

Darke Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2014





# Dave Yost • Auditor of State

Board of Commissioners  
Darke Metropolitan Housing Authority  
1488 Switzer Road  
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, 2013 through September 30, 2014. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 27, 2015

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DARKE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Financial statements:	
Statement of Net Position	10
Statement of Revenue, Expenses and Change in Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-21
Supplemental Data:	
Financial Data Schedule Submitted to REAC	22-24
Schedule of Expenditures of Federal Awards	25
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26-27
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	28-29
Schedule of Findings and Questioned Costs	30
Schedule of Prior Audit Findings	31

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
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, 2014, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Darke Metropolitan Housing Authority as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with 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 that the Management's Discussion and Analysis 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Darke Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS), and Schedule of Expenditure of Federal Awards are not a required part of the basic 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 financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2015, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my 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 Entity's internal control over financial reporting and compliance.



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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
March 27, 2015

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
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, 2014. The Darke County Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2014, 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. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

During the current fiscal year, the Authority operated 3 programs; the Housing Choice Voucher Program, Business Activity and a State & Local Program.

The Housing Choice Voucher Program (HCV) 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 consist of seven rental properties received from Darke County Board of Developmental Disabilities (Board). During the current fiscal year, the Authority entered into a contract with the Board of which it received seven properties to enable persons with developmental disabilities to be integrated into the community with persons who do not have disabilities. The Authority received title to these properties and agreed to provide rental housing to these individuals for a specified period of time.

The State and Local Program consists of a grant received from the Ohio Attorney General's Office to disburse funds for residential demolition activities.

**Overview of the Financial Statements**

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

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

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
Unaudited*

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

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended September 30, 2014, to determine the net change in net position 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, 2014.

**Financial Highlights**

The Darke County Metropolitan Housing Authority's net position increased from \$174,057 to \$340,408, an increase of \$166,351 or 96%. Total assets also increased by \$918,660 or 464%.

Total Liabilities increased from \$23,827 to \$776,136 or 3,157%

Total revenue increased from \$1,112,249 to \$1,597,002, an increase of \$484,753 or 44%.

Total expenses increased by \$259,145, from \$1,171,506 to \$1,430,651 for the current year. This represents an increase of 22%.

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
Unaudited*

**Housing Authority Activities & Highlights**

The 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 summary of net position for the year ended September 30, 2014, and 2013.

*Summary Statement of Net Position  
Years Ended September 30, 2014 and 2013*

	<u>2014</u>	<u>2013</u>	<u>Change \$</u>
Current Assets	\$ 223,497	\$ 132,778	\$ 90,719
Capital Assets	893,047	65,106	827,941
Total Assets	<u>\$ 1,116,544</u>	<u>\$ 197,884</u>	<u>\$ 918,660</u>
Current Liabilities	\$ 74,967	\$ 23,827	\$ 51,140
Long-Term Liabilities	701,169	-	701,169
Total Liabilities	<u>776,136</u>	<u>23,827</u>	<u>752,309</u>
Net Positions:			
Net Investment in Capital Assets	156,414	65,106	91,308
Restricted Net Positions	61,935	45,269	16,666
Unrestricted Net Positions	122,059	63,682	58,377
Total Net Positions	<u>340,408</u>	<u>174,057</u>	<u>166,351</u>
Total Liabilities and Net Positions	<u>\$ 1,116,544</u>	<u>\$ 197,884</u>	<u>\$ 918,660</u>

**Current Assets**

The Authority's current asset balances increased by \$90,719. This was primarily due to HAP revenues of \$972,637 exceeding HAP expenditures of \$955,971. Restricted cash and investments increased from \$45,269 as of September 30, 2013 to \$61,935 on September 30, 2014, an increase of \$16,666. Unrestricted cash and investments increase from \$52,611 as of September 30, 2013 to \$119,173 as of September 30, 2014. This was due to excess operating revenues over operating expenses. In addition, accounts receivable – HUD increased by \$5,405 due to an increase in proration rates associated with administrative fees.

