

**DARKE METROPOLITAN HOUSING AUTHORITY  
GREENVILLE, OHIO**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR  
SEPTEMBER 30, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Darke Metropolitan Housing Authority  
1469 Sweitzer Street  
Greenville, Ohio 45331-1093

We have reviewed the *Independent Auditors' Report* of the Darke Metropolitan Housing Authority, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period October 1, 2005 through September 30, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 30, 2007

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DARKE METROPOLITAN HOUSING AUTHORITY  
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**MANNING & ASSOCIATES CPAs, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45413**

INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Darke Metropolitan Housing Authority  
Greenville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of Darke Metropolitan Housing Authority, as of and for the year ended September 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Darke Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Darke Metropolitan Housing Authority as of September 30, 2006, and the changes in net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued a report dated March 30, 2007, on our consideration of Darke Metropolitan Housing Authority's internal control over financial reporting our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the financial statements of Darke Metropolitan Housing Authority. The Accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133. *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data (“FDS”) schedule is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Manning & Associates CPAs, LLC  
Dayton, Ohio

March 28, 2007



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# ***Darke County Metropolitan Housing Authority Management's Discussion and Analysis For the Year Ended September 30, 2006***

## **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, 2006. The Darke County Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2006, to assist the reader in focusing on significant financial issues.

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

The Authority has one program, the Housing Choice Voucher Program. The Housing Choice Voucher Program provides rental assistance to help low income families afford decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. There are currently 299 units available. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

## **Overview of the Financial Statements**

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

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

## ***Management's Discussion and Analysis-Cont.***

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

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

**The Statement of Revenues, Expenses, and Changes in Net Assets** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended September 30, 2006 to determine the change in net assets for the fiscal year.

**The Statement of Cash Flows** reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended September 30, 2006.

### **Financial Highlights**

- The Darke County Metropolitan Housing Authority's total net assets increased from \$125,426 to \$195,456, an increase of \$70,030 or 56%. The total assets increased by \$34,849 or 18%.
- The unrestricted net asset balance is listed as \$138,437 at September 30, 2006. This represents an increase of \$81,913 or 145% from the previous year.
- Total Revenues increased from \$1,113,558 to \$1,150,092, an increase of \$36,534 or 3%.
- Total expenses decreased by \$4,493 from \$1,124,475 to \$1,119,982 for the current year. This represents a decrease of 0%.

## *Management's Discussion and Analysis-Cont.*

### *Housing Authority Activities & Highlights*

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended September 30, 2006 and September 30, 2005.

#### *Summary Statement of Net Assets September 30, 2006 & 2005*

<u>Category</u>	<u>FYE 2006</u>	<u>FYE 2005</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 175,007	\$ 128,275	\$ 46,732	36%
Fixed Assets (Net of Depreciation)	\$ 57,019	\$ 68,902	\$ (11,883)	-17%
Total Assets	\$ 232,026	\$ 197,177	\$ 34,849	18%
Current Liabilities	\$ 36,570	\$ 71,751	\$ (35,181)	-49%
Total Liabilities	\$ 36,570	\$ 71,751	\$ (35,181)	-49%
Unrestricted Net Assets	\$ 138,437	\$ 56,524	\$ 81,913	145%
Investment in Net Fixed Assets	\$ 57,019	\$ 68,902	\$ (11,883)	-17%
Total Net Assets	\$ 195,456	\$ 125,426	\$ 70,030	56%

### *Cash & Investments*

Unrestricted cash and investments increased from \$128,275 to \$173,889, an increase of \$45,614 from September 30, 2005 to September 30, 2006.

### *Net Assets*

The Authority's total net asset balance increased by \$70,030 from the previous year.

The Authority's unrestricted net assets increased from \$56,524 to \$138,437, an increase of \$81,913, or 145% for the current year. The principal reason for the increase is due to the excess HAP revenues over total excess HAP expenses. The unrestricted net asset account balance is the amount available for future appropriations. This balance is subject to program specific guidelines.

