

Noble Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2013





# Dave Yost • Auditor of State

Board of Commissioners  
Noble Metropolitan Housing Authority  
1100 Maple Court  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Noble Metropolitan Housing Authority, Noble County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2012 through March 31, 2013. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 19, 2013

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NOBLE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED MARCH 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Noble Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Noble Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Noble Metropolitan Housing Authority as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Noble Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule ("FDS") is not a required part of the basic financial statements.

The financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the financial data schedule ("FDS") is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2013, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Entity's internal control over financial reporting and compliance.

**Salvatore  
Consiglio**

Digitally signed by Salvatore  
Consiglio  
DN: cn=Salvatore Consiglio,  
o=Salvatore Consiglio, CPA, Inc., ou,  
email=sconsiglio@salcpa.com, c=US  
Date: 2013.09.27 11:52:11 -04'00'

Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
September 6, 2013

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013

Unaudited

The Noble Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) 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 position, and (d) identify individual fund issues of concerns.

Since the MD&A is designed to focus of the 2013 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority's total net position decreased by \$94,461 (or 7 percent) during the fiscal year ended 2013. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net positions. Net positions were \$1,202,004 and \$1,296,465 for 2013 and 2012 respectively.
- The Authority's total revenue decreased by \$9,104 (or 2 percent) during the fiscal year ended 2013, and was \$518,376 and \$527,480 for 2013 and 2012, respectively.
- The total expenses of all Authority programs decreased by \$9,850 (or 2 percent). Total expenses were \$612,838 and \$622,688 for fiscal year ended 2013 and 2012 respectively.

**USING THIS ANNUAL REPORT**

This is a different presentation of the Authority's previous financial statements. The following graphic outlines these changes and are provided for your review:

M D & A -Management Discussion and Analysis-
Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-

The clearly preferable focus is on the Authority as a single enterprise fund. This format will 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.

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013  
Unaudited

**Authority financial Statements**

The Authority financial statements 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 Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as net assets. 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

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

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

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

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

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

Finally, a Statement of Cash Flow 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  
MARCH 31, 2013

Unaudited

The authority 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.

**AUTHORITY PROGRAMS**

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Conventional Public Housing (PH) – 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 Authority to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program (CFP) – This is the primary funding source for physical and management improvements to the Authority's properties. Funds are allocated by a formula allocation and are based on the size and age of the properties.

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords the 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 ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

**AUTHORITY STATEMENTS**

**Statement of Net Position**

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

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013

Unaudited

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 94,283	\$ 119,001
Capital Assets	<u>1,133,520</u>	<u>1,200,882</u>
 Total Assets	 <u>\$ 1,227,803</u>	 <u>\$ 1,319,883</u>
 Current Liabilities	 \$ 24,787	 \$ 19,409
Long-Term Liabilities	<u>1,012</u>	<u>4,009</u>
 Total Liabilities	 <u>25,799</u>	 <u>23,418</u>
 Net Position:		
Net Investment in Capital Assets	1,133,520	1,200,882
Restricted Net Position	30,579	40,920
Unrestricted Net Position	<u>37,905</u>	<u>54,663</u>
 Total Net Position	 <u>1,202,004</u>	 <u>1,296,465</u>
 Total Liabilities and Net Position	 <u>\$ 1,227,803</u>	 <u>\$ 1,319,883</u>

For more detail information see Statement of Net Position presented elsewhere in this report.

**Major Factors Affecting the Statement of Net Position**

During 2013, current assets decreased by \$24,718, and current liabilities increased by \$5,378. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The increase in liability is due to year end vendor bills not paid by the end of the fiscal year less the change in Tenant FSS escrow balances.

Capital assets also changed, increasing from \$1,200,882 to \$1,133,520. The \$67,362 increase may be contributed primarily to a combination of total acquisitions of \$8,997 less current year depreciation of \$76,359.

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013

Unaudited

The following table presents details on the change in Net Position.

