

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO**

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010



Mary Taylor, CPA
Auditor of State

Board of Directors
Monroe Metropolitan Housing Authority
1100 Maple Court
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Monroe Metropolitan Housing Authority, Monroe County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 Monroe Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2010

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MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of the Monroe Metropolitan Housing Authority as of and for the year ended June 30, 2010, 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 Monroe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

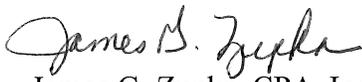
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 basic 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 respective financial position of the Monroe Metropolitan Housing Authority as of June 30, 2010, and the respective changes in financial position 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 our report dated October 22, 2010 on our consideration of the Monroe 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 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's discussion and Analysis information on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe Metropolitan Housing Authority's basic financial statements as a whole. The accompanying Supplemental Financial Data Schedules are presented for additional analysis and are not a required part of the basic financial statements of the Authority. The accompanying Schedule of Expenditures of Federal Awards 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 basic financial statements of the Monroe Metropolitan Housing Authority. The Schedule of Expenditures of Federal Awards the Financial Data Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


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

October 22, 2010

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)

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

Management’s Discussion and Analysis

The Monroe 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 (it’s ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

This Management 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 11).

Financial Highlights

- The Authority’s net assets increased by \$57,292 (or 2,701 percent) during 2010. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Total net assets were \$59,413 and \$2,121 for 2010 and 2009, respectively.
- The business-type activities revenues increased by \$66,817 (or 10 percent) during 2010, and were \$768,222 and \$701,405 for 2010 and 2009, respectively.
- The total expenses of all Authority programs decreased by \$19,836 (or 3 percent) during 2010. Total expenses were \$710,930 and \$730,766 for 2010 and 2009, respectively.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(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 -**

Basic Financial Statements
**- Authority-Wide Financial Statements
- pgs 11 - 13**
**- Notes to Financial Statements
(Expanded/Restructured) - pgs 14 - 18**

**Other Required Supplementary
Information**
**- Required Supplementary Information
pg 19
(Other than MD&A)
(Expanded)**

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

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 11 - 13) 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 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 income.

The focus of the Statement of Revenues, Expenses and Changes in 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.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)

Fund Financial Statements

The Authority consists exclusively of an Enterprise Fund. 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 only has one program, the Housing Choice Voucher Program. The financial statements reflect the transaction for this program.

The Authority's Funds

Business Type Funds

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.

Authority-Wide Statement

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

	2010	2009
Current and Other Assets	\$ 71,101	\$ 79,566
Total Assets	<u>\$ 71,101</u>	<u>\$ 79,566</u>
Current Other Liabilities	\$ 6,935	\$ 74,132
Long-Term Liabilities	4,753	3,313
Total Liabilities	<u>11,688</u>	<u>77,445</u>
Net Assets:		
Restricted	59,122	0
Unrestricted	291	2,121
Total Net Assets	<u>\$ 59,413</u>	<u>\$ 2,121</u>

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)

Authority-Wide Statement (Continued)

Statement of Net Assets (Continued)

For more detailed information see page 11 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

The decrease in assets of \$8,465 was offset by a decrease in accounts payable. Accounts payable decreased by \$67,197 during the fiscal year.

Table 2 presents details on the change in Unrestricted Net Assets

Table 2 - Change of Unrestricted Net Assets

Unrestricted Net Assets June 30, 2009	\$ 2,121
Results of Operations	57,292
Less Restricted Net Asset Funds	<u>(59,122)</u>
Ending Balance - June 30, 2010	<u>\$ 291</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.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

Major Factors Affecting the Statements 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 Revenues, Expenses and Changes in Net Assets

	2010	2009
Revenues		
HUD PHA Operating Grant	\$ 767,783	\$ 701,322
Other Revenue	338	0
Investment Income	101	83
Total Revenues	<u>768,222</u>	<u>701,405</u>
Expenses		
Administrative	96,946	93,174
Housing Assistance Payments	613,984	637,592
Total Expenses	<u>710,930</u>	<u>730,766</u>
Net Increase (Decrease)	<u>\$ 57,292</u>	<u>\$ (29,361)</u>

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets

HUD PHA Operating Grants increased by \$66,461. This increase was primarily due to additional funds received from the Department of Housing and Urban Development for HAP payments.