**Noncurrent Assets**

The Authority's noncurrent asset balance increased primarily due to the seven properties received from Darke County Board of Developmental Disabilities net of accumulation of depreciation. Please note the capital asset portion presented in a later section.

**Total Liabilities**

Total liabilities increased by \$752,309 compared to the previous fiscal year. This was primarily due to excess HAP revenues over HAP expenditures received and debt assumed of \$736,633

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
Unaudited*

from the obligations for the seven properties received from Darke County Board of Developmental Disabilities.

**Net Position**

The net position of the Authority increased by \$166,351 compared to the previous fiscal year. This was primarily due to the net investment in capital assets from the seven properties received from Darke County Board of Developmental Disabilities.

The Authority's unrestricted component of net position changed from \$63,682 to \$122,059, an increase of \$58,377 or 92% for the current year. The unrestricted component of net position is the amount available for future appropriations.

The Authority's restricted component of net position changed from \$45,269 to \$61,935, an increase of \$16,666 or 37% for the current year. This was due to excess HAP revenues over HAP expenditures in the current year. The restricted component of the net position is restricted for the purpose of HAP expenses.

*Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended September 30, 2014 and 2013*

	<u>2014</u>		<u>2013</u>		<u>Change \$</u>
<b><u>Revenues</u></b>					
Total Tenant Revenues	\$ 31,250	\$	-	\$	31,250
Operating Grants	1,349,845		1,102,978		246,867
Investment Income	91		63		28
Other Revenues	215,816		9,208		206,608
	<u>1,597,002</u>		<u>1,112,249</u>		<u>484,753</u>
<b><u>Expenses</u></b>					
Administrative	405,422		132,647		272,775
Maintenance	22,627		2,149		20,478
General Expenses	4,496		2,042		2,454
Housing Assistance Payments	955,971		1,028,980		(73,009)
Depreciation	42,135		5,688		36,447
	<u>1,430,651</u>		<u>1,171,506</u>		<u>259,145</u>
<b>Net Increases (Decreases)</b>	<b>\$ 166,351</b>	<b>\$</b>	<b>(59,257)</b>	<b>\$</b>	<b>225,608</b>

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
Unaudited*

**Results of Operations**

Revenues of the Authority are principally generated from grant funding. The Authority's revenue increased by \$484,753 compared to the previous fiscal year. Significant variances include the following:

- Operating grant revenue increased by \$246,867. This increase is due to the Ohio Attorney General's Office demolition grant received during the year.
- Other revenue increased by \$206,608. This increase is mainly due to the contributed capital received for the seven properties received from The Darke County Board of Developmental Disabilities.

Total expenses increased by \$259,145. Significant variances include the following:

- Administration increased by \$272,775 due to the Ohio Attorney General's Office demolition grant expenditures during the year.
- Depreciation expense increased by \$36,447 due to the additional seven homes.
- Ordinary maintenance increased by \$20,478 due to a maintenance and repairs costs incurred for the seven properties.
- Housing assistance payments decreased by \$73,009 due to a reduction in the number of vouchers leased. The Authority leased 3,425 vouchers in the previous year as compared to 3,201 in the current year.

**Capital Assets**

As of September 30, 2014, the Darke County Metropolitan Housing Authority's net investment in capital assets was \$893,047. This investment includes land, buildings and equipment, net of accumulated depreciation.

	<u>2014</u>		<u>2013</u>		<u>Change</u>
Land and Land Rights	\$ 150,163	\$	4,725	\$	145,438
Buildings	892,426		52,746		839,680
Furniture, Equipment & Machinery - Admin	59,113		77,174		(18,061)
Accumulated Depreciation	(208,655)		(69,539)		(139,116)
Total	<u>\$ 893,047</u>	\$	<u>65,106</u>	\$	<u>827,941</u>

The change from last year is due to the recording of the value of land and building of the seven properties received from the Darke County Board of Developmental Disabilities.

*Darke County Metropolitan Housing Authority  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
Unaudited*

**Debt Outstanding**

As of year-end, the Authority has \$736,231 in debt (mortgages) outstanding compared to \$0 from last year.

