



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED MARCH 31, 2024

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Commissioners
Preble Metropolitan Housing Authority
308 Eaton Lewisburg Road
Eaton, Ohio 45320

We have reviewed the *Independent Auditor's Report* of the Preble Metropolitan Housing Authority, Preble County, prepared by BHM CPA Group, Inc., for the audit period April 1, 2023 through March 31, 2024. 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 Preble Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 08, 2024

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Preble County Metropolitan Housing Authority
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For the Year Ended March 31, 2024

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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 Preble County Metropolitan Housing Authority, Preble County, Ohio (Authority), as of and for the year ended March 31, 2024, 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 of the Preble County Metropolitan Housing Authority, Preble County, Ohio as of March 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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.

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 opinion. 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, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 an opinion 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 September 21, 2024, 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.



BHM CPA Group, Inc.
Circleville, Ohio
September 21, 2024

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**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024 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, 2024. 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 9).

FINANCIAL HIGHLIGHTS

During the fiscal year ended March 31, 2024:

- The Authority’s net position decreased from \$3,497 to \$2,565. Total assets increased by \$5,178 or 15% primarily due to an increase in cash attributed to the receipt of HUD revenues in advance.
- Total revenue increased from \$236,094 to \$260,541, an increase of \$24,447 or 10%
- Total expenses increased by \$25,713, from \$235,760 to \$261,473 for the current year. This represents an increase of 11%.

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
PREBLE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024 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
PREBLE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL
YEAR ENDED MARCH 31, 2024 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>2024</u>	<u>2023</u>
Current Assets	\$ 39,954	\$ 34,776
Total Assets	<u>\$ 39,954</u>	<u>\$ 34,776</u>
Current Liabilities	\$ 37,389	\$ 31,279
Total Liabilities	<u>\$ 37,389</u>	<u>\$ 31,279</u>
Net Position		
Unrestricted	\$ 2,565	\$ 3,497
Total Net Position	<u>\$ 2,565</u>	<u>\$ 3,497</u>

Major Factors Affecting the Statement of Net Position

The Authority's current asset balances increased by \$5,178. This is primarily due to an increase in cash and cash equivalents from \$12,578 in the prior year to \$37,058 in the current year. Net receivables decreased by \$19,302 due to the subsequent receipt of administrative and HAP revenues receivable at the prior year-end.

Current liabilities increased by \$6,110, due to a decrease in operating payables of \$15,265 offset by a \$21,375 increase in unearned revenues due to HUD revenues received in advance.

The net position of the Authority decreased by \$932 from \$3,497 to \$2,565. This decrease was primarily due to HUD operating expenses exceeding operating grants.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL
YEAR ENDED MARCH 31, 2024 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 March 31, compared to the prior fiscal year.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Government Operating Grants	\$ 251,442	\$ 224,239
Other Revenue	<u>9,099</u>	<u>11,855</u>
Total Operating Revenues	<u>260,541</u>	<u>236,094</u>
Administration	31,938	29,699
Insurance	1,300	1,300
Housing Assistance Payments	220,065	194,649
Housing Assistance Payments - Portability Payments	<u>8,170</u>	<u>10,112</u>
Total Operating Expenses	<u>261,473</u>	<u>235,760</u>
Increase (Decrease) in Net Position	(932)	334
Net Position, Beginning of Year	<u>3,497</u>	<u>3,163</u>
Net Position, End of Year	<u>\$ 2,565</u>	<u>\$ 3,497</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 \$24,447 compared to the previous fiscal year. Significant variances include the following:

- Government operating grants increased by \$27,203. This was primarily due to an increase in funding received for HAP expenditures from \$191,395 in the previous year to \$219,893 in the current year.
- Other revenue decreased by \$2,756 due in part to a decrease in portability-in activity.

Total expenses increased \$25,713. Significant variances include the following:

- Administrative expenses increased by \$2,239. This was primarily due to increases in audit fees, office expenses, and occupancy costs, with an offsetting decrease in managing fees. Managing fees paid to a third party decreased by \$2,334. Insignificant increases and decreases in other administration expenses netted to an increase of \$100.

**PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024 UNAUDITED**

- Housing assistance payments increased by \$25,416 due to an increase in rents paid to landlords. Unit months leased decreased from 451 in 2023 to 444 in 2024.
- HAP costs related to portability-in units decreased by \$1,942 due to a decrease in portability-in vouchers during the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2024 and 2023, the Authority maintained no capital assets.

