

PREBLE METROPOLITAN HOUSING AUTHORITY

Financial Statements

For the Year Ended March 31, 2009



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Preble Metropolitan Housing Authority
719 S. Main Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the Preble Metropolitan Housing Authority, Preble County, prepared by Manning & Associates CPAs, LLC, for the audit period April 1, 2008 through March 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Preble Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 19, 2009

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PREBLE METROPOLITAN HOUSING AUTHORITY

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MANNING & ASSOCIATES

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Preble Metropolitan Housing Authority
Eaton, Ohio

We have audited the accompanying financial statements of Preble Metropolitan Housing Authority, as of and for the year ended March 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Preble Metropolitan Housing Authority, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the 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 financial statements referred to above present fairly, in all material respects, the financial position of Preble Metropolitan Housing Authority, as of March 31, 2009, and the results of its operations and 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 September 30, 2009, on our consideration of Preble Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 result of our audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiry 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 financial statements of the Preble Metropolitan Housing Authority 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. The combining financial data schedule ("FDS") is presented for purposes 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 financial statements and, in our opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

Manning & Associates CPAs, LLC
Dayton, Ohio

September 29, 2009

Preble Metropolitan Housing Authority Management's Discussion and Analysis For the Year Ended March 31, 2009

Introduction

This Management's Discussion and Analysis (MD&A) of the Preble Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Preble Metropolitan Housing Authority for the fiscal year ended March 31, 2009. The Preble Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended March 31, 2009, 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 Preble 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 individual program, Housing Choice Voucher Program. This program provides rental assistance to aid 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. The Authority currently has 52 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

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:

Management's Discussion and Analysis-Cont.

- *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 March 31, 2009 to determine the change in net assets for the fiscal year.

The Statement of Cash Flows report 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 March 31, 2009.

Financial Highlights

- The Preble Metropolitan Housing Authority's total net assets decreased from \$63,270 to \$45,878, a decrease of \$17,392 or 27%. The total assets decreased by \$12,328 or 16%.
- The unrestricted net asset balance is \$38,377 at March 31, 2009. This represents an increase of \$6,777 or 21% from the previous year.
- Total revenues decreased from \$192,902 earned in the previous year to \$183,087 earned in the current year, a decrease of \$9,815 or 5%.
- Total expenses increased by \$24,875, from \$175,604 incurred in the previous year to \$200,479 for the current year. This represents an increase of 14%.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended March 31, 2009 and March 31, 2008.

Management's Discussion and Analysis-Cont.

Summary Statement of Net Assets

Category	FYE 2009	FYE 2008	Change \$	Change %
Current Assets	\$ 63,919	\$ 76,023	\$ (12,104)	-16%
Fixed Assets (Net of Depreciation)	\$ 206	\$ 430	\$ (224)	0%
Total Assets	\$ 64,125	\$ 76,453	\$ (12,328)	-16%
Current Liabilities	\$ 18,247	\$ 13,183	\$ 5,064	38%
Long Term Liabilities	\$ -	\$ -	\$ -	0%
Total Liabilities	\$ 18,247	\$ 13,183	\$ 5,064	38%
Unrestricted Net Assets	\$ 38,377	\$ 31,600	\$ 6,777	21%
Investment in Net Fixed Assets	\$ 206	\$ 430	\$ (224)	0%
Restricted Net Assets	\$ 7,295	\$ 31,240	\$ (23,945)	0%
Total Net Assets	\$ 45,878	\$ 63,270	\$ (17,392)	-27%

Current Assets

Current assets decreased by \$12,104 from the previous year. The decrease was due to the notable reduction in restricted cash associated with the use of excess HAP.

Cash & Investments

Unrestricted cash and investments increased from \$35,742 to \$40,617, an increase of \$4,875 from March 31, 2008 to March 31, 2009. The primary reason for the increase was due to an excess of admin revenues over admin expenses.

Restricted cash and investments decreased from \$40,235 to \$21,323, a decrease of \$18,912 from March 31, 2008 to March 31, 2009. HAP costs exceeded HAP revenues by \$24,176 for the current year. HAP payments increased from an average of \$381 per unit leased in 2008 to an average of \$421 per unit leased in the current year.

Fixed Assets

Fixed assets decreased due to the charging of depreciation expense in the current fiscal year. For further details, see the following section related to capital assets.