**TABLE 2**  
**CHANGE OF NET POSITION**

		<b>Net</b>	
	<b>Unrestricted</b>	<b>Investment in</b>	<b>Restricted</b>
		<b>Capital</b>	
		<b>Assets</b>	
Beginning Balance - March 31, 2012	\$ 54,663	\$ 1,200,882	\$ 40,920
Results of Operation	(84,121)	-	(10,341)
Adjustments:			
Current year Depreciation Expense (1)	76,359	(76,359)	-
Capital Expenditure (2)	(8,997)	8,997	-
Rounding Adjustment	<u>1</u>	<u>-</u>	<u>-</u>
Ending Balance -March 31, 2013	<u>\$ 37,905</u>	<u>\$ 1,133,520</u>	<u>\$ 30,579</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

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

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013  
Unaudited

**TABLE 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 72,346	\$ 66,279
Operating Subsidies	427,991	444,832
Capital Grants	7,486	10,276
Investment Income	94	981
Other Revenues	10,459	5,112
<b>Total Revenues</b>	<b><u>518,376</u></b>	<b><u>527,480</u></b>
<b><u>Expenses</u></b>		
Administrative	101,481	102,996
Tenant Services	143	32
Utilities	13,772	12,950
Maintenance	43,270	56,224
General Expenses	9,404	10,600
Housing Assistance Payments	368,409	363,848
Depreciation	76,359	76,038
<b>Total Expenses</b>	<b><u>612,838</u></b>	<b><u>622,688</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (94,462)</u></b>	<b><u>\$ (95,208)</u></b>

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

Operating Subsidy reflects a decrease of \$16,841 (or 4 %) due to less Operating Grant Funds received from HUD. Capital grants also decreased by \$2,790 due to decreased capital improvement projected during the year.

Total tenant revenue increased by \$6,067 (or 8 %). This increase was primarily due to increased tenant rents.

Total expenses decreased \$9,850 (or 2 %) due mainly to decreases in maintenance costs and other operating cost saving implemented during the year.

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013

Unaudited

**CAPITAL ASSETS**

As of year-end, the Authority had \$1,133,520 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$67,362 (or 6 %) from the end of last year. This decrease was mainly due to current year depreciation expense.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

		<b><u>2013</u></b>		<b><u>2012</u></b>
Land and Land Rights	\$	84,000	\$	84,000
Buildings		1,515,224		1,515,224
Leasehold Improvements		115,326		115,326
Equipment		306,882		305,370
Construction in Progress		17,761		10,276
Accumulated Depreciation		<u>(905,673)</u>		<u>(829,314)</u>
 Total	 \$	 <u>1,133,520</u>	 \$	 <u>1,200,882</u>

The following reconciliation identifies the change in Capital Assets:

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**

Beginning Balance - March 31, 2012	\$ 1,200,882
Current year Additions	8,997
Current year Depreciation Expense	<u>(76,359)</u>
Ending Balance - March 31, 2013	<u>\$ 1,133,520</u>

NOBLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013

Unaudited

Current year Additions are summarized as follows:

Hot Water Tanks	\$ 1,512
Construction in Process	<u>7,485</u>
Total 2013 Additions	<u>\$ 8,997</u>

**DEBT OUTSTANDING**

As of March 31, 2013 the Authority had no outstanding debt.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

Federal funding provided by Congress to the Department of Housing and Urban Development

Local labor supply and demand, which can affect salary and wage rates

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**

If you have any questions regarding this report, you may contact Jolinda Baranich, Executive Director of the Noble Metropolitan Housing Authority at P.O. Box 1388 Cambridge, Ohio 43725.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**March 31, 2013**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	46,523
Restricted cash and cash equivalents		43,006
Receivables, net		2,874
Prepaid expenses and other assets		1,880
<b><i>Total current assets</i></b>		<b><u>94,283</u></b>

**Noncurrent assets**

Capital assets:		
Non-Depreciable capital assets		101,761
Depreciable capital assets		1,937,432
Less accumulated depreciation		<u>(905,673)</u>
<b><i>Total noncurrent assets</i></b>		<b><u>1,133,520</u></b>
<b>Total assets</b>	<b>\$</b>	<b><u>1,227,803</u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$	13,187
Accounts payable - Other Governments		5,941
Tenant security deposits		5,542
Deferred revenue		<u>117</u>
<b><i>Total current liabilities</i></b>		<b><u>24,787</u></b>

