



OHIO AUDITOR OF STATE
KEITH FABER



PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY

MARCH 31, 2023

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position – Proprietary Funds.....	11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Fund Type – Enterprise Fund	13
Notes to the Basic Financial Statements	15
Supplementary Information:	
Financial Data Schedules:	
Entity Wide Balance Sheet Summary – FDS Schedule Submitted to HUD	21
Entity Wide Revenue and Expense Summary – FDS Schedule Submitted to HUD	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Preble County Metropolitan Housing Authority
Preble County
308 Eaton Lewisburg Road
Eaton, Ohio 45320

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the of the Preble County Metropolitan Housing Authority, Preble County, Ohio (Authority), as of and for the fiscal year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Preble County Metropolitan Housing Authority, Preble County, Ohio as of March 31, 2023, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules required by the Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the Financial Data Schedules 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*, we have also issued our report dated December 13, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

This page intentionally left blank.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
UNAUDITED**

INTRODUCTION

This Management's Discussion and Analysis (MD&A) of the Preble County Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Authority for the fiscal year ended March 31, 2023. The Authority presents this discussion and analysis of its financial performance during the year, to assist the reader in focusing on significant financial issues.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

During the fiscal year ended March 31, 2023:

- The Authority's net position increased from \$3,163 to \$3,497. Total assets increased by \$11,732 or 51% primarily due to an increase in cash and net receivables due to the accrual of admin and HAP revenues at year end.
- Total revenue increased from \$229,756 to \$236,094, an increase of \$6,338 or 3%
- Total expenses increased by \$5,076, from \$230,684 to \$235,760 for the current year. This represents an increase of 2%.

USING THIS ANNUAL REPORT

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

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

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

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

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
UNAUDITED**

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

- Net Investment in Capital Assets: This component of net position consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that have been used for the acquisition, construction, or improvement of those assets.
- Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- Unrestricted Net Position: This component of net position consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted Net Position.

The *Statement of Revenues, Expenses, and Changes in Net Position* is similar to an income statement. This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenues and expenses, such as investment income, gains and losses on capital asset disposals and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the Increase (Decrease) in Net Position, which is similar to Net Income or Loss.

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

The *Notes to the Basic Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority’s Programs

The Authority has one individual program, the Housing Choice Voucher Program. This program provides rental assistance to aid low income families in affording 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. The Authority currently has 52 units available. Funds are provided by the United States Department of Housing and Urban Development (HUD) to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
UNAUDITED**

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of March 31, compared to the prior fiscal year.

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 34,776	\$ 23,044
Total Assets	\$ 34,776	\$ 23,044
Current Liabilities	\$ 31,279	\$ 18,297
Noncurrent Liabilities	-	1,584
Total Liabilities	\$ 31,279	\$ 19,881
Net Position		
Unrestricted	\$ 3,497	\$ -
Restricted	-	3,163
Total Net Position	\$ 3,497	\$ 3,163

Major Factors Affecting the Statement of Net Position

The Authority's current asset balances increased by \$11,732. This is primarily due to an increase in cash and cash equivalents from \$4,347 in the prior year to \$12,578 in the current year. Net receivables also increased by \$6,664 due to the accrual of administrative and HAP revenues receivable at year-end.

Current liabilities increased by \$12,982, due primarily to the accumulation of accrued managing fees.

Non-current liabilities decreased by \$1,584 due to a decrease in deferred revenues from Admin funding.