Unrestricted Net Assets

The Authority's unrestricted net assets increased by \$6,777 from the previous year. The primary reason for the increase was due to the excess admin operating revenues over admin operating expenses.

Restricted Net Assets

Restricted Net Assets decreased by \$23,945. The decrease was a result of the Authority receiving \$162,327 in HAP funding while expending \$186,503 in HAP expenses.

Management's Discussion and Analysis-Cont.

Overview of the Financial Statements-Cont.

*Summary Statement of Revenues & Expenses and Changes in Net Assets
Years Ended March 31, 2009 and 2008*

<u>Category</u>	<u>FYE 2009</u>	<u>FYE 2008</u>	<u>Change \$</u>	<u>Change %</u>
Operating Grants	\$ 180,814	\$ 186,548	\$ (5,734)	-3%
Interest Income	\$ 663	\$ 592	\$ 71	12%
Other Income	\$ 1,610	\$ 5,762	\$ (4,152)	-72%
Total Revenue	\$ 183,087	\$ 192,902	\$ (9,815)	-5%
			\$ -	
Administration	\$ 12,270	\$ 13,011	\$ (741)	-6%
General Expense	\$ 1,482	\$ 131	\$ 1,351	1031%
Housing Assistance Payments	\$ 186,503	\$ 162,238	\$ 24,265	15%
Depreciation	\$ 224	\$ 224	\$ -	0%
Total Expenses	\$ 200,479	\$ 175,604	\$ 24,875	14%
Excess of Revenue over Expenses	\$ (17,392)	\$ 17,298	\$ (34,690)	-201%
Net Assets, Beginning of Year	\$ 63,270	\$ 45,972	\$ 17,298	38%
Net Assets, End of Year	\$ 45,878	\$ 63,270	\$ (17,392)	-27%

Results of Operations

Revenues of the Authority are generated principally from HUD grants. The Authority's revenue decreased by \$9,815 for the current fiscal year. Notable changes as compared from the previous year include:

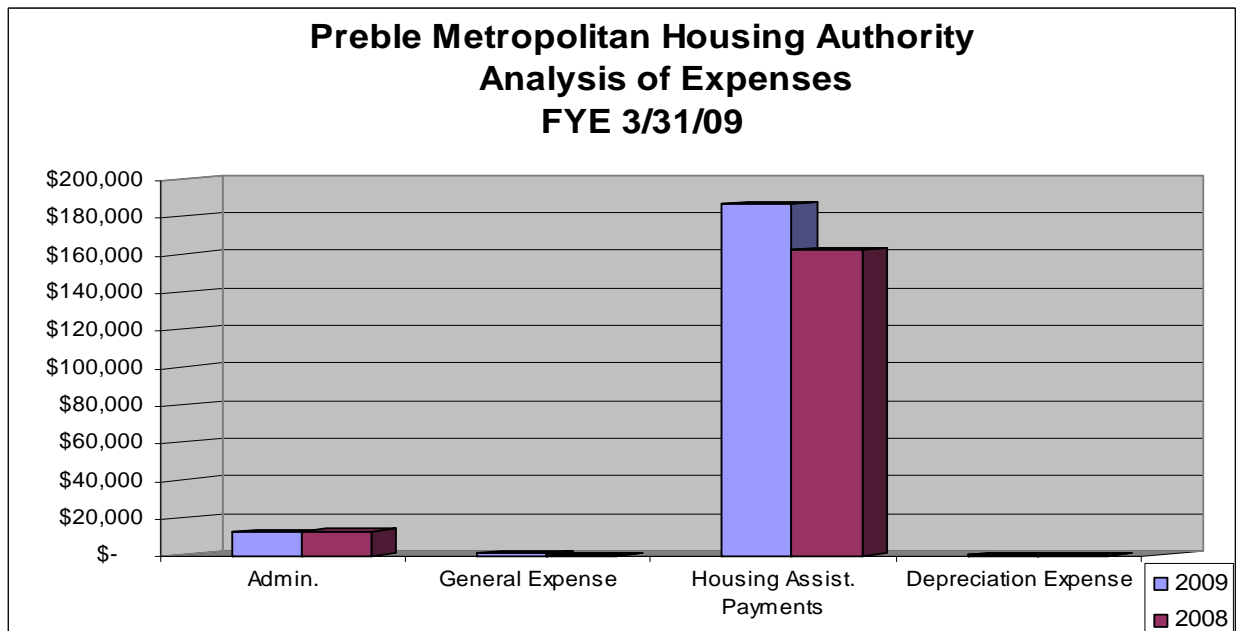
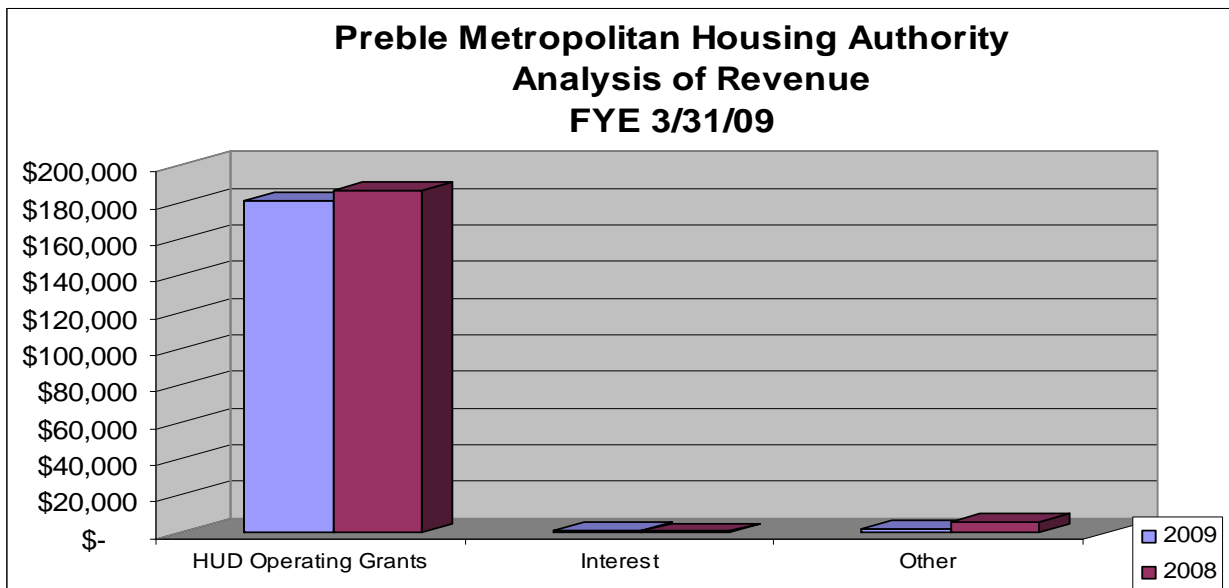
- The noted decrease was due primarily to a revised funding calculation implemented by HUD. Revised program guidelines distinguishes funding sources for the Housing Choice Voucher Program. The total grant revenue earned during the current year can be separated into HAP funding category totaling \$162,327 and administrative funding totaling \$18,487. Admin fees were calculated on a per unit basis and proration factor as compared to the previous year in which the Authority received a flat rate. This change in funding calculation resulted in a reduction of admin fees in the amount of \$6,904.
- Other Income decreased from \$5,762 to \$1,610. This is due to a decrease in FSS forfeitures incurred in the current year.

Management's Discussion and Analysis-Cont.

Expenses increased during the current fiscal year by \$24,875. Notable changes as compared to the previous year include:

- General expenses increased from \$131 to \$1,482 due to the charging of bad debts related to accounts receivable for fraud claims.
- Housing Assistance Payments also increased due to higher in average HAP payments. The average HAP payment in the previous year was \$380.84. This increased to \$421.00 for the current fiscal year.

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 March 31, 2009, the Preble Metropolitan Housing Authority's Total Net Fixed Assets decreased by \$224 from the previous year. This investment includes land, building, construction in progress, and equipment.

<u>Category</u>	<u>FYE 2009</u>	<u>FYE 2008</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ -	\$ -	\$ -	0%
Buildings	\$ -	\$ -	\$ -	0%
Equipment	\$ 968	\$ 968	\$ -	0%
Accumulated Depreciation	\$ (762)	\$ (538)	\$ (224)	42%
Total Net Fixed Assets	\$ 206	\$ 430	\$ (224)	0%

Subsequent Event

None.