Beginning Balance - September 31, 2013	\$	-
Current Year Debt Assumed		763,231
Current Year Debt Forgiven		<u>(26,598)</u>
Ending Balance - September 30, 2014	\$	<u><u>736,633</u></u>

The \$736,633 debt amount represent the deferred loan balance remaining on the seven properties received from The Darke County Board of Developmental Disabilities. This debt shall be forgiven by the local public agencies upon complying with the restrictions imposed upon them.

**Subsequent Event**

Due to the 2014 Congressional Appropriations, the amount of funding for the 2014 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 79% through December 2014 with a possible reduction to 74% proration for 2015 calendar year.

**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 Sweizer Street  
Greenville, OH 45331

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2014**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$152,457
Restricted cash	61,935
Receivables, net	9,105
<b>Total current assets</b>	<b><u>223,497</u></b>

**Noncurrent assets**

Capital assets:

Land	150,163
Building and equipment	951,539
Less accumulated depreciation	(208,655)
<b>Total noncurrent assets</b>	<b><u>893,047</u></b>

<b>Total assets</b>	<b><u><u>\$1,116,544</u></u></b>
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**LIABILITIES**

**Current liabilities**

Accounts payable	\$39,503
Current portion of long-term debt	35,464
<b>Total current liabilities</b>	<b><u>74,967</u></b>

**Noncurrent liabilities**

Long-term debt, net of current	701,169
<b>Total noncurrent liabilities</b>	<b><u>701,169</u></b>
<b>Total liabilities</b>	<b><u>776,136</u></b>

**NET POSITION**

Net Invested in capital assets	156,414
Restricted net position	61,935
Unrestricted net position	122,059
<b>Total net position</b>	<b><u>340,408</u></b>
<b>Total liabilities and net position</b>	<b><u><u>\$1,116,544</u></u></b>

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 Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

***OPERATING REVENUES***

Tenant revenue	\$31,250
Government operating grants	1,349,845
Other revenue	215,816
<b>Total operating revenues</b>	<b><u>1,596,911</u></b>

***OPERATING EXPENSES***

Administrative	405,422
General	4,496
Ordinary Maintenance	22,627
Housing assistance payment	955,971
Depreciation	42,135
<b>Total operating expenses</b>	<b><u>1,430,651</u></b>
<b>Operating income (loss)</b>	<b><u>166,260</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	91
<b>Total nonoperating revenues (expenses)</b>	<b><u>91</u></b>
Change in net position	166,351
Total net position - beginning	174,057
<b>Total net position - ending</b>	<b><u><u>\$340,408</u></u></b>

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, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenant payments	\$28,781
Cash received from grantors	\$1,349,845
Other income received	82,375
Cash paid operating activities	(420,899)
Cash paid for housing assistance	(956,962)
	<b>83,140</b>
 <b>Net cash provided by operating activities</b>	
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	91
	<b>91</b>
 <b>Net cash provided (used) by investing activities</b>	
Net Increase (Decrease) in Cash	83,231
Cash and cash equivalents - Beginning of Year	131,161
	<b>\$214,392</b>
 <b>Cash and cash equivalents - End of Year</b>	
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	\$166,260
Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:	
Depreciation adjustment	42,135
Debt forgiveness adjustment	(26,595)
Contributed capital not representing cash	(106,846)
(Increase) Decrease in Accounts Receivable	(7,488)
Increase (Decrease) in Accounts Payable	18,145
Increase (Decrease) in Unearned Revenues	(2,469)
Rounding adjustment	(2)
<b>Net cash provided by operating activities</b>	<b>\$83,140</b>

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, 2014**

**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 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.

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**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's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, 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 of net position, 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 position. The statement of changes in net position 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

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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.

**Income Taxes**

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

**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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Interest earned in fiscal year ending September 30, 2014 was \$91.

**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.

**DARKE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

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 fiscal yearend September 30, 2014, the carrying amount of the Authority's deposits totaled \$214,392 and its bank balance was \$216,507. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2014, no money was exposed to custodial risk as discussed below, while the \$216,507 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 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 \$61,935 as of September 30, 2014 represents cash balance to be used for housing assistance payments.

