

Darke Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2009



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Darke Metropolitan Housing Authority, Darke County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2008 through September 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Darke Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 16, 2010

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DARKE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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Independent Auditors' Report

Board of Directors
Darke Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Darke Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2009, which collectively comprise the Authority financial statements, as listed in the table of contents. These financial statements are the responsibility of the Darke Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Darke Metropolitan Housing Authority, Ohio, as of September 30, 2009, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated February 11, 2010, on my consideration of Darke Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming and opinion on the financial statements that collectively comprise the Darke Metropolitan Housing Authority financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

February 11, 2010

Darke County Metropolitan Housing Authority Management's Discussion and Analysis For the Year Ended September 30, 2009

Unaudited

Introduction

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 Darke County Metropolitan Housing Authority for the fiscal year ended September 30, 2009. The Darke County Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2009, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Darke County Metropolitan Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has one program, the Housing Choice Voucher 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 to a landlord on behalf of the tenant. There are currently 299 units available. 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 preset by HUD on an annual basis.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Assets
- The Statement of Revenues, Expense, and Changes in Net Assets
- The Statement of Cash Flows

Darke County Metropolitan Housing Authority Management's Discussion and Analysis For the Year Ended September 30, 2009

Unaudited

The Statement of Net Assets presents information on the assets and liabilities, with the differences between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Assets is comprised of three individual components:

- *Investment in Capital Assets, Net of Related Debt* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted Net Assets* consists of assets that are restricted by limitations placed on these assets by an external source or party.
- *Unrestricted Net Assets* consists of net assets that do not meet the definition of the above categories. Unrestricted net assets is basically the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Assets reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended September 30, 2009 to determine the change in net assets for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended September 30, 2009.

Financial Highlights

- The Darke County Metropolitan Housing Authority's total net assets decreased from \$222,173 to \$185,659, a decrease of \$36,514 or 16%. The total assets also decreased by \$45,346 or 16%.
- The unrestricted net asset balance is listed as \$43,137 at September 30, 2009. This represents a decrease of \$2,716 or 6% from the previous year.
- Total Revenues increased from \$1,118,842 to \$1,150,020, an increase of \$31,178 or 3%.
- Total expenses increased by \$11,641 from \$1,174,893 to \$1,186,534 for the current year. This represents an increase of 1%.

***Darke County Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2009***

Unaudited

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended September 30, 2008 and September 30, 2009.

Summary Statement of Net Assets

September 30, 2008 & 2009

Category	FYE 2009	FYE 2008	Change \$	Change %
Current Assets	\$ 200,291	\$ 242,621	\$ (42,330)	-17%
Fixed Assets (Net of Depreciation)	\$ 35,832	\$ 38,848	\$ (3,016)	-8%
Total Assets	\$ 236,123	\$ 281,469	\$ (45,346)	-16%
Current Liabilities	\$ 50,464	\$ 59,296	\$ (8,832)	-15%
Total Liabilities	\$ 50,464	\$ 59,296	\$ (8,832)	-15%
Unrestricted Net Assets	\$ 43,137	\$ 45,853	\$ (2,716)	-6%
Restricted Net Assets	\$ 106,690	\$ 137,472	\$ (30,782)	-22%
Investment in Net Fixed Assets	\$ 35,832	\$ 38,848	\$ (3,016)	-8%
Total Net Assets	\$ 185,659	\$ 222,173	\$ (36,514)	-16%

Cash & Investments

Unrestricted cash and investments decreased from \$89,992 to \$88,869, a decrease of \$1,123 from 2008 to 2009. This is due to excess operating expenses over operating revenues. Restricted cash decreased by \$30,782 due to excess HAP expenses over HAP funding.

Current Liabilities

Current liabilities decreased by \$8,832 or 15% from \$59,296 to \$50,464. This is due primarily to a reduction in accounts payable at year end in the amount of \$10,131.

Net Assets

The Authority's total net asset balance decreased by \$36,514 from the previous year.

***Darke County Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2009***

Unaudited

Overview of the Financial Statements-Cont.