**Noncurrent liabilities**

Noncurrent liabilities - other		<u>1,012</u>
<b><i>Total noncurrent liabilities</i></b>		<b><u>1,012</u></b>
<b>Total liabilities</b>	<b>\$</b>	<b><u>25,799</u></b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**March 31, 2013**

***NET POSITION***

Net Invested in capital assets	\$ 1,133,520
Restricted net position	30,579
Unrestricted net position	<u>37,905</u>
<b>Total net position</b>	<b><u>1,202,004</u></b>
<b>Total liabilities and net position</b>	<b><u>\$ 1,227,803</u></b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended March 31, 2013**

***OPERATING REVENUES***

Tenant revenue	\$ 72,346
Government operating grants	427,991
Other revenue	10,459
<b>Total operating revenues</b>	<b><u>510,796</u></b>

***OPERATING EXPENSES***

Administrative	101,481
Tenant services	143
Utilities	13,772
Maintenance	43,270
General	9,404
Housing assistance payment	368,409
Depreciation	76,359
<b>Total operating expenses</b>	<b><u>612,838</u></b>
<b>Operating income (loss)</b>	<b><u>(102,042)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Capital grant revenue	7,486
Interest Income	94
<b>Total nonoperating revenues (expenses)</b>	<b><u>7,580</u></b>
Change in net position	(94,462)
Total net position - beginning	1,296,466
<b>Total net position - ending</b>	<b><u>\$ 1,202,004</u></b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended March 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$427,991
Receipts from tenants	72,516
Other revenue received	10,459
Cash payments for administrative	(167,655)
Cash payments for HAP	<u>(368,409)</u>

**Net cash provided (used) by operating activities** **(25,098)**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	<u>94</u>
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**Net cash provided (used) by investing activities** **94**

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Acquisition of capital assets	(8,997)
Capital grant received	<u>7,486</u>

**Net cash provided (used) by capital and related activities** **(1,511)**

Net increase (decrease) in cash	(26,515)
Cash and cash equivalents - Beginning of year	<u>116,044</u>

**Cash and cash equivalents - End of year** **\$ 89,529**

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended March 31, 2013**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$ (102,042)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	76,359
- (Increases) Decreases in Accounts Receivable	(2,646)
- (Increases) Decreases in Prepaid Assets	104
- (Increases) Decreases in Inventory	745
- Increases (Decreases) in Accounts Payable	4,292
- Increases (Decreases) in Accrued Liabilities	811
- Increases (Decreases) in Tenant Security Deposit	300
- Increases (Decreases) in Other Current Liabilities	(24)
- Increases (Decreases) in Non-Current Liabilities Other	(2,997)
	(2,997)
<b>Net cash provided by operating activities</b>	<b><u><u>\$ (25,098)</u></u></b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE1: 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.

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.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(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 positions, a statement of revenues, expenses, and changes in net positions, 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 positions, 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 positions. The statement of revenues, expenses and changes in net positions 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.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(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.

**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 & Machinery	10 years

**Capitalization of Interest**

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

**Net Position**

Net position represents the difference between assets and liabilities. Net position 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 position 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.

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

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

**Budgetary Accounting** (Continued)

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.

NOTE 2: **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 withdrawal 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 \$89,529 (including \$46,523 of unrestricted funds and \$43,006 of restricted funds) and the bank balance was \$90,253.

***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 \$90,253 were covered by Federal Depository Insurance.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

**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, 2012, the Authority held no investments as defined by GASB Statement No. 40.

***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.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013  
(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

**B. Investments** (Continued)

***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 represent 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.