The decrease in total expenses by \$19,836 is mainly due to the decrease in housing assistance payments.

Capital Assets and Debt

The Authority currently has no capital assets or debt that it is responsible for.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(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 affect 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, Monroe Metropolitan Housing Authority, P.O. Box 1388, Cambridge, Ohio 43725.

BASIC FINANCIAL STATEMENTS

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 7,226
Restricted Cash and Cash Equivalents	<u>63,875</u>

Total Current Assets	<u>71,101</u>
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TOTAL ASSETS	<u><u>\$ 71,101</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 6,935
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Total Current Liabilities	<u>6,935</u>
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Noncurrent Liabilities

FSS Program Liability	<u>4,753</u>
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Total Noncurrent Liabilities	<u>4,753</u>
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TOTAL LIABILITIES	<u>11,688</u>
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Net Assets

Restricted	59,122
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Unrestricted	<u>291</u>
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TOTAL NET ASSETS	<u><u>\$ 59,413</u></u>
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See accompanying notes to the basic financial statements.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Operating Revenues</u>	
HUD Grants	\$ 767,783
Other Income	<u>338</u>
Total Operating Revenues	<u>768,121</u>
<u>Operating Expenses</u>	
Housing Assistance Payments	613,984
Outside Management Fees	91,241
Audit Fees	<u>5,705</u>
Total Operating Expenses before Depreciation	<u>710,930</u>
Operating Income	<u>57,191</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	<u>101</u>
Total Non-Operating Revenues (Expenses)	<u>101</u>
Change in Net Assets	<u>57,292</u>
Total Net Assets - Beginning of Year	<u>2,121</u>
Total Net Assets - End of Year	<u><u>\$ 59,413</u></u>

See accompanying notes to the basic financial statements.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

Cash Flows from Operating Activities

Cash Received from HUD	\$ 767,783
Cash Received from Other Revenues	338
Cash Payments for Housing Assistance	(613,984)
Cash Payments for Administrative Expenses	(164,143)
Cash Payments to FSS Escrow	<u>1,440</u>
Net Cash Used by Operating Activities	<u>(8,566)</u>

Cash Flows from Investing Activities

Interest Received	<u>101</u>
Net Cash Provided by Investing Activities	<u>101</u>

Net Decrease in Cash and Cash Equivalents	(8,465)
Cash and Cash Equivalents, Beginning	<u>79,566</u>

Cash and Cash Equivalents, Ending **\$ 71,101**

Reconciliation of Operating Income to Net

Cash Used by Operating Activities

Operating Income	\$ 57,191
Increase (Decrease) in:	
Accounts Payable	(67,197)
FSS Program Liability	<u>1,440</u>
Net Cash Used by Operating Activities	<u>\$ (8,566)</u>

See accompanying notes to the basic financial statements.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Reporting Entity

The Monroe 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.

The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletin issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(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.

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.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

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

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.

NOTE 2: **CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the Authority implemented GASB Statements No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles for state and local governments into the GASB's authoritative literature.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards.

The implementation of GASB Statements No. 52, No. 55 and No. 56 did not affect the presentation of the financial statements of the Authority.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was \$71,101 (\$7,226 of unrestricted funds and \$63,875 of restricted funds) and the bank balance was \$71,836. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2010, the Authority's bank balance of \$71,836 was covered by Federal Depository Insurance.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

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

Deposits (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

The Authority has a formal investment policy; however, the Authority held no investments at June 30, 2010. Therefore, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks, and foreign currency risks.

NOTE 4: **RESTRICTED ASSETS**

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

Family Self Sufficiency (FSS) Program Escrow	\$ 4,753
Housing Assistance Payments (HAP) Equity	59,122
Total Restricted Assets	<u>\$ 63,875</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: **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 disasters. 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 Monroe is one. Settled claims have not exceeded the Authority's insurance in any of the past three years.

MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 6: CONTINGENCIES

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 7: MANAGEMENT AGREEMENT

The Monroe Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Cambridge Metropolitan Housing Authority (Cambridge) on August 27, 1990. Pursuant to the agreement Cambridge 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 Cambridge the monthly earned administrative fees as determinable by the Department of Housing and Urban Development. Total management fees for the fiscal year ended June 30, 2010 were \$91,241.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
<u>Section 8 Programs</u>		
Section 8 Tenant Based Program:		
Section 8 Housing Choice Voucher Program	14.871	\$ <u>767,783</u>
Total Federal Assistance		\$ <u>767,783</u>

NOTE: This schedule is prepared on the accrual basis of accounting.