Due to the revised HUD regulations, unexpended HAP funds are retained by the Authority. At September 30, 2006, the unrestricted net asset account balance is reserved as follows:

HAP Funding	\$ 88,676
Administrative Funding	<u>49,761</u>
Total	<u>\$138,437</u>

## *Management's Discussion and Analysis-Cont.*

### *Overview of the Financial Statements-Cont.*

#### *Summary Statement of Revenues & Expenses and Changes in Net Assets Years Ended September 30, 2006 and 2005*

Category	FYE 2006	FYE 2005	Change \$	Change %
Operating Grants	\$ 1,143,524	\$ 1,109,691	\$ 33,833	3%
Interest Income	\$ 1,259	\$ 1,527	\$ (268)	-18%
Fraud Recovery	\$ 5,309	\$ 2,340	\$ 2,969	127%
Total Revenue	\$ 1,150,092	\$ 1,113,558	\$ 36,534	3%
			\$ -	
Administration	\$ 144,815	\$ 142,814	\$ 2,001	1%
Ordinary Maintenance	\$ 1,551	\$ -	\$ 1,551	N/A
General Expense	\$ 1,590	\$ 6,575	\$ (4,985)	-76%
Housing Assistance Payments	\$ 960,143	\$ 963,008	\$ (2,865)	0%
Depreciation	\$ 11,883	\$ 12,078	\$ (195)	-2%
			\$ -	
Total Expenses	\$ 1,119,982	\$ 1,124,475	\$ (4,493)	0%
Excess of Revenue over Expenses	\$ 30,110	\$ (10,917)	\$ 41,027	-376%
Net Assets, Beginning of Year	\$ 125,426	\$ 144,021	\$ (18,595)	-13%
Prior Period Adjustments	\$ 39,920	\$ (7,678)	\$ 47,598	-620%
Net Assets, End of Year	\$ 195,456	\$ 125,426	\$ 70,030	56%

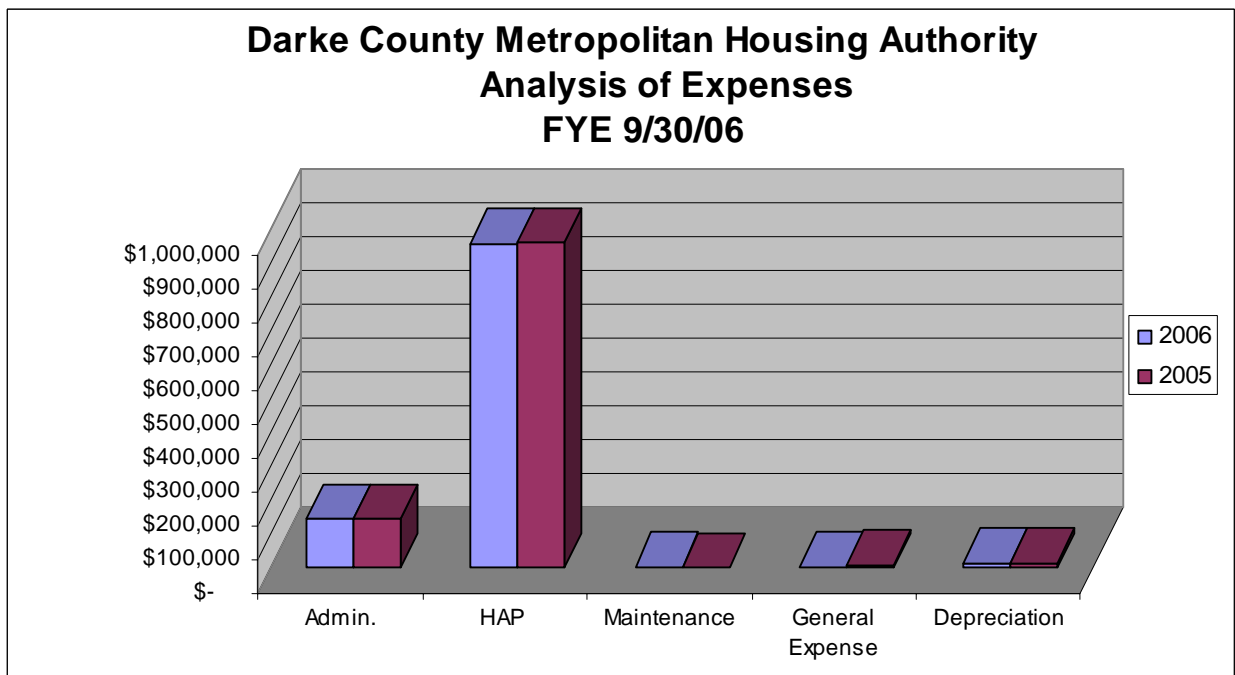
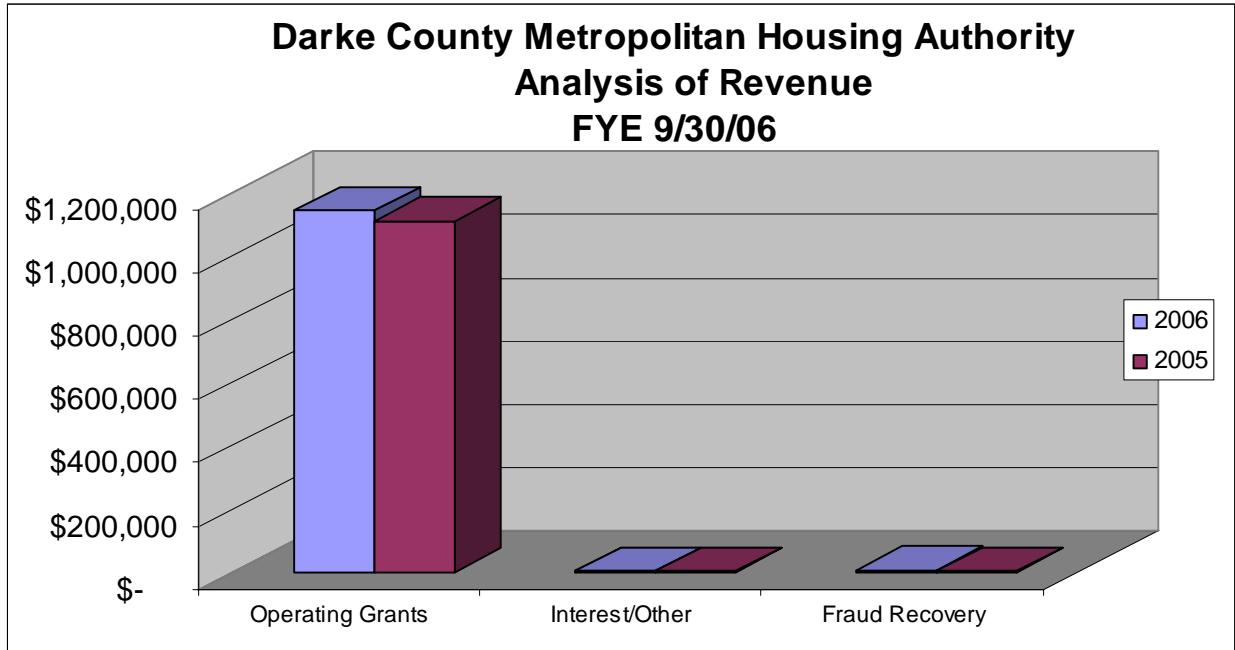
#### *Results of Operations*