The net position of the Authority increased by \$334 from \$3,163 to \$3,497. This increase was primarily due to HUD operating grants exceeding operating expenses.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
UNAUDITED**

Statement of Revenues, Expenses and Changes in Net Position

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal year ended ended March 31, compared to the prior fiscal year.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Government Operating Grants	\$ 224,239	\$ 196,176
Other Revenue	<u>11,855</u>	<u>33,580</u>
Total Operating Revenues	<u>236,094</u>	<u>229,756</u>
Administration	29,699	39,003
Insurance	1,300	1,300
Housing Assistance Payments	194,649	171,754
Housing Assistance Payments - Portability Payments	<u>10,112</u>	<u>18,627</u>
Total Operating Expenses	<u>235,760</u>	<u>230,684</u>
Increase (Decrease) in Net Position	334	(928)
Net Position, Beginning of Year	<u>3,163</u>	<u>4,091</u>
Net Position, End of Year	<u>\$ 3,497</u>	<u>\$ 3,163</u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Revenues of the Authority are principally generated from Federal funding. The Authority's revenue increased by \$6,338 compared to the previous fiscal year. Significant variances include the following:

- Government operating grants increased by \$28,063. This was primarily due to an increase in funding received for HAP expenditures from \$170,541 in the previous year to \$191,395 in the current year.
- Other revenue decreased by \$21,725 due in part to a decrease in portability-in activity.

Total expenses decreased \$5,076. Significant variances include the following:

- Administrative expenses decreased by \$9,304. This was primarily due to a decrease in managing fees, office expenses, travel, advertising, and postage. Management fees paid to a third party decreased by \$4,328 and occupancy costs decreased by \$2,883. Insignificant increases and decreases in other administration expenses netted to a decrease of \$2,093.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
UNAUDITED**

- Housing assistance payments increased by \$22,895 due to an increase in rents paid to landlords. This was due to an increase in unit months leased. Unit months leased increased from 439 in 2022 to 451 in 2023.
- HAP costs related to portability-in units decreased by \$8,515 due to a decrease in portability-in vouchers during the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2023 and 2022, the Authority maintained no capital assets.

Debt

As of March 31, 2023 and 2022 the Authority maintained no debt.

ECONOMIC CONDITIONS

Significant economic factors affecting the Authority are as follows:

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

Due to the 2023 Congressional Appropriations, the 2023 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at an estimated 89% and HAP funding at 100%.

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

CONTACTING THE AUTHORITY

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

Preble County Metropolitan Housing Authority
Deborah Donnelly, Chief Finance Officer
308 Eaton Lewisburg Road
Eaton, OH 45320

This page intentionally left blank.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$	12,578
Receivables, net		22,198
Total current assets		<u>34,776</u>

Total assets	\$	<u><u>34,776</u></u>
---------------------	-----------	-----------------------------

LIABILITIES

Current liabilities

Accounts payable	\$	31,279
Total current liabilities		<u>31,279</u>

Total liabilities		<u>31,279</u>
--------------------------	--	----------------------

NET POSITION

Unrestricted net position		3,497
Total net position		<u>3,497</u>
Total liabilities and net position	\$	<u><u>34,776</u></u>

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

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended March 31, 2023

<i>OPERATING REVENUES</i>	
Government operating grants	\$ 224,239
Other revenue	11,855
Total operating revenues	<u>236,094</u>
 <i>OPERATING EXPENSES</i>	
Administrative	29,699
Insurance	1,300
Housing assistance payment	194,649
Housing assistance payments - portability payments	10,112
Total operating expenses	<u>235,760</u>
Change in net position	334
Total net position - beginning	<u>3,163</u>
Total net position - ending	<u>\$ 3,497</u>

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

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY

**Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
For the Fiscal Year Ended March 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grantors	\$ 217,461
Other income received	11,969
Cash paid operating activities	(18,017)
Cash paid for housing assistance	<u>(206,345)</u>

Net cash provided by operating activities **5,068**

Cash and cash equivalents - Beginning of Year 7,510

Cash and cash equivalents - End of Year **\$ 12,578**

***RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES***

Net Operating Income	\$ 334
Adjustments to Reconcile Net Operating Income to net Cash Provided by Operating Activities:	
(Increase) decrease in accounts receivable	(6,664)
Increase (decrease) in accounts payable	12,982
Increase (decrease) in non-current liabilities - other	<u>(1,584)</u>
Net cash provided by operating activities	<u><u>\$ 5,068</u></u>

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

This page intentionally left blank.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 1 – DESCRIPTION OF THE ENTITY

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

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit of 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 d) 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.