The Authority's unrestricted net assets decreased from \$45,853 to \$43,137, a decrease of \$2,716, or 6% for the current year.

The Authority's restricted net assets decreased from \$137,472 to \$106,690, a decrease of \$30,782, or 22% for the current year. This was a result of the Authority receiving \$981,168 in HAP funding but exceeding the funding amount by \$31,535.

**Summary Statement of Revenues & Expenses and Changes in Net Assets
Years Ended September 30, 2008 and 2009**

Category	FYE 2009	FYE 2008	Change \$	Change %
Operating Grants	\$ 1,142,324	\$ 1,101,934	\$ 40,390	4%
Interest Income	\$ 324	\$ 1,086	\$ (762)	-70%
Other Revenue	\$ 6,056	\$ 5,856	\$ 200	3%
Fraud Recovery	\$ 1,316	\$ 9,966	\$ (8,650)	-87%
Total Revenue	\$ 1,150,020	\$ 1,118,842	\$ 31,178	3%
			\$ -	
Administration	\$ 167,575	\$ 148,728	\$ 18,847	13%
Ordinary Maintenance	\$ 2,393	\$ 1,487	\$ 906	61%
General Expense	\$ 846	\$ 8,134	\$ (7,288)	-90%
Housing Assistance Payments	\$ 1,012,703	\$ 1,006,390	\$ 6,313	1%
Depreciation	\$ 3,017	\$ 10,154	\$ (7,137)	-70%
			\$ -	
Total Expenses	\$ 1,186,534	\$ 1,174,893	\$ 11,641	1%
Excess of Revenue over Expenses	\$ (36,514)	\$ (56,051)	\$ 19,537	-35%
Net Assets, Beginning of Year	\$ 222,173	\$ 278,224	\$ (56,051)	-20%
Net Assets, End of Year	\$ 185,659	\$ 222,173	\$ (36,514)	-16%

Results of Operations

Revenues of the Authority are generated principally by HUD grants in the form of Administrative Fees and Housing Assistance Payments. The Authority's total revenue balance increased by \$31,178 from the previous fiscal year. Significant changes in certain revenue categories are as follows:

***Darke County Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2009***

Unaudited

- Operating grants increased by \$40,390. This was due to the Authority receiving an additional \$46,537 in HAP funding for the current year. The Authority received the additional funding based on the prior year's HAP expenses.
- Interest income decreased by \$762 or 70%. This was due to a reduction in interest rates.
- Fraud recovery decreased by \$8,650. This was due to the creation of A/R-Fraud in the prior year.