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The authority contracts with Community Action Partnership of Greater Dayton Area (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.

During the current fiscal year, the Authority and CAP 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. The Community Action Partnership of Greater Dayton Area is identified as a subrecipients of the Authority on the master housing contract. CAP responsibilities is to provide fiscal services for the properties that the Authority received from the Darke County Board of Developmental Disabilities.

Darke Metropolitan Housing Authority has several notes outstanding with Community Action Partnership of Greater Dayton Area due to some of the properties received from the Board. The details of these loans are listed in footnote 5, below.

During the fiscal year, the Authority paid the CAP Agency \$131,123 for management and fiscal services.

\*\*\*\*\* This space was intentionally left blank \*\*\*\*\*

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 – CAPITAL ASSETS**

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

	09/30/13	Contributed Capital	Additions / Purchases	Deletions	09/30/14
Capital Assets Not Depreciated					
Land	\$4,725	\$145,438	\$0	\$0	\$150,163
Total Capital Assets Not Depreciated	4,725	145,438	0	0	150,163
Capital Assets Depreciated					
Building	52,746	839,680	0	0	892,426
Furniture, Equipment - Admin	77,174	0	0	(18,061)	59,113
Total Capital Assets Depreciated	129,920	839,680	(0)	(18,061)	951,539
Accumulated Depreciation					
Building	(27,049)	(115,042)	(33,464)	0	(175,555)
Furniture, Equipment - Admin	(42,490)	0	(8,671)	18,061	(33,100)
Total Accumulated Depreciation	(69,539)	(115,042)	(42,135)	18,061	(208,655)
Total Capital Assets Depreciated, Net	60,381	724,638	(42,135)	0	742,884
Total Capital Assets	\$65,106	\$870,076	(\$42,135)	\$0	\$893,047

**NOTE 5: LONG-TERM DEBT**

Long-term debt for the Darke Metropolitan Housing Authority's consists of the following:

- On August 7, 2014, the Authority entered into a promissory note with Darke County Board of Commissioners in the sum of \$133,308.00. The note is zero interest and the funds was used to purchase and renovate the property located at 205 Glenwood Drive, Greenville, Ohio. The note is forgiven on March 24, 2040 as long as the property is used for the stated purpose 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. The outstanding balance as of September 30, 2014 is \$133,308.00.

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: LONG-TERM DEBT**

- On August 7, 2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$164,067.36. The note is zero interest and the funds was used to purchase and renovate the property located at 627 Birt Street, Greenville, Ohio. The note is forgiven on July 6, 2026 as long as the property is used for the stated purpose 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. The outstanding balance as of September 30, 2014 is \$164,067.36.
- On September 26, 2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$155,784.35. The note is zero interest and the funds was used to purchase and renovate the property located at 1039 Central Avenue, Greenville, Ohio. The note is forgiven on January 15, 2026 as long as the property is used for the stated purpose 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. The outstanding balance as of September 30, 2014 is \$155,784.35.
- On December 19, 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. As of September 30, 2014, the following are the remaining obligation balance to the following properties:

PROPERTY	OBLIGATION BALANCE
314 Delaware, Greenville, Ohio	\$46,131
109 Dwyer Avenue, Greenville, Ohio	\$65,105
1312 Hillside Drive, Greenville, Ohio	\$79,764
1124 Donald Drive, Greenville, Ohio	\$92,472

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: LONG-TERM DEBT**

DESCRIPTION	BALANCE 10/01/2013	ISSUED	RETIRED	BALANCE 09/30/2014	DUE WITHIN ONE YEAR
314 Delaware	\$0	\$52,518	\$6,387	\$46,131	\$8,515
109 Dwyer Ave	0	71,404	6,299	65,105	8,398
1312 Hillside Drive	0	86,677	6,913	79,764	9,217
1124 Donald Drive	0	99,472	7,000	92,472	9,333
205 Glenwood Drive	0	133,308	0	133,308	0
627 Birt Street	0	164,067	0	164,067	0
1039 Central Ave	0	155,784	0	155,784	0
	<u>\$0</u>	<u>\$763,230</u>	<u>\$26,599</u>	<u>\$736,631</u>	<u>\$35,464</u>