The Authority's program consists of the Housing Choice Voucher Program, authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Basis of Presentation

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

Fund Accounting

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

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

Basis of Accounting

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

Measurement Focus

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash consists of amounts held in escrow under the Family Self-Sufficiency (FSS) program, if any, and HAP revenues in excess of HAP expenditures. As of March 31, 2023 restricted cash is \$-0-. The FSS program is designed to promote employment and increase savings among families receiving vouchers or living in public housing. There are currently no tenants in the FSS program.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

Accounts Receivable

Accounts receivable consist mainly of amounts due from various funding agencies for program costs incurred that have not been reimbursed at year-end. Accounts receivable also include \$3,838 for fraud recovery all of which is considered as uncollectable at March 31, 2023.

Revenue Recognition

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

Unearned Revenue

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

Net Position

Net position represents the difference between assets and liabilities.

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

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

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

Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are operating housing assistance payment 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.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

Income Taxes

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

Estimates

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or the Ohio Pooled Collateral System (OPCS).

At March 31, 2023, the carrying amount of the Authority's deposits totaled \$12,578 and its bank balances were \$15,320. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2023, the \$15,320 of bank balances were covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of 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.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

NOTE 4 – RELATED PARTY TRANSACTIONS

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

During the fiscal year, the Authority paid MVCAP \$17,903 for management and fiscal services.

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 2023, the Authority contracted with Cincinnati Insurance Company for commercial property and general liability coverage of \$1,000,000.

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 – CONTINGENCIES

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

NOTE 7 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Both states of emergency have since ended. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank.

Preble County Metropolitan Housing Authority (OH080)
Entity Wide Balance Sheet Summary - FDS Schedule Submitted to HUD
March 31, 2023

	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$12,578
100 Total Cash	\$12,578
122 Accounts Receivable - HUD Other Projects	\$6,778
125 Accounts Receivable - Miscellaneous	\$15,420
128 Fraud Recovery	\$3,838
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,838
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$22,198
150 Total Current Assets	\$34,776
290 Total Assets and Deferred Outflow of Resources	\$34,776
312 Accounts Payable <= 90 Days	\$31,279
310 Total Current Liabilities	\$31,279
300 Total Liabilities	\$31,279
512.4 Unrestricted Net Position	\$3,497
513 Total Equity - Net Assets / Position	\$3,497
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$34,776

Preble County Metropolitan Housing Authority (OH080)
Entity Wide Revenue and Expense Summary - FDS Schedule Submitted to HUD
March 31, 2023

	14.871 Housing Choice Vouchers
70600 HUD PHA Operating Grants	\$224,239
71400 Fraud Recovery	\$183
71500 Other Revenue	\$11,672
70000 Total Revenue	\$236,094
91100 Administrative Salaries	
91200 Auditing Fees	\$4,673
91300 Management Fee	\$17,860
91400 Advertising and Marketing	\$127
91600 Office Expenses	\$4,912
91900 Other	\$2,127
91000 Total Operating - Administrative	\$29,699
96120 Liability Insurance	\$1,300
96100 Total insurance Premiums	\$1,300
96900 Total Operating Expenses	\$30,999
97000 Excess of Operating Revenue over Operating Expenses	\$205,095
97300 Housing Assistance Payments	\$194,649
97350 HAP Portability-In	\$10,112
90000 Total Expenses	\$235,760
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$334
11030 Beginning Equity	\$3,163
11170 Administrative Fee Equity	\$3,497
11190 Unit Months Available	624
11210 Number of Unit Months Leased	451



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

Preble County Metropolitan Housing Authority
Preble County
308 Eaton Lewisburg Road
Eaton, Ohio 45320

To the Board of Commissioners:

We 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 (*Government Auditing Standards*), the financial statements of the Preble County Metropolitan Housing Authority, Preble County, (the Authority) as of and for the fiscal year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 13, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

OHIO AUDITOR OF STATE KEITH FABER



PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY

PREBLE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov