating Expenses	\$683,396	\$683,396
97300 Housing Assistance Payments	\$642,978	\$642,978
90000 Total Expenses	\$736,690	\$736,690
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$40,418	\$40,418
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$33,607	\$33,607
11170 Administrative Fee Equity	\$1,265	\$1,265
11180 Housing Assistance Payments Equity	\$72,760	\$72,760
11190 Unit Months Available	2148	2148
11210 Number of Unit Months Leased	2159	2159

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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 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, 2012, which collectively comprise the Monroe Metropolitan Housing Authority, Ohio's, basic financial statements and have issued our report thereon dated November 21, 2012. 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.

Internal Control Over Financial Reporting

Management of the Monroe Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Monroe Metropolitan Housing Authority, Ohio'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, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monroe Metropolitan Housing Authority, Ohio's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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



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

November 21, 2012

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

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

Board of Directors
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the Monroe Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Monroe Metropolitan Housing Authority, Ohio's major federal program for the year ended June 30, 2012. Monroe Metropolitan Housing Authority, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Monroe Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on Monroe Metropolitan Housing Authority, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Monroe Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, Monroe Metropolitan Housing Authority, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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



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

November 21, 2012

**MONROE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any other significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2012(iv)	Were there any other significant deficiency conditions reported for major federal programs?	No
2012(v)	Type of Major Program's Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Section 8 Housing Choice Voucher - CFDA #14.871	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2012(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

The prior audit report, as of June 30, 2011, included no citations. The management letter recommendation was corrected and procedures instituted to prevent occurrences in the current period.



Dave Yost • 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
JANUARY 29, 2013**