Debt

As of March 31, 2024 and 2023 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 2024 Congressional Appropriations, the 2024 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at an estimated 92% 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

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$	18,115
Restricted cash		18,943
Receivables, net		2,896
Total current assets		<u>39,954</u>

Total assets	\$	<u><u>39,954</u></u>
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LIABILITIES

Current liabilities

Accounts payable	\$	16,014
Unearned revenues		21,375
Total current liabilities		<u>37,389</u>

Total liabilities		<u><u>37,389</u></u>
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NET POSITION

Unrestricted net position		<u>2,565</u>
Total net position		<u>2,565</u>
Total liabilities and net position	\$	<u><u>39,954</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, 2024

<i>OPERATING REVENUES</i>	
Government operating grants	\$ 251,442
Other revenue	9,099
Total operating revenues	<u>260,541</u>
<i>OPERATING EXPENSES</i>	
Administrative	31,938
Insurance	1,300
Housing assistance payment	220,065
Housing assistance payments - portability payments	8,170
Total operating expenses	<u>261,473</u>
Change in net position	(932)
Total net position - beginning	3,497
Total net position - ending	<u>\$ 2,565</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, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grantors	\$ 255,324
Other income received	24,519
Cash paid operating activities	(48,503)
Cash paid for housing assistance	<u>(206,860)</u>

Net cash provided by operating activities **24,480**

Cash and cash equivalents - Beginning of Year 12,578

Cash and cash equivalents - End of Year **\$ 37,058**

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income \$ (932)

Adjustments to Reconcile Net Operating Income to net Cash

Provided by Operating Activities:

(Increase) decrease in accounts receivable	19,302
Increase (decrease) in accounts payable	(15,265)
Increase (decrease) in non-current liabilities - other	<u>21,375</u>

Net cash provided by operating activities **\$ 24,480**

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

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

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 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 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
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, deferred HAP revenues received in advance, and HAP revenues in excess of HAP expenditures. As of March 31, 2024, restricted cash is \$18,943. The FSS program is designed to promote employment and

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

increase savings among families receiving vouchers or living in public housing. There are currently no tenants in the FSS program.

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 \$3,493 for fraud recovery all of which is considered as uncollectable at March 31, 2024.

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

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

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

Estimates

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

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, 2024, the carrying amount of the Authority’s deposits totaled \$37,058 and its bank balances were \$68,076. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of March 31, 2024, \$68,076 of the Authority’s bank balances were covered by the Federal Depository Insurance Corporation (FDIC). Should the Authority’s bank balances exceed FDIC coverage, that excess would be exposed to custodial credit risk as discussed below.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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 financial institution 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Corporation, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of the settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 and 270 days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time, if training requirements are met.

PREBLE COUNTY METROPOLITAN HOUSING AUTHORITY
PREBLE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED MARCH 31, 2024

NOTE 4 – RELATED PARTY TRANSACTIONS

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

During the fiscal year, the Authority paid MVCAP \$15,626 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 2024, 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.

Preble County Metropolitan Housing Authority
(OH080) Eaton, OH
Program Balance Sheet Summary
Fiscal Year End March 31, 2024

	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$18,115	\$18,115
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$18,943	\$18,943
114 Cash - Tenant Security Deposits		
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$37,058	\$37,058
122 Accounts Receivable - HUD Other Projects	\$2,896	\$2,896
128 Fraud Recovery	\$3,493	\$3,493
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,493	-\$3,493
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,896	\$2,896
150 Total Current Assets	\$39,954	\$39,954
180 Total Non-Current Assets	\$0	\$0
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$39,954	\$39,954
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$16,014	\$16,014
342 Unearned Revenue	\$21,375	\$21,375
310 Total Current Liabilities	\$37,389	\$37,389
350 Total Non-Current Liabilities	\$0	\$0
300 Total Liabilities	\$37,389	\$37,389
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets		
511.4 Restricted Net Position		
512.4 Unrestricted Net Position	\$2,565	\$2,565
513 Total Equity - Net Assets / Position	\$2,565	\$2,565
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$39,954	\$39,954

Preble County Metropolitan Housing Authority
(OH080) Eaton, OH

Program Revenue and Expense Summary

Fiscal Year End March 31, 2024

	14.871 Housing Choice Vouchers	Total
70600 HUD PHA Operating Grants	\$251,442	\$251,442
70700 Total Fee Revenue		
71400 Fraud Recovery	\$345	\$345
71500 Other Revenue	\$8,754	\$8,754
71600 Gain or Loss on Sale of Capital Assets		
70000 Total Revenue	\$260,541	\$260,541
91200 Auditing Fees	\$6,478	\$6,478
91300 Management Fee	\$15,626	\$15,626
91400 Advertising and Marketing	\$33	\$33
91500 Employee Benefit contributions - Administrative		
91600 Office Expenses	\$6,783	\$6,783
91900 Other	\$3,018	\$3,018
91000 Total Operating - Administrative	\$31,938	\$31,938
96110 Property Insurance		
96120 Liability Insurance	\$1,300	\$1,300
96100 Total insurance Premiums	\$1,300	\$1,300
96900 Total Operating Expenses	\$33,238	\$33,238
97000 Excess of Operating Revenue over Operating Expenses	\$227,303	\$227,303
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$220,065	\$220,065
97350 HAP Portability-In	\$8,170	\$8,170
90000 Total Expenses	\$261,473	\$261,473
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$932	-\$932
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$3,497	\$3,497
11040 Prior Period Adjustments, Equity Transfers and		
11170 Administrative Fee Equity	\$2,565	\$2,565
11180 Housing Assistance Payments Equity	\$0	\$0
11190 Unit Months Available	624	624
11210 Number of Unit Months Leased	444	444



**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 year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 21, 2024.

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.

BHM CPA Group

BHM CPA Group, Inc.
Circleville, Ohio
September 21, 2024

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 11/21/2024

65 East State 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