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:

Preble Metropolitan Housing Authority
Stephen V. Pipenger, Chief Financial Officer
719 S. Main Street
Dayton, OH 45402

PREBLE METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

Proprietary Funds

March 31, 2009

ASSETS

Current assets

Cash and cash equivalents	\$	61,940
Accounts Receivable		1,207
Prepaid		575
Fraud Recovery - Net of \$1,774 Allowance		197
Total current assets		<u>63,919</u>

Noncurrent assets

Capital assets:

Building and equipment		968
Less accumulated depreciation		(762)
Total noncurrent assets		<u>206</u>

Total assets \$ 64,125

LIABILITIES

Current liabilities

Accounts Payable	\$	4,218
Other current liabilities		14,028
Total current liabilities		<u>18,246</u>

Total liabilities \$ 18,246

NET ASSETS

Invested in capital assets, net of related debt	\$	206
Restricted net assets		7,295
Unrestricted net assets		<u>38,378</u>
Total net assets	\$	<u><u>45,879</u></u>

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

PREBLE METROPOLITAN HOUSING AUTHORITY
Statement of revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2009

OPERATING REVENUES

Government operating grants	\$ 180,814
Other Revenue	<u>1,716</u>
Total operating revenues	<u>182,530</u>

OPERATING EXPENSES

Administrative	\$ 13,071
Housing assistance payment	187,183
Depreciation	<u>224</u>
Total operating expenses	<u>\$ 200,478</u>
Operating income (loss)	<u>\$ (17,948)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	\$ <u>557</u>
Total nonoperating revenues (expenses)	<u>557</u>
Income (loss) before contributions and transfers	\$ (17,391)

Total net assets - beginning	\$ <u>63,270</u>
Total net assets - ending	<u><u>45,879</u></u>

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

PREBLE METROPOLITAN HOUSING AUTHORITY

Combined Statement of Cash Flows
Proprietary Fund Type- Enterprise Fund
For the Year Ended March 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grantor	\$ 179,613
Other income received	1,565
Cash paid Operating Activities	(13,646)
Cash Paid for Housing Assistance	<u>(182,120)</u>

Net cash provided operating activities \$ (14,588)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	\$ <u>551</u>
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Net cash provided (used) by investing activities \$ 551

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Property and equipment purchased	\$ <u> </u>
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Net cash provided (used) by capital and related activities \$ -

Net Increase (Decrease) in Cash	\$ (14,037)
Cash and cash equivalents- Beginning of Year	<u>75,977</u>

Cash and cash equivalents- end of year \$ 61,940

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ (17,948)
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Adjustments to Reconcile Net Income to net Cash Provided

by Operating Activities:

Depreciation adjustment	224
(Increase) Decrease in accounts receivable	(1,201)
(Increase) Decrease in prepaid	(575)
(Increase) Decrease in fraud recovery	(151)
Increase (Decrease) in accounts payable	1,138
Increase (Decrease) in FSS Escrow payable	<u>3,925</u>

Net cash provided by operating activities \$ (14,588)

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

PREBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Preble Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appointing a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

PREBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes net assets, and a statement of cash flows.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund- This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

The Authority operates the Housing Choice Voucher Program as a single enterprise fund.

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2009 totaled \$557.

PREBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$250 or more per unit. Depreciation is calculated using the straight line method over the estimated useful lives of three years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

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.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for its HUD funded program. The budget for its program is prepared on HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Accounting and Reporting for Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

PREBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

- A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by the time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2009, the carrying amount of the Authority's deposits totaled \$61,940 and its bank balance was \$62,539. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2009, the entire cash balance of \$62,539 was covered by the Federal Depository Insurance Corporation. The custodial credit risk for the Authority deposit is Category 1.

NOTE 3: 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 ending March 31, 2009 the Authority contracted with Cincinnati Insurance Company for liability and property coverage of \$1,000,000.

Settled claims have not exceeded this coverage in any of the last three years.

PREBLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 4: CAPITAL ASSETS

The following is a summary:

	Balance 03/31/08	Additions	Deletion	Balance 03/31/09
Capital Assets Being Depreciated:				
Furnt, Mach. & Equip.- Admin.	968	0	0	968
Total Capital Assets Being Depreciated	968	0	0	968
Accumulated Depreciation:				
Furnt, Mach. & Equip. -Admin.	(538)	(224)	0	(762)
Total Accumulated Depreciation	(538)	(224)	0	(762)
Total Capital Assets Being Depreciated, Net	430	(224)	0	206
Total Capital Assets, Net	\$430	\$(224)	\$0	\$206

NOTE 5: MANAGEMENT CONTRACT/ RELATED PARTY TRANSACTION

The Authority Contracts with the Community Action Partnership of the Greater Dayton Area, a non-profit corporation, for the management and operations of its Housing Choice Voucher Program. The Authority does not have any employees; all staffs are subcontracted from the Community Action Partnership.