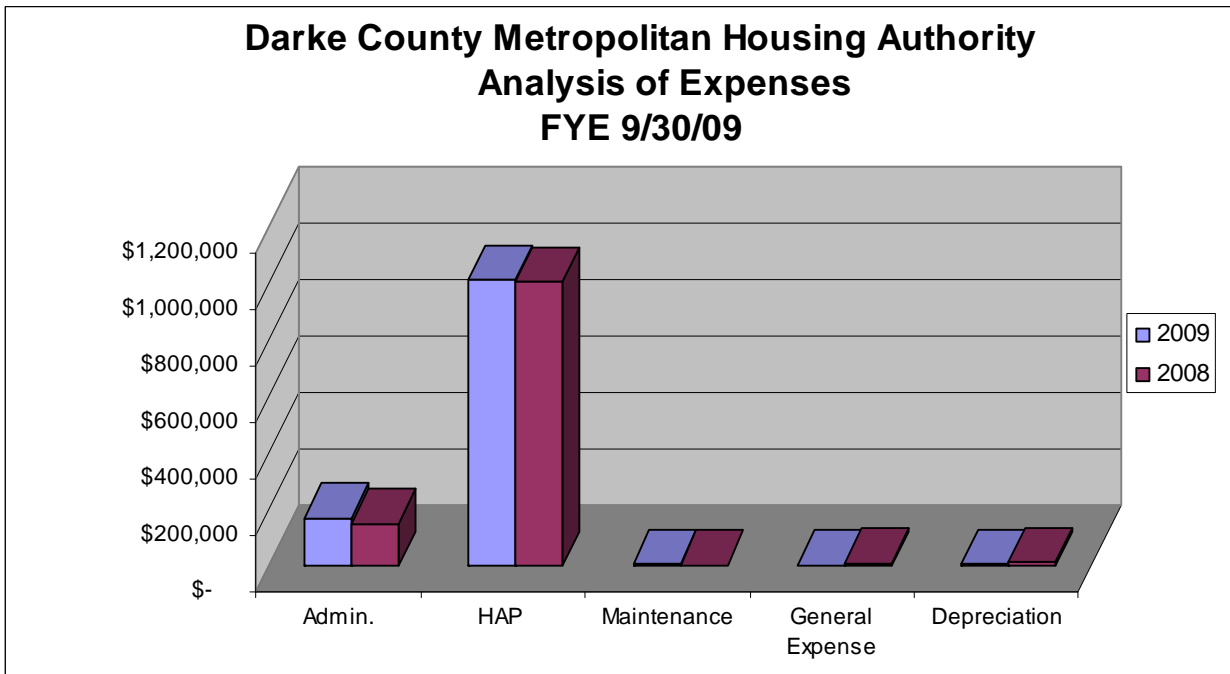
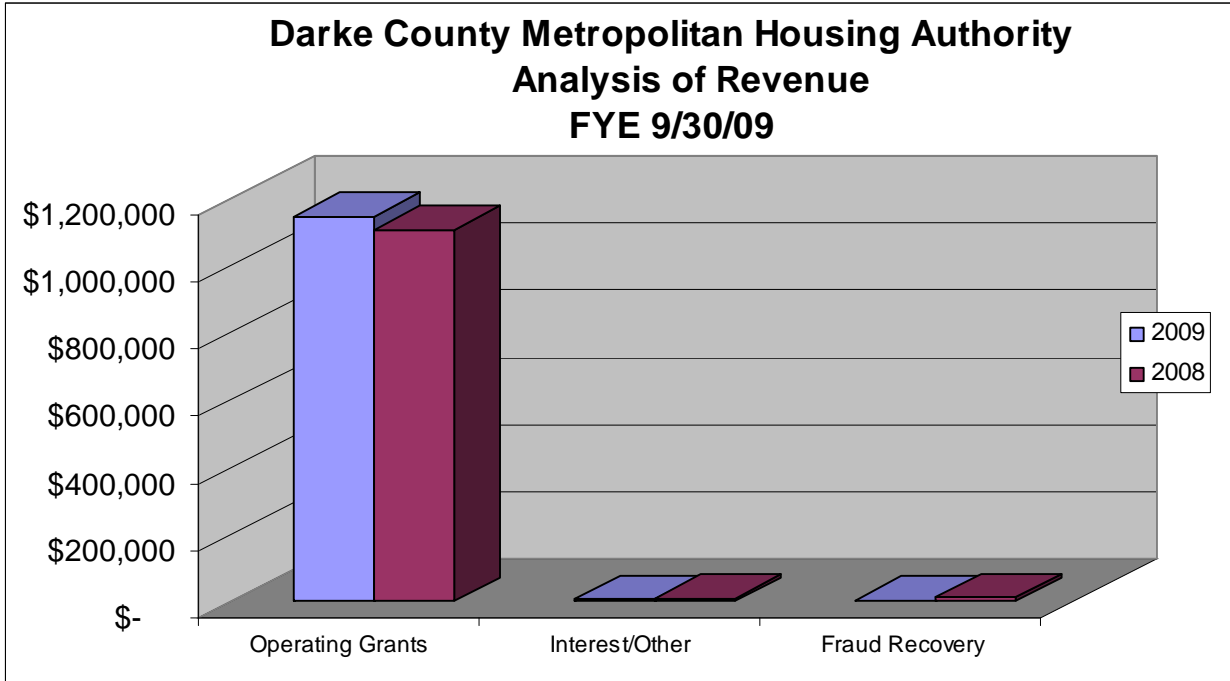
Total expenses increased by \$11,641 from the previous year. Significant changes in certain expense categories are as follows:

- Administration expenses increased by \$18,847. This was due to an increase in management fees by \$5,503 and travel expenses by \$8,513. General administrative expenses also rose by \$6,025.
- Ordinary maintenance increased by \$906 due primarily to vehicle maintenance in the amount of \$1,249.
- General expense decreased by \$7,288 due to a reduction in bad debt associated with fraud recoveries.
- Housing assistance payments increased by \$6,313 due to higher average HAP payments. The average payment increased from \$282 to \$287 per unit.

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:

***Darke County Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2009***

Unaudited



***Darke County Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2009***

Unaudited

Capital Assets

As of September 30, 2009, the Darke County Metropolitan Housing Authority's investment in capital assets was \$35,832. This investment includes land, building, and equipment.

<u>Category</u>	<u>FYE 2009</u>	<u>FYE 2008</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 4,725	\$ 4,725	\$ -	0%
Buildings	\$ 52,746	\$ 52,746	\$ -	0%
Equipment	\$ 75,023	\$ 75,023	\$ -	0%
Accumulated Depreciation	\$ (96,662)	\$ (93,646)	\$ (3,016)	3%
Total Net Fixed Assets	\$ 35,832	\$ 38,848	\$ (3,016)	-8%

Debt Outstanding

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

Subsequent Event

None, at this time.

Request for Information

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
Stephen Pipenger, Chief Finance Officer
1469 Sweitzer Street
Greenville, OH 45331

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
September 30, 2009

ASSETS

Current assets

Cash and cash equivalents	\$	88,869
Restricted cash		106,690
Receivables, net		4,732
Total current assets		<u>200,291</u>

Noncurrent assets

Capital assets:		
Land		4,725
Building and equipment		127,769
Less accumulated depreciation		(96,662)
Total noncurrent assets		<u>35,832</u>
Total assets		<u><u>\$236,123</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$	50,464
Total current liabilities		<u>50,464</u>
Total liabilities		<u><u>\$50,464</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$	35,832
Restricted net assets		106,690
Unrestricted net assets		43,137
Total net assets		<u><u>\$185,659</u></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 Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

OPERATING REVENUES

Government operating grants	\$ 1,142,324
Other revenue	7,372
Total operating revenues	<u>1,149,696</u>

OPERATING EXPENSES

Administrative	167,575
Maintenance	2,393
General	846
Housing assistance payment	1,012,703
Depreciation	3,017
Total operating expenses	<u>1,186,534</u>
Operating income (loss)	<u>(36,838)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	324
Total nonoperating revenues (expenses)	<u>324</u>
Change in net assets	(36,514)
Total net assets - beginning	222,173
Total net assets - ending	<u><u>\$185,659</u></u>

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

**Darke Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 For the Year Ended September 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grantor	\$ 1,142,324
Other income received	7,372
Cash paid Operating Activities	(169,152)
Cash Paid for Housing Assistance	<u>(1,012,703)</u>

Net cash provided by oprating activities **(32,159)**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>324</u>
-----------------	------------

Net cash provided (used) by investing activities **324**

Net Increase (Decrease) in Cash	(31,835)
Cash and cash equivalentents - Beginning of Year	<u>227,394</u>

Cash and cash equivalentents - End of Year **\$195,559**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$36,838)
Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:	
Depreciation adjustment	3,017
(Increase) Decrease in accounts receivable	10,495
Increase (Decrease) in accounts payable	<u>(8,833)</u>

Net cash provided by operating activities **(\$32,159)**

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

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Darke 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 nucleus of the financial reporting entity as defined by the Government 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.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

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.

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise fund reporting focuses on the determination of the change of 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 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 flow of its enterprise activity.

Proprietary funds distinguish 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 a proprietary fund's principal ongoing operation. 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.

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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 year
Furniture, equipment and machinery	3-5 years

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Interest earned in fiscal year ending September 30, 2009 was \$324.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash

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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 2 – CASH AND CASH EQUIVALENTS

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 fiscal year end September 30, 2009, the carrying amount of the Authority's deposits totaled \$195,559 and its bank balance was \$247,685. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2009, no money was exposed to custodial risk as discussed below, while \$247,685 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the 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 all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Restricted Cash

The restricted cash balance of \$106,690 as of September 30, 2009 represents cash balance to be used for housing assistance payments.

NOTE 3 – CONTRACT SERVICES

The authority contracts with Community Action Partnership (CAP) to provide financial services for the housing authority. The authority does not have any employees; instead services are subcontracted from CAP. CAP designates certain employees to maintain the Authority's records. CAP 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.

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 4 – CAPITAL ASSETS

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

	Balance 09/30/08	Additions	Rounding / Deletions	Balance 09/30/09
Capital Assets Not Being Depreciated:				
Land	\$4,725	\$0	\$0	\$4,725
Total Capital Assets Not Being Depreciated	4,725	0	0	4,725
Capital Assets Being Depreciated:				
Building	52,746	0	0	52,746
Vehicle	42,830	0	0	42,830
Office Equipment	32,193	0	0	32,193
Total Capital Assets Being Depreciated	127,769	0	0	127,769
Accumulated Depreciation:				
Building	20,288	1,353	(1)	21,640
Vehicle	42,830	0	0	42,830
Office Equipment	30,528	1,664	0	32,192
Total Accumulated Depreciation	93,646	3,017	(1)	96,662
Total Capital Assets Being Depreciated, Net	34,123	(3,017)	0	31,107
Total Capital Assets, Net	\$38,848	(\$3,017)	\$1	\$35,832

NOTE 5 – 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 2009, the Authority contracted with Cincinnati Insurance Company for vehicle insurance, commercial property and general liability, employee dishonesty and directors and officer's liability.

**DARKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 5 – RISK MANAGEMENT

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 6 – NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting.

Darke Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
September 30, 2009

	Housing Choice Vouchers	ELIM	Total
111 Cash - Unrestricted	\$ 55,655	\$ -	\$ 55,655
113 Cash - Other Restricted	\$ 106,690	\$ -	\$ 106,690
100 Total Cash	\$ 162,345	\$ -	\$ 162,345
122 Accounts Receivable - HUD Other Projects	\$ 2,270	\$ -	\$ 2,270
125 Accounts Receivable - Miscellaneous	\$ 1,952	\$ -	\$ 1,952
128 Fraud Recovery	\$ 16,162	\$ -	\$ 16,162
128.1 Allowance for Doubtful Accounts - Fraud	\$ (15,652)	\$ -	\$ (15,652)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 4,732	\$ -	\$ 4,732
131 Investments - Unrestricted	\$ 33,214	\$ -	\$ 33,214
150 Total Current Assets	\$ 200,291	\$ -	\$ 200,291
161 Land	\$ 4,725	\$ -	\$ 4,725
162 Buildings	\$ 52,746	\$ -	\$ 52,746
164 Furniture, Equipment & Machinery - Administration	\$ 75,023	\$ -	\$ 75,023
166 Accumulated Depreciation	\$ (96,662)	\$ -	\$ (96,662)
167 Construction in Progress	\$ -	\$ -	\$ -
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 35,832	\$ -	\$ 35,832
190 Total Assets	\$ 236,123	\$ -	\$ 236,123
312 Accounts Payable <= 90 Days	\$ 50,464	\$ -	\$ 50,464
310 Total Current Liabilities	\$ 50,464	\$ -	\$ 50,464
300 Total Liabilities	\$ 50,464	\$ -	\$ 50,464
508.1 Invested In Capital Assets, Net of Related Debt	\$ 35,832	\$ -	\$ 35,832
511.1 Restricted Net Assets	\$ 106,690	\$ -	\$ 106,690
512.1 Unrestricted Net Assets	\$ 43,137	\$ -	\$ 43,137
513 Total Equity/Net Assets	\$ 185,659	\$ -	\$ 185,659
600 Total Liabilities and Equity/Net Assets	\$ 236,123	\$ -	\$ 236,123
70600 HUD PHA Operating Grants	\$ 1,142,324	\$ -	\$ 1,142,324
71100 Investment Income - Unrestricted	\$ 229	\$ -	\$ 229
71400 Fraud Recovery	\$ 1,316	\$ -	\$ 1,316
71500 Other Revenue	\$ 6,056	\$ -	\$ 6,056
72000 Investment Income - Restricted	\$ 95	\$ -	\$ 95
70000 Total Revenue	\$ 1,150,020	\$ -	\$ 1,150,020

