

**NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008



Mary Taylor, CPA

Auditor of State

Board of Directors
Noble Metropolitan Housing Authority
1100 Maple Court
PO Box 1388
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Noble Metropolitan Housing Authority, Noble County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2007 through March 31, 2008. 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 Noble Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 6, 2008

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NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

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JAMES G. ZUPKA, C.P.A., INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Noble Metropolitan Housing Authority
Cambridge, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of the Noble Metropolitan Housing Authority as of and for the year ended March 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Noble Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

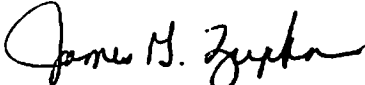
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 Noble Metropolitan Housing Authority as of March 31, 2008, and the respective changes in financial position, and the cash flows, thereof, 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 September 18, 2008 on our consideration of the Noble Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplemental Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Noble Metropolitan Housing Authority. 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.


James G. Zupka, CPA, Inc.
Certified Public Accountants

September 18, 2008

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

Throughout this document, references to “we”, “our”, “Authority” or “us” refer to the Noble Metropolitan Housing Authority.

Management’s Discussion and Analysis

The Noble Metropolitan Housing Authority’s (the Authority) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- The Authority’s total net assets decreased by \$10,913 (or 1 percent) during the fiscal year ended 2008. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$1,439,007 and \$1,449,920 for 2008 and 2007 respectively.
- The business-type activities revenue decreased by \$51,284 (or 10 percent) during the fiscal year ended 2008, and were \$461,375 and \$512,659 for 2008 and 2007 respectively.
- The total expenses of all Authority programs increased by \$68,234 (or 17 percent). Total expenses were \$472,288 and \$404,054 for fiscal year ended 2008 and 2007 respectively.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

USING THIS ANNUAL REPORT

The report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”.

MD&A

**- Management Discussion
and Analysis (new) -**

Basic Financial Statements

**- Authority-Wide Financial Statements
(new) - pgs 13 - 15**

**-Notes to Financial Statements
(Expanded/Restructured) - pgs 16 - 24**

**Other Required Supplementary
Information**

**- Required Supplementary Information
pgs 25 - 28
(Other than MD&A)
(Expanded)**

The primary focus of the Agency’s financial statements is on both the Agency as a whole (Agency-wide) and the major individual funds. Both perspectives (Agency-wide and Major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Agency to Agency) and enhance the Agency’s accountability.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pages 13 - 15) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a **Statement of Net Assets**, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "**Unrestricted** Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a **Statement of Revenues, Expenses and Changes in Fund Net Assets** (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a **Statement of Cash Flows** is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

The Agency consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. The Authority has the Public Housing Operating Fund, Capital Fund, Housing Choice Voucher Program, Mod Rehab Fund, and a Business Activity Fund. The financial statements reflect the transactions for these programs.

THE AUTHORITY'S FUNDS

Business Type Funds

Conventional Public Housing - Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program - under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENT (Continued)

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

Table 1 - Statement of Net Assets

	<u>2008</u>	<u>2007*</u>
Current and Other Assets	\$ 479,232	\$ 499,775
Capital Assets, Net of Depreciation	<u>976,653</u>	<u>1,001,330</u>
Total Assets	<u>\$ 1,455,885</u>	<u>\$ 1,501,105</u>
Current Liabilities	\$ 14,576	\$ 46,722
Long-Term Liabilities	<u>2,302</u>	<u>4,463</u>
Total Liabilities	<u>16,878</u>	<u>51,185</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	976,653	1,001,330
Restricted	64,671	0
Unrestricted	<u>397,683</u>	<u>448,590</u>
Total Net Assets	<u>1,439,007</u>	<u>1,449,920</u>
Total Liabilities and Net Assets	<u>\$ 1,455,885</u>	<u>\$ 1,501,105</u>

* Restated

For more detailed information see page 13 for the Statement of Net Assets.