PREBLE METROPOLITAN HOUSING AUTHORITY

Combining FDS Schedule Submitted To REAC

Property Fund Type - Enterprise Fund

March 31, 2009

Line Item No.	Account Description	Housing Choice Vouchers
111	Cash - Unrestricted	\$ 36,399
113	Cash - Other Restricted	7,295
115	Cash - Restricted for Payment of Current Liabilities	18,246
100	Total Cash	<u>\$ 61,940</u>
128	Fraud Recovery	\$ 1,971
128.1	Allowance for Doubtful Accounts - Fraud	(1,774)
	Account Receivable	1,207
	Prepaid	575
120	Total Receivables, net of allowances for doubtful accounts	<u>\$ 1,979</u>
150	Total Current Assets	<u>\$ 63,919</u>
164	Furniture, Equipment & Machinery- Administration	\$ 968
166	Accumulated Depreciation	(762)
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>\$ 206</u>
180	Total Non-Current Assets	<u>\$ 206</u>
190	Total Assets	<u><u>\$ 64,125</u></u>
312	Accounts Payable <=90 Days	\$ 4,218
345	Other Current Liabilities - FSS Escrow Payable	14,028
310	Total Current Liabilities	<u>\$ 18,246</u>
300	Total Liabilities	<u>\$ 18,246</u>
508.1	Invested in Capital Assets, Net of Related Debt	\$ 206
511.1	Restricted Net Assets	7,295
512.1	Unrestricted Net Assets	38,378
513	Total Equity/Net Assets	<u>\$ 45,879</u>
600	Total Liabilities and Equity/Net Assets	<u><u>\$ 64,125</u></u>

PREBLE METROPOLITAN HOUSING AUTHORITY
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
March 31, 2009

Line Item No.	Account Description	Housing Choice Vouchers
705	Total Tenant Revenue	\$ -
706	HUD PHA Operating Grants	180,814
711	Investments Income- Unrestricted	557
715	Other Revenue	1,716
700	Total Revenue	<u>\$ 183,087</u>
912	Auditing Fees	\$ 1,322
913	Outside Management Fees	11,626
961	Insurance Premiums	123
969	Total Operating Expenses	<u>\$ 13,071</u>
970	Excess Operating Revenue over Operating Expenses	<u>\$ 170,016</u>
973	Housing Assistance Payments	\$ 187,183
974	Depreciation Expense	224
900	Total Expenses	<u>\$ 187,407</u>
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (17,391)
1103	Beginning Equity	\$ 63,270
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-
	Ending Equity	<u><u>\$ 45,879</u></u>
1120	Unit Months Available	459
1121	Number of Unit Months Leased	443
1117	Administrative Fee Equity	38,378
1118	Housing Assistance Payments Equity	7,501



**REPORT IN 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
Preble Metropolitan Housing Authority

We have audited the financial statements of the business-type activities of Preble Metropolitan Housing Authority, as of and for the year ended March 31, 2009, which collectively comprise the Preble Metropolitan Housing Authority, financial statements and have issued our report thereon dated September 29, 2009. We conducted the 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 the audit, we considered Preble Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity'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 authority's financial statements that is more than inconsequential will not be prevented or detected by the 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 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 weakness. We did not identify any deficiencies in internal control over financial reporting that we considered to material weaknesses, as defined above.

Preble Metropolitan Housing Authority
Board of Directors
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*
Page 2

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 for the information of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

September 29, 2009

PREBLE METROPOLITAN HOUSING AUTHORITY

Schedule of Prior Audit Findings

March 31, 2009

The following are the status of March 31, 2008 audit findings. Those findings not fully corrected are repeated in the 2009 audit report.

Finding Number	Finding Summary	Fully Corrected?
	No prior audit findings	



Mary Taylor, CPA
Auditor of State

PREBLE METROPOLITAN HOUSING AUTHORITY

PREBLE 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 5, 2009**