Below is the amortization of the promissory note schedule:

Years	Principal	Interest
2015	\$35,464	\$0
2016	35,464	0
2017	35,464	0
2018	35,464	0
2019	59,187	0
2020-2024	72,311	0
2025-2029	329,971	0
2030-2034	0	0
2035-2039	0	0
2040	133,308	0
Total	<u>\$736,633</u>	<u>\$0</u>

**NOTE 6 – 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 2014, the Authority contracted with Cincinnati Insurance Company for vehicle insurance, commercial property and general liability, employee dishonesty and directors and officer's 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.

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 7: CONTINGENCIES**

**Grants**

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 or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2014.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At September 30, 2014 the PHA was not aware of any such matters.

**NOTE 8 – 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.

**NOTE 9: SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through March 27, 2015, the date on which the financial statements were available to be issued.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)

Greenville, OH

**Entity Wide Balance Sheet Summary**

September 30, 2014

	14.871 Housing Choice Vouchers	State and Local	Business Activity	Total
111 Cash - Unrestricted	\$68,874	\$0	\$50,299	\$119,173
113 Cash - Other Restricted	\$61,935	\$0	\$0	\$61,935
100 Total Cash	\$130,809	\$0	\$50,299	\$181,108
122 Accounts Receivable - HUD Other Projects	\$5,405	\$0	\$0	\$5,405
126 Accounts Receivable - Tenants	\$0	\$0	\$3,040	\$3,040
128 Fraud Recovery	\$6,604	\$0	\$0	\$6,604
128.1 Allowance for Doubtful Accounts - Fraud	(\$5,944)	\$0	\$0	(\$5,944)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,065	\$0	\$3,040	\$9,105
131 Investments - Unrestricted	\$33,284	\$0	\$0	\$33,284
150 Total Current Assets	\$170,158	\$0	\$53,339	\$223,497
161 Land	\$4,725	\$0	\$145,438	\$150,163
162 Buildings	\$52,746	\$0	\$839,680	\$892,426
164 Furniture, Equipment & Machinery - Administration	\$59,113	\$0	\$0	\$59,113
166 Accumulated Depreciation	(\$61,502)	\$0	(\$147,153)	(\$208,655)
160 Total Capital Assets, Net of Accumulated Depreciation	\$55,082	\$0	\$837,965	\$893,047
180 Total Non-Current Assets	\$55,082	\$0	\$837,965	\$893,047
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$225,240	\$0	\$891,304	\$1,116,544
312 Accounts Payable <= 90 Days	\$37,398	\$0	\$2,105	\$39,503
342 Unearned Revenue	\$0	\$0	\$0	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$35,464	\$35,464
310 Total Current Liabilities	\$37,398	\$0	\$37,569	\$74,967
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$701,169	\$701,169
350 Total Non-Current Liabilities	\$0	\$0	\$701,169	\$701,169
300 Total Liabilities	\$37,398	\$0	\$738,738	\$776,136
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$55,082	\$0	\$101,332	\$156,414

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)