Revenues of the Authority are generated principally by HUD grants in the form of Housing Assistance Payments. The Authority's revenue increased by \$36,534 during the current fiscal year. The increase in revenue was due primarily to increased HUD grant activity. HUD grants totaled \$1,143,524 for the current fiscal year.

Total expenses decreased by \$4,493 from the previous year. The decrease in expenses was primarily due to the reduction in Housing Assistance Payments and lower general expenses.

## *Management's Discussion and Analysis-Cont.*

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



## ***Management's Discussion and Analysis-Cont.***

### ***Capital Assets***

As of September 30, 2006, the Darke County Metropolitan Housing Authority's investment in capital assets was \$57,019. This investment includes land, building, and equipment.

<u>Category</u>	<u>FYE 2006</u>	<u>FYE 2005</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 4,725	\$ 4,725	\$ -	0%
Buildings	\$ 52,746	\$ 52,746	\$ -	0%
Equipment	\$ 70,030	\$ 70,030	\$ -	0%
Accumulated Depreciation	\$ (70,482)	\$ (58,599)	\$ (11,883)	20%
Total Net Fixed Assets	\$ 57,019	\$ 68,902	\$ (11,883)	-17%

There were no changes to the property accounts during the September 30, 2006 fiscal year.

### **Subsequent Event**

Funding level for PY 2007 undetermined, not provided by HUD.

### **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 METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2006

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 173,889
Accounts Receivable	1,118
Total Current Assets	<u>\$ 175,007</u>

Non-Current Assets

Fixed Assets - Net of Accumulated Depreciation	\$ 57,019
TOTAL ASSETS	<u>\$ 232,026</u>

**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 36,570
Total Current Liabilities	<u>\$ 36,570</u>

**NET ASSETS**

Investment in Capital Assets, Net of Related Debt	57,019
Unrestricted Net Assets	<u>138,437</u>
TOTAL NET ASSETS	<u>\$ 195,456</u>

See accompanying notes to the basic financial statements.