Major Factors Affecting the Statements of Net Assets

The decrease in total assets of \$48,922 was due mainly to excess operating expenses over operating revenues for current year operation, which directly reduced the Authority's cash balances, and a decrease in construction in progress.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENTS (Continued)

Major Factors Affecting the Statements of Net Assets (Continued)

Table 2 presents details on the change in Unrestricted Net Assets

Table 2 - Change of Unrestricted Net Assets

Beginning Balance - March 31, 2007	\$ 480,725
Results of Operations	(10,913)
Prior Period Adjustments - Section 8 Voucher and CFP	(32,135)
Adjustments:	
Reclass to Restricted Net Assets - Section 8	(64,671)
Current Year Depreciation Expense	43,701
Capital Expenditures	<u>(19,024)</u>
 Ending Balance - March 31, 2008	 <u>\$ 397,683</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENTS (Continued)

Major Factors Affecting the Statement of Net Assets (Continued)

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

Table 3 - Statement of Revenue, Expenses & Changes in Net Assets

	<u>2008</u>	<u>2007*</u>
<u>Revenues</u>		
Operating Subsidies	\$ 380,056	\$ 376,383
Capital Grants	15,493	89,019
Tenant Revenue	45,679	35,350
Investment Income	16,376	11,757
Other Revenues	<u>3,771</u>	<u>150</u>
Total Revenues	<u>461,375</u>	<u>512,659</u>
<u>Expenses</u>		
Administrative	69,933	69,314
Tenant Services	31	212
Utilities	11,823	11,964
Ordinary Maintenance and Operations	38,096	28,615
Insurance	3,203	2,963
Payments in lieu of Taxes	3,372	2,337
Housing Assistance Payments	302,129	249,075
Depreciation	<u>43,701</u>	<u>39,574</u>
Total Expenses	<u>472,288</u>	<u>404,054</u>
Net Increases (Decreases)	<u>\$ (10,913)</u>	<u>\$ 108,605</u>

* Restated

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

HUD PHA Operating Grants increased by \$3,673 (or 1 percent). The Capital Grant revenue decreased by \$73,526. The Housing Authority utilized less capital funds during the past year due to a decrease in improvements.

Total tenant revenue increased by \$10,329 (or 29 percent). This increase was primarily due to increased tenant rents.

The total expenses increased by \$68,234 (or 17 percent). This increase in expenses is mainly due to the increase in unit months leased in the Housing Choice Vouchers program.

The Housing Assistance Payments increased by \$53,054 (or 21 percent). This increase was due to the increase in unit months leased.

CAPITAL ASSETS

As of year end, the Authority has \$976,653 invested in a variety of capital assets as reflected in the following schedule, net of accumulated depreciation. This represents a net decrease (current purchases less depreciation) of \$23,379 (or 3 percent) from the end of last year.

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

CAPITAL ASSETS (Continued)

Table 4 - Capital Assets at Year-End (Net of Depreciation)

	2008	2007
Land and Land Rights	\$ 84,000	\$ 84,000
Buildings and Building Improvements	1,298,444	1,226,215
Furniture, Equipment and Machinery	145,417	145,417
Leasehold Improvements	46,805	42,156
Construction in Progress	47,095	104,949
Accumulated Depreciation	(645,108)	(597,705)
Total	\$ 976,653	\$ 1,005,032

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 22 of the notes.

Table 5 - Changes in Capital Assets

Beginning Balance - March 31, 2007	\$ 1,005,032
Current Year Additions	19,024
Current Year Depreciation Expense	(43,701)
Prior Year Adjustment to Accumulated Depreciation	(3,702)
Ending Balance - March 31, 2008	\$ 976,653
Current Year Additions are Summarized as follows:	
- Construction in Progress	\$ 15,493
- Building and Building Improvements	3,531
Total 2008 Additions	\$ 19,024

DEBT

Debt Outstanding

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

**NOBLE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local inflationary, recessionary and employment trends, which can effect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jolinda Baranich, Executive Director, Noble Metropolitan Housing Authority, P.O. Box 1388, Cambridge, Ohio 43725.

**NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF NET ASSETS
MARCH 31, 2008**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 184,014
Investments	212,364
Accounts Receivable - HUD	1,542
Accounts Receivable - Tenants	146
Prepays	2,249
Inventories	2,181
Total Current Assets	<u>402,496</u>

Restricted Assets

Investments - Tenant Security Deposits	6,659
Cash and Cash Equivalents - FSS Escrow	2,302
Cash and Cash Equivalents - Tenant Council	3,104
Cash and Cash Equivalents - HAP Equity	64,671
Total Restricted Assets	<u>76,736</u>

Capital Assets

Non-Depreciable Capital Assets	131,095
Depreciable Capital Assets, Net	845,558
Total Capital Assets	<u>976,653</u>

TOTAL ASSETS \$1,455,885

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 5,102
Accounts Payable - Other Governments	3,372
Tenant Security Deposits	5,821
Deferred Revenue	281
Total Current Liabilities	<u>14,576</u>

Noncurrent Liabilities

FSS Program Liability	<u>2,302</u>
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Total Noncurrent Liabilities 2,302

TOTAL LIABILITIES 16,878

Net Assets

Invested in Capital Assets	976,653
Restricted Net Assets	64,671
Unrestricted Net Assets	<u>397,683</u>

TOTAL NET ASSETS \$1,439,007

See accompanying notes to the basic financial statements.

**NOBLE METROPOLITAN HOUSING AUTHORITY
CAMBRIDGE, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008**

<u>Operating Revenues</u>	
Net Tenant Revenue	\$ 45,679
HUD Operating Grants	380,056
Other Revenue	<u>3,771</u>
Total Operating Revenues	<u>429,506</u>
<u>Operating Expenses</u>	
Housing Assistance Payments	302,129
Administrative	69,933
Tenant Services	31
Utilities	11,823
Maintenance	38,096
General	<u>6,575</u>
Total Operating Expenses before Depreciation	<u>428,587</u>
Income Before Depreciation	919
Depreciation	<u>43,701</u>
Operating Income	<u>(42,782)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Capital Grants	15,493
Interest Income	<u>16,376</u>
Total Non-Operating Revenues (Expenses)	<u>31,869</u>
Change in Net Assets	(10,913)
Total Net Assets - Beginning of Year	1,485,757
Prior Period Adjustment	<u>(35,837)</u>
Total Net Assets - End of Year	<u>\$ 1,439,007</u>

See accompanying notes to the basic financial statements.

NOBLE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008

<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD	\$ 346,252
Cash Received from Tenants	46,133
Cash Received from Other Revenues	3,771
Cash Payments for Housing Assistance	(302,129)
Cash Payments for Administrative Expenses	(71,922)
Cash Payments to FSS Escrow	(2,161)
Cash Payments for Other Operating Expenses	(55,490)
Net Cash Used by Operating Activities	<u>(35,546)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(19,024)
Capital Grants Received	<u>15,493</u>
Net Cash Provided by Capital and Other Related Financing Activities	<u>(3,531)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>16,376</u>
Net Cash Provided by Investing Activities	<u>16,376</u>
Net Increase in Cash and Cash Equivalents	(22,701)
Cash and Cash Equivalents, Beginning	<u>495,815</u>
Cash and Cash Equivalents, Ending	<u>\$ 473,114</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Net Operating Income	\$ (42,782)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	43,701
(Increase) Decrease in:	
Accounts Receivable - HUD	(1,122)
Accounts Receivable - Tenants	(146)
Prepaid Expenses	656
Inventories	(1,546)
Increase (Decrease) in:	
Accounts Payable	(1,099)
Accounts Payable - HUD	(31,835)
Accounts Payable - Other Governments	1,035
Tenant Security Deposits	600
FSS Program Liability	(2,161)
Deferred Revenue (HUD Subsidy)	<u>(847)</u>
Net Cash Used by Operating Activities	<u>\$ (35,546)</u>

See accompanying notes to the basic financial statements.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Noble Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U. S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental 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.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation (Continued)

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 in 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 revenues, expenses and 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 flows needs of its enterprise activity.

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 operations. 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 housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Use of Estimates

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

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.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments, with a maturity of more than three months when purchased.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Furniture & Equipment	5-7 years
Vehicles	5 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the Authority implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not affect the presentation of the financial statements of the Authority.

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits

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

Active deposits are public deposits necessary to meet 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.

At year-end, the carrying amount of the Authority's deposits was \$473,114 (including \$396,378 of unrestricted funds, \$76,736 of restricted funds; \$219,023 of the total funds are nonnegotiable certificates of deposit) and the bank balance was \$480,540.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Deposits** (Continued)

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a 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 Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$360,464 were covered by Federal Depository Insurance and deposits totaling \$120,076 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

B. **Investments**

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, 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.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records its investments at fair value. At March 31, 2008, the Authority held no investments as defined by GASB Statement No. 40.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represents 100 percent of its deposits.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

Reconciliation of cash and cash equivalents and investments is as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Assets	\$ 254,091	\$ 219,023
Certificates of Deposits (Non-negotiable)	219,023	(219,023)
Per GASB Statement No. 3	\$ 473,114	\$ 0

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 4: RESTRICTED ASSETS

The Authority's assets restricted as to purpose are as follows:

Tenant Security Deposits	\$ 6,659
Family Self Sufficiency (FSS) Program Escrow**	2,302
Tenant Council	3,104
Housing Assistance Program (HAP) Equity	<u>64,671</u>
Total Restricted Assets	<u>\$ 76,736</u>

**The FSS Program is designed to promote employment and increase savings among families receiving Section 8 vouchers or living in public housing.

NOTE 5: CAPITAL ASSETS

	Balance 3/31/2007	Transfers	Additions	Deletions	Balance 03/31/08
<u>Capital Assets not Being Depreciated</u>					
Land	\$ 84,000	\$ 0	\$ 0	\$ 0	\$ 84,000
Construction in Progress	<u>104,949</u>	<u>(73,347)</u>	<u>15,493</u>	<u>0</u>	<u>47,095</u>
Total Capital Assets not Being Depreciated	<u>188,949</u>	<u>(73,347)</u>	<u>15,493</u>	<u>0</u>	<u>131,095</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Building Improvements	1,226,215	68,698	3,531	0	1,298,444
Leasehold Improvements	42,156	4,649	0	0	46,805
Furniture, Equipment and Machinery	<u>145,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>145,417</u>
Total Capital Assets Being Depreciated	<u>1,413,788</u>	<u>73,347</u>	<u>3,531</u>	<u>0</u>	<u>1,490,666</u>
<u>Accumulated Depreciation</u>					
Building and Building Improvements	(437,842)	(3,547)	(39,819)	0	(481,208)
Leasehold Improvements	(15,070)	(155)	(3,120)	0	(18,345)
Furniture, Equipment & Machinery	<u>(144,793)</u>	<u>0</u>	<u>(762)</u>	<u>0</u>	<u>(145,555)</u>
Total Accumulated Depreciation	<u>(597,705)</u>	<u>(3,702)</u>	<u>(43,701)</u>	<u>0</u>	<u>(645,108)</u>
Total Capital Assets Being Depreciated, Net	<u>816,083</u>	<u>69,645</u>	<u>(40,170)</u>	<u>0</u>	<u>845,558</u>
Total Capital Assets, Net	<u>\$ 1,005,032</u>	<u>\$ (3,702)</u>	<u>\$ (24,677)</u>	<u>\$ 0</u>	<u>\$ 976,653</u>

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 6: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Noble is one. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 7: CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 8: MANAGEMENT AGREEMENT

The Noble Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Cambridge Metropolitan Housing Authority (CMHA) on March 30, 1987. Pursuant to the agreement CMHA provides all management services to the Authority in order that the Authority shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the Authority has executed or may, from time to time, execute with HUD. As compensation for these services, the Authority transfers to CMHA the monthly administrative fees allocated to Noble based on approved budgets. Total management fees for the fiscal year ended March 31, 2008 were \$40,831.

NOBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)

NOTE 9: **PRIOR PERIOD ADJUSTMENT**

During the period ending March 31, 2008, the Authority transferred capital assets from the Public Housing Capital Fund Program to the Public Housing Program. This transfer related to assets from prior periods that had depreciation in fiscal year 2007 of \$3,702. This amount, therefore, is shown as a prior period adjustment. In addition, there was a \$300 prior period adjustment related to revenue recognition in an improper period. The prior period adjustment of \$31,835 is the amount recaptured by HUD for fiscal year 2007. A HUD notice issued January 11, 2006 states that any budget authority provided to PHAs that exceed actual program expenses for the same period must be maintained in a PHA's undesignated fund equity account in accordance with Generally Accepted Accounting Principles.

**NOBLE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CAPITAL GRANTS - COMPLETED
FOR THE TWELVE MONTHS ENDED MARCH 31, 2008**

Annual Contributions Contract C-838

1. The total amount of modernization costs of the capital grant is shown below:

<u>Project OH</u>	Capital Grant <u>OH16P06950105</u>
Funds Approved	\$ 39,430
Funds Expended	<u>39,430</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 39,430
Funds Expended	<u>39,430</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All modernization work in connection with the capital grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the Housing Authority have been fully paid.
4. There are no undischarged mechanics', laborers', contractors', or material-mens' liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. The time in which such liens could be filed has expired.

NOBLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
MARCH 31, 2008

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
ASSETS					
Current Assets					
111	Cash - Unrestricted	\$98,670	\$85,344	\$0	\$184,014
113	Cash - Other Restricted	\$3,104	\$66,973	\$0	\$70,077
114	Cash - Tenant Security Deposits	\$6,659	\$0	\$0	\$6,659
100	Total Cash	\$108,433	\$152,317	\$0	\$260,750
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$1,542	\$1,542
126	Accounts Receivable - Tenants - Dwelling Rents	\$146	\$0	\$0	\$146
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$146	\$0	\$1,542	\$1,688
131	Investments - Unrestricted	\$212,364	\$0	\$0	\$212,364
142	Prepaid Expenses and Other Assets	\$2,249	\$0	\$0	\$2,249
143	Inventories	\$2,181	\$0	\$0	\$2,181
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$1,480	\$0	\$0	\$1,480
150	Total Current Assets	\$326,853	\$152,317	\$1,542	\$480,712
Non-Current Assets					
161	Land	\$84,000	\$0	\$0	\$84,000
162	Buildings	\$1,298,444	\$0	\$0	\$1,298,444
164	Furniture, Equipment & Machinery - Administration	\$145,417	\$0	\$0	\$145,417
165	Leasehold Improvements	\$46,805	\$0	\$0	\$46,805
166	Accumulated Depreciation	(\$645,108)	\$0	\$0	(\$645,108)
167	Construction In Progress	\$0	\$0	\$47,095	\$47,095
160	Total Fixed Assets, Net of Accumulated Depreciation	\$929,558	\$0	\$47,095	\$976,653
180	Total Non-Current Assets	\$929,558	\$0	\$47,095	\$976,653
190	Total Assets	\$1,256,411	\$152,317	\$48,637	\$1,457,365

Interprogram Due From/Due To amounts are eliminated on the Basic Financial Statements

**NOBLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
MARCH 31, 2008**

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
LIABILITIES					
Current Liabilities					
312	Accounts Payable <= 90 Days	\$5,040	\$0	\$62	\$5,102
332	Accounts Payable - PHA Projects	\$3,372	\$0	\$0	\$3,372
341	Tenant Security Deposits	\$5,821	\$0	\$0	\$5,821
342	Deferred Revenues	\$281	\$0	\$0	\$281
347	Interprogram Due To	\$0	\$0	\$1,480	\$1,480
310	Total Current Liabilities	\$14,514	\$0	\$1,542	\$16,056
Noncurrent Liabilities					
353	Noncurrent Liabilities - Other	\$0	\$2,302	\$0	\$2,302
350	Total Noncurrent Liabilities	\$0	\$2,302	\$0	\$2,302
300	Total Liabilities	\$14,514	\$2,302	\$1,542	\$18,358
Net Assets					
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$929,558	\$0	\$47,095	\$976,653
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$64,671	\$0	\$64,671
512.1	Unrestricted Net Assets	\$312,339	\$85,344	\$0	\$397,683
513	Total Equity/Net Assets	\$1,241,897	\$150,015	\$47,095	\$1,439,007
600	Total Liabilities and Equity/Net Assets	\$1,256,411	\$152,317	\$48,637	\$1,457,365

Interprogram Due From/Due To amounts are eliminated on the Basic Financial Statements

**NOBLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2008**

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
REVENUES					
703	Net Tenant Rental Revenue	\$44,461	\$0	\$0	\$44,461
704	Tenant Revenue - Other	\$1,218	\$0	\$0	\$1,218
705	Total Tenant Revenue	\$45,679	\$0	\$0	\$45,679
706	HUD PHA Operating Grants	\$59,557	\$315,919	\$4,580	\$380,056
706.1	Capital Grants	\$0	\$0	\$15,493	\$15,493
711	Investment Income - Unrestricted	\$10,719	\$3,168	\$0	\$13,887
715	Other Revenue	\$0	\$3,771	\$0	\$3,771
720	Investment Income - Restricted	\$0	\$2,489	\$0	\$2,489
700	Total Revenue	\$115,955	\$325,347	\$20,073	\$461,375
EXPENSES					
912	Auditing Fees	\$2,698	\$3,061	\$0	\$5,759
913	Outside Management Fees	\$0	\$40,831	\$0	\$40,831
916	Other Operating - Administrative	\$19,976	\$38	\$3,329	\$23,343
924	Tenant Services - Other	\$31	\$0	\$0	\$31
931	Water	\$7,689	\$0	\$0	\$7,689
932	Electricity	\$2,745	\$0	\$0	\$2,745
933	Gas	\$1,389	\$0	\$0	\$1,389
942	Ordinary Maintenance and Operations - Materials and Other	\$9,895	\$0	\$552	\$10,447
943	Ordinary Maintenance and Operations - Contract Costs	\$26,950	\$0	\$699	\$27,649
961	Insurance Premiums	\$3,203	\$0	\$0	\$3,203
963	Payments in Lieu of Taxes	\$3,372	\$0	\$0	\$3,372
969	Total Operating Expenses	\$77,948	\$43,930	\$4,580	\$126,458
970	Excess Operating Revenue over Operating Expenses	\$38,007	\$281,417	\$15,493	\$334,917
973	Housing Assistance Payments	\$0	\$302,129	\$0	\$302,129
974	Depreciation Expense	\$43,701	\$0	\$0	\$43,701
900	Total Expenses	\$121,649	\$346,059	\$4,580	\$472,288
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$5,694)	(\$20,712)	\$15,493	(\$10,913)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,178,246	\$202,562	\$104,949	\$1,485,757
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$69,345	(\$31,835)	(\$73,347)	(\$35,837)
1120	Unit Months Available	327	1,104	0	1,431
1121	Number of Unit Months Leased	327	1,103	0	1,430
1117	Administrative Fee Equity	\$0	\$85,344	\$0	\$85,344
1118	Housing Assistance Payments Equity	\$0	\$64,671	\$0	\$64,671

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Noble Metropolitan Housing Authority
Cambridge, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of the business-type activities of the Noble Metropolitan Housing Authority (the Authority) as of and for the year ended March 31, 2008, and have issued our report thereon dated September 18, 2008. 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 of America.

Internal Control Over Financial Reporting

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

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

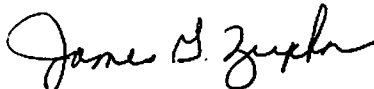
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Noble Metropolitan Housing Authority's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Noble Metropolitan Housing Authority's basic financial statements are free of 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

September 18, 2008



Mary Taylor, CPA
Auditor of State

NOBLE METROPOLITAN HOUSING AUTHORITY

NOBLE 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
NOVEMBER 18, 2008**