Darke Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund
September 30, 2009

	Housing Choice Vouchers	ELIM	Total
91200 Auditing Fees	\$ 6,194	\$ -	\$ 6,194
91300 Management Fee	\$ 131,221	\$ -	\$ 131,221
91400 Advertising and Marketing	\$ 296	\$ -	\$ 296
91600 Office Expenses	\$ 12,933	\$ -	\$ 12,933
91800 Travel	\$ 9,979	\$ -	\$ 9,979
91900 Other	\$ 6,952	\$ -	\$ 6,952
91000 Total Operating - Administrative	\$ 167,575	\$ -	\$ 167,575
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 1,144	\$ -	\$ 1,144
94300 Ordinary Maintenance and Operations Contracts	\$ 1,249	\$ -	\$ 1,249
94000 Total Maintenance	\$ 2,393	\$ -	\$ 2,393
96110 Property Insurance	\$ 707	\$ -	\$ 707
96120 Workmen's Compensation	\$ 139	\$ -	\$ 139
96100 Total insurance Premiums	\$ 846	\$ -	\$ 846
96900 Total Operating Expenses	\$ 170,814	\$ -	\$ 170,814
97000 Excess of Operating Revenue over Operating Expenses	\$ 979,206	\$ -	\$ 979,206
97300 Housing Assistance Payments	\$ 1,012,703	\$ -	\$ 1,012,703
97400 Depreciation Expense	\$ 3,017	\$ -	\$ 3,017
90000 Total Expenses	\$ 1,186,534	\$ -	\$ 1,186,534
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (36,514)	\$ -	\$ (36,514)
11030 Beginning Equity	\$ 222,173	\$ -	\$ 222,173
Ending Equity	\$ 185,659	\$ -	\$ 185,659
11170 Administrative Fee Equity	\$ 78,969	\$ -	\$ 78,969
11180 Housing Assistance Payments Equity	\$ 106,690	\$ -	\$ 106,690
11190 Unit Months Available	3,588	-	3,588
11210 Number of Unit Months Leased	3,524	-	3,524
11270 Excess Cash	\$ -	\$ -	\$ -
11610 Land Purchases	\$ -	\$ -	\$ -
11620 Building Purchases	\$ -	\$ -	\$ -
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -

Darke Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended September 30, 2009

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Housing Choice Vouchers	14.871	<u>\$1,142,324</u>
TOTAL AWARDS		<u><u>\$1,142,324</u></u>



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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
Darke Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Darke Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2009, which collectively comprise the Darke Metropolitan Housing Authority, Ohio, financial statements and have issued my report thereon dated February 11, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Darke Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

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

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

Compliance and Other Matters

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

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

Salvatore Consiglio, CPA, Inc.

February 11, 2010



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

Board of Directors
Darke Metropolitan Housing Authority

Compliance

I have audited the compliance of the Darke Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. Darke Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Darke Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Darke Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Darke Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Darke Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Darke Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Darke 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 my audit, I considered Darke Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

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

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

Salvatore Consiglio, CPA, Inc.

February 11, 2010

Darke Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 September 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 – Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended September 30, 2009.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended September 30, 2009.

Darke Metropolitan Housing Authority
Schedule of Prior Audit Findings
September 30, 2009

The audit report for the fiscal year ending September 30, 2008 contained no audit findings.



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**