DARKE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
YEAR ENDED SEPTEMBER 30, 2006

OPERATING REVENUES	
Program Grants/Subsidies	\$ 1,183,444
Other Operating Income	<u>5,309</u>
TOTAL OPERATING REVENUE	<u>\$ 1,188,753</u>
OPERATING EXPENSES	
Housing Assistance Payments	\$ 960,143
Auditing Fees	3,097
Outside Management Fees	125,557
Other Operating - Administrative	16,161
Insurance Premium	1,590
Maintenance	1,551
Depreciation Expense	<u>11,883</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,119,982</u>
OPERATING INCOME	<u>\$ 68,771</u>
NON-OPERATING REVENUE	
Investment Income	<u>\$ 1,259</u>
CHANGE IN NET ASSETS	\$ 70,030
NET ASSETS, BEGINNING	<u>125,426</u>
NET ASSETS, ENDING	<u><u>\$ 195,456</u></u>

See accompanying notes to the basic financial statements.

DARKE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2006

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from HUD	\$ 1,182,326
Cash Received from Tenants	5,309
Cash Payments for Housing Assistance Payments	(960,143)
Cash Payments for Other Operating Expenses	<u>(183,137)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 44,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment Income	<u>\$ 1,259</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 45,614
CASH AND CASH EQUIVALENTS, BEGINNING	<u>128,275</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 173,889</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 68,771
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	
Depreciation	11,883
(Increase) Decrease in:	
Accounts Receivable - HUD	(1,049)
Accrued Interest Receivable	(69)
Increase (Decrease) in:	
Accrued Interest Payable	0
Accounts Payable	<u>(35,181)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 44,355</u></u>

See accompanying notes to the basic financial statements.

DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Government Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

**Basis of Presentation**

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

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

The Authority’s basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change of net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow of its enterprise activity.

DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus and Basis of Accounting** (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Estimates**

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

**Cash and Cash Equivalents**

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

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, the do not add to the value of the asset or materially extend the asset life, are not capitalized.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Interest earned in fiscal year ending September 30, 2006 was \$1,259.

DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

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 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 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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The carrying amount of the Authority's deposits was \$173,889 at September 30, 2006. The corresponding bank balances were \$176,121.

The following show the Authority's deposits (bank balance) in each category:

Category 1.	\$ 176,121	was covered by federal depository insurance.
Category 3.	\$	was covered by collateral held by the pledging financial institution, but not in the name of the Authority.

Collateral is required for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. For purposes of GASB No. 3, the Authority has no investments at September 30, 2006.

NOTE 3 – FIXED ASSETS

The following is a summary:

Land	\$ 4,725
Buildings	52,747
Vehicle	42,830
Office Equipment	<u>27,199</u>
	\$127,501
Accumulated Depreciation	<u>\$ 70,482</u>
 NET FIXED ASSETS	 <u>\$ 57,019</u>

The following is a summary of changes:

	<u>Balance</u> <u>September 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2006</u>
Land	\$ 4,725	\$ 0	\$ 0	\$ 4,725
Buildings	52,747	0	0	52,747
Vehicle	42,830	0	0	42,830
Office Equipment	<u>27,199</u>	<u>0</u>	<u>0</u>	<u>27,199</u>
<b>TOTAL FIXED ASSETS</b>	<u>\$127,501</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$127,501</u>

Depreciation Expense for the year ended September 30, 2006 was \$11,883.

DARKE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

NOTE 4 – CONTRACT SERVICES

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

NOTE 5 – 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 cash basis of accounting.

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 2005, 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.

NOTE 8 – FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended September 30, 2006, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and charges in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules is on pages 18-20. The schedules are presented in the manner prescribed by Housing and Urban Development. These schedules can be used to tie the total assets and liabilities into the combined statements.

DARKE METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
SEPTEMBER 30, 2006

<u>FDS LINE ITEM NO.</u>	<u>Account Description</u>	14.871 Housing <u>Choice Vouchers</u>
	ASSETS	
111	Cash - unrestricted	\$ 141,044
150	TOTAL CURRENT ASSETS	<u>141,044</u>
122	Accounts receivable - HUD	1,049
129	Accrued Interest Receivable	<u>69</u>
120	TOTAL RECEIVABLES - NET	<u>1,118</u>
131	Investments - Unrestricted	<u>32,845</u>
161	Land	4,725
162	Buildings	52,746
164	Furniture and equipment - Administration	70,030
166	Accumulated depreciation	<u>(70,482)</u>
180	TOTAL NON-CURRENT ASSETS	<u>57,019</u>
190	TOTAL ASSETS	<u>\$ 232,026</u>
	LIABILITIES AND RETAINED EARNINGS	
312	Accounts payable <=90 days	\$ 32,413
321	Accrued wage/payroll taxes payable	2,985
331	Accrued payable - HUD FHA payable	<u>1,172</u>
310	TOTAL CURRENT LIABILITIES	<u>36,570</u>
300	TOTAL LIABILITIES	<u>36,570</u>
512.1	Unrestricted Net Assets	57,019
508.1	Invested in Capital Assets, Net of Related Debt	<u>138,437</u>
513	TOTAL RETAINED EARNINGS	<u>195,456</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 232,026</u>



DARKE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS  
FDS SCHEDULE SUBMITTED TO HUD  
SEPTEMBER 30, 2006

<u>FDS LINE ITEM NO.</u>	<u>Account Description</u>	<u>14.871 Housing Choice Voucher</u>
	REVENUE	
706	HUD PHA grants	\$ 1,143,524
711	Investment income	1,259
715	Other Revenue	<u>5,309</u>
700	TOTAL REVENUE	<u>1,150,092</u>
	EXPENSES	
912	Auditing fees	3,097
913	Management fees	125,557
916	Other operating expenses	17,712
961	Insurance premiums	<u>1,590</u>
969	TOTAL OPERATING EXPENSE	<u>147,956</u>
970	Excess operating revenue over expenses	
	OTHER EXPENSES	
973	Housing assistance payments	920,223
974	Depreciation expense	<u>11,883</u>
900	TOTAL EXPENSES (Acct. 969, 973,974)	<u>1,080,062</u>
1000	Excess revenue or (expenses) (Acct. 700 minus 900)	70,030
1003	Beginning Equity	<u>125,426</u>
	ENDING NET ASSETS	<u>\$ 195,456</u>

DARKE METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 SEPTEMBER 30, 2006

FDS LINE ITEM NO.	Account Description	14.871 Housing Choice Vouchers
1120	Unit months available	\$ <u><u>3,537</u></u>
1121	Number of unit months leased per report approved by HUD	\$ <u><u>3,537</u></u>
1117	Administrative fee equity	\$ <u><u>106,780</u></u>
1118	Housing assistance payments equity	\$ <u><u>8,876</u></u>

DARKE METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF FEDERAL AWARD EXPENDITURES  
 YEAR ENDED SEPTEMBER 30, 2006

<u>FROM U.S. DEPARTMENT OF HUD</u> <u>DIRECT PROGRAMS</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FUNDS</u> <u>EXPENDED</u>
Annual Contribution Contract C-5089V Housing Assistance Payment Program		
Housing Choice Voucher Program	14.871 \$	<u>1,143,524</u>
<b>TOTAL HOUSING ASSISTANCE PAYMENT PROGRAM CLUSTER</b>	<b>\$</b>	<b><u><u>1,143,524</u></u></b>

See independent auditors' report.

**MANNING ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45413

**INDEPENDENT AUDITORS' 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  
Greenville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements of Darke Metropolitan Housing Authority as of and for the year ended September 30, 2006, and have issued our report thereon dated March 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Darke Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider material weaknesses.

Compliance and Other Matters

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

This report is intended for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

March 28, 2007

**MANNING & ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45413

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Darke Metropolitan Housing Authority  
Greenville, Ohio

Regional Inspector General for Audit  
Department of Housing and Urban  
Development

Compliance

We have audited the compliance of Darke Metropolitan Housing Authority with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended September 30, 2006. Darke Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Darke Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Darke Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Darke Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control Over Compliance

The management of Darke Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Darke Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*** (continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Board of Commissioners, management, Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

March 28, 2007

Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505

Darke Metropolitan Housing Authority  
 September 30, 2006

1. SUMMARY OF AUDITORS' RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
Was there any reported material non-compliance at the financial statement level (GAGAS)?	NO
Were there any material internal control weakness conditions reported for major federal programs?	NO
Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	NO
Major Programs (list):	CFDA#14.871 Housing Choice Voucher
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	YES

Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505 - Continued

Darke Metropolitan Housing Authority  
September 30, 2006

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended September 30, 2006

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended September 30, 2006





**Mary Taylor, CPA**  
Auditor of State

**DARKE 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 10, 2007**