Monroe Metropolitan Housing Authority (OH058)
Cambridge, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year 06/30/2010
End:

	14,871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$7,226	\$7,226
113 Cash - Other Restricted	\$63,875	\$63,875
100 Total Cash	\$71,101	\$71,101
150 Total Current Assets	\$71,101	\$71,101
190 Total Assets	\$71,101	\$71,101
312 Accounts Payable <= 90 Days	\$6,935	\$6,935
310 Total Current Liabilities	\$6,935	\$6,935
353 Non-current Liabilities - Other	\$4,753	\$4,753
350 Total Non-Current Liabilities	\$4,753	\$4,753
300 Total Liabilities	\$11,688	\$11,688
508.1 Invested In Capital Assets, Net of Related Debt	0	0
511.1 Restricted Net Assets	\$59,122	\$59,122
512.1 Unrestricted Net Assets	\$291	\$291
513 Total Equity/Net Assets	\$59,413	\$59,413
600 Total Liabilities and Equity/Net Assets	\$71,101	\$71,101

Monroe Metropolitan Housing Authority (OH058)
Cambridge, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133
Fiscal Year 06/30/2010
End:

	14,871 Housing Choice Vouchers	Total
70600 HUD PHA Operating Grants	\$767,783	\$767,783
71100 Investment Income - Unrestricted	\$1	\$1
71400 Fraud Recovery	\$338	\$338
72000 Investment Income - Restricted	\$100	\$100
70000 Total Revenue	\$768,222	\$768,222
91200 Auditing Fees	\$5,705	\$5,705
91300 Management Fee	\$75,572	\$75,572
91900 Other	\$15,669	\$15,669
91000 Total Operating - Administrative	\$96,946	\$96,946
96900 Total Operating Expenses	\$96,946	\$96,946
97000 Excess of Operating Revenue over Operating Expenses	\$671,276	\$671,276
97300 Housing Assistance Payments	\$613,984	\$613,984
90000 Total Expenses	\$710,930	\$710,930
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$57,292	\$57,292
11030 Beginning Equity	\$2,121	\$2,121
11170 Administrative Fee Equity	\$291	\$291
11180 Housing Assistance Payments Equity	\$59,122	\$59,122
11190 Unit Months Available	2148	2148
11210 Number of Unit Months Leased	2070	2070

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Garfield Hts., Ohio 44125

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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
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the business-type activities of the Monroe Metropolitan Housing Authority (the Authority), Ohio as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. 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 Monroe 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 Monroe Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monroe Metropolitan Housing Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

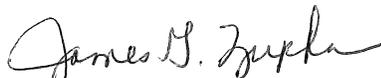
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify 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 Monroe 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Monroe Metropolitan Housing Authority in a separate letter dated October 22, 2010.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, 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

October 22, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Monroe Metropolitan Housing Authority
Woodsfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Monroe Metropolitan Housing Authority with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2010. Monroe Metropolitan Housing Authority's major federal program is 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 its major federal program is the responsibility of the Monroe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Monroe 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; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe 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 of Monroe Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Monroe Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

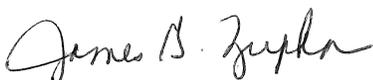
Internal Control Over Compliance

The management of the Monroe 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 Monroe Metropolitan Housing Authority's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monroe Metropolitan Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, 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

October 22, 2010

**MONROE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

2010(i)	Type of Financial Statement Opinion	Unqualified
2010(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2010(ii)	Were there any other significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2010(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2010(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2010(iv)	Were there any other significant deficiency conditions reported for major federal programs?	No
2010(v)	Type of Major Program's Compliance Opinion	Unqualified
2010(vi)	Are there any reportable findings under .510?	No
2010(vii)	Major Programs (list):	Section 8 Housing Choice Voucher CFDA #14.871
2010(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2010(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**MONROE METROPOLITAN HOUSING AUTHORITY
WOODSFIELD, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2010**

The prior audit report, as of June 30, 2009, included no citations.



Mary Taylor, CPA
Auditor of State

MONROE METROPOLITAN HOUSING AUTHORITY

MONROE 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
DECEMBER 21, 2010**