Greenville, OH

**Entity Wide Balance Sheet Summary**

September 30, 2014

	14.871 Housing Choice Vouchers	State and Local	Business Activity	Total
511.4 Restricted Net Position	\$61,935	\$0	\$0	\$61,935
512.4 Unrestricted Net Position	\$70,825	\$0	\$51,234	\$122,059
513 Total Equity - Net Assets / Position	\$187,842	\$0	\$152,566	\$340,408
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$225,240	\$0	\$891,304	\$1,116,544
70300 Net Tenant Rental Revenue	\$0	\$0	\$31,250	\$31,250
70500 Total Tenant Revenue	\$0	\$0	\$31,250	\$31,250
70600 HUD PHA Operating Grants	\$1,108,129	\$0	\$0	\$1,108,129
70800 Other Government Grants	\$0	\$241,716	\$0	\$241,716
71100 Investment Income - Unrestricted	\$88	\$0	\$3	\$91
71400 Fraud Recovery	\$1,108	\$0	\$0	\$1,108
71500 Other Revenue	\$9,068	\$0	\$205,640	\$214,708
70000 Total Revenue	\$1,118,393	\$241,716	\$236,893	\$1,597,002
91200 Auditing Fees	\$6,773	\$0	\$0	\$6,773
91300 Management Fee	\$96,294	\$6,829	\$28,000	\$131,123
91600 Office Expenses	\$8,948	\$831	\$0	\$9,779
91800 Travel	\$2,001	\$342	\$0	\$2,343
91900 Other	\$20,846	\$233,695	\$863	\$255,404
91000 Total Operating - Administrative	\$134,862	\$241,697	\$28,863	\$405,422
94200 Ordinary Maintenance and Operations - Materials and Other	\$1,410	\$0	\$679	\$2,089
94300 Ordinary Maintenance and Operations Contracts	\$92	\$0	\$20,446	\$20,538
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0
94000 Total Maintenance	\$1,502	\$0	\$21,125	\$22,627
96120 Liability Insurance	\$752	\$19	\$0	\$771
96140 All Other Insurance	\$882	\$0	\$0	\$882
96100 Total insurance Premiums	\$1,634	\$19	\$0	\$1,653
96200 Other General Expenses	\$616	\$0	\$0	\$616
96300 Payments in Lieu of Taxes	\$0	\$0	\$2,227	\$2,227
96000 Total Other General Expenses	\$616	\$0	\$2,227	\$2,843
96900 Total Operating Expenses	\$138,614	\$241,716	\$52,215	\$432,545

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)

Greenville, OH

**Entity Wide Balance Sheet Summary**

September 30, 2014

	14.871 Housing Choice Vouchers	State and Local	Business Activity	Total
97000 Excess of Operating Revenue over Operating Expenses	\$979,779	\$0	\$184,678	\$1,164,457
97300 Housing Assistance Payments	\$955,971	\$0	\$0	\$955,971
97400 Depreciation Expense	\$10,023	\$0	\$32,112	\$42,135
90000 Total Expenses	\$1,104,608	\$241,716	\$84,327	\$1,430,651
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$13,785	\$0	\$152,566	\$166,351
11030 Beginning Equity	\$174,057	\$0	\$0	\$174,057
11020 Required Annual Debt Principal Payments	\$0	\$0	\$35,464	\$35,464
11170 Administrative Fee Equity	\$125,907	\$0	\$0	\$125,907
11180 Housing Assistance Payments Equity	\$61,935	\$0	\$0	\$61,935
11190 Unit Months Available	3,408	0	63	3,471
11210 Number of Unit Months Leased	3,201	0	63	3,264

Darke Metropolitan Housing Authority  
Schedule of Expenditures of Federal Award  
For the Year Ended September 30, 2014

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Housing Choice Vouchers	14.871	<u>\$1,108,129</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$1,108,129</u></u></b>



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**INDEPENDENT AUDITOR'S 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 Commissioners  
Darke Metropolitan Housing Authority

I have audited, in accordance with the 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, the financial statements of the business-type activities of the Darke Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Darke Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated March 27, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Darke Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Darke Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Darke Metropolitan Housing Authority, Ohio's internal control.

*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. 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Darke Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
March 27, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners  
Darke Metropolitan Housing Authority

**Report on Compliance for Each Major Federal Program**

I have audited Darke Metropolitan Housing Authority'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 each of Darke Metropolitan Housing Authority's major federal programs for the year ended September 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Darke Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. 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 Authority'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 on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, Darke Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the Darke Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, I do not express an opinion 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, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
March 27, 2015

Darke Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2014

**1. SUMMARY OF AUDITOR'S RESULTS**

Type of Financial Statement Opinion	Unmodified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unmodified
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  
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

There are no Findings or questioned costs for the year ended September 30, 2014.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended September 30, 2014.

Darke Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2014

The audit report for the fiscal year ending September 30, 2013 contained no audit findings.

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# Dave Yost • 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 7, 2015**