NOTE 3: **RESTRICTED ASSETS**

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

Tenant Security Deposits	\$5,542
FSS Escrow Cash Balance	1,012
Housing Assistance Payments received from HUD	30,579
Tenant Council Funds	<u>5,873</u>
Total Restricted Cash	<u>\$43,006</u>

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at March 31, 2013 is as follows:

	<b>Balance 03/31/12</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 03/31/13</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$84,000	\$0	\$0	\$84,000
Construction in Progress	\$10,276	\$7,485	\$0	17,761
<b>Total Capital Assets Not Being Depreciated</b>	<b>94,276</b>	<b>7,485</b>	<b>0</b>	<b>101,761</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	1,515,224	0	0	1,515,225
Leasehold Improvements	115,326	0	0	115,327
Furnt, Mach. and Equip.	305,368	1,512	0	306,880
<b>Total Capital Assets Being Depreciated</b>	<b>1,935,918</b>	<b>1,512</b>	<b>0</b>	<b>1,937,432</b>
<b>Accumulated Depreciation:</b>				
Buildings	(684,207)	(50,962)	0	(735,169)
Leasehold Improvements	(37,069)	(6,432)	0	(43,501)
Furnt, Mach. and Equip.	(108,037)	(18,965)	0	(127,002)
<b>Total Accumulated Depreciation</b>	<b>(829,313)</b>	<b>(76,359)</b>	<b>0</b>	<b>(905,673)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>1,106,605</b>	<b>(74,847)</b>	<b>0</b>	<b>1,031,759</b>
<b>Total Capital Assets, Net</b>	<b>\$1,200,881</b>	<b>(\$67,362)</b>	<b>\$0</b>	<b>\$1,133,520</b>

**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 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) housing authorities in Ohio. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

**NOTE 6: 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 7: 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, 2013 were \$53,522.

**NOTE 8: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2013, the Housing Authority implemented Governmental Accounting Standard Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" and Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 62, incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net positions, rather than net assets, as the residual of all other elements presented in a statement of financial position. There was no effect on beginning net position/fund balance.

Noble Metropolitan Housing Authority  
Financial Data Schedule  
March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Elimination	Total
111 Cash - Unrestricted	\$22,196	\$24,327	\$46,523	\$0	\$46,523
113 Cash - Other Restricted	\$5,873	\$31,591	\$37,464	\$0	\$37,464
114 Cash - Tenant Security Deposits	\$5,542	\$0	\$5,542	\$0	\$5,542
100 Total Cash	\$33,611	\$55,918	\$89,529	\$0	\$89,529
122 Accounts Receivable - HUD Other Projects	\$2,874	\$0	\$2,874	\$0	\$2,874
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,874	\$0	\$2,874	\$0	\$2,874
142 Prepaid Expenses and Other Assets	\$1,880	\$0	\$1,880	\$0	\$1,880
150 Total Current Assets	\$38,365	\$55,918	\$94,283	\$0	\$94,283
161 Land	\$84,000	\$0	\$84,000	\$0	\$84,000
162 Buildings	\$1,515,224	\$0	\$1,515,224	\$0	\$1,515,224
164 Furniture, Equipment & Machinery - Administration	\$306,882	\$0	\$306,882	\$0	\$306,882
165 Leasehold Improvements	\$115,326	\$0	\$115,326	\$0	\$115,326
166 Accumulated Depreciation	(\$905,673)	\$0	(\$905,673)	\$0	(\$905,673)
167 Construction in Progress	\$17,761	\$0	\$17,761	\$0	\$17,761
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,133,520	\$0	\$1,133,520	\$0	\$1,133,520
180 Total Non-Current Assets	\$1,133,520	\$0	\$1,133,520	\$0	\$1,133,520
190 Total Assets	\$1,171,885	\$55,918	\$1,227,803	\$0	\$1,227,803
312 Accounts Payable <= 90 Days	\$13,187	\$0	\$13,187	\$0	\$13,187
333 Accounts Payable - Other Government	\$5,941	\$0	\$5,941	\$0	\$5,941
341 Tenant Security Deposits	\$5,542	\$0	\$5,542	\$0	\$5,542
342 Deferred Revenues	\$117	\$0	\$117	\$0	\$117
310 Total Current Liabilities	\$24,787	\$0	\$24,787	\$0	\$24,787
353 Non-current Liabilities - Other	\$0	\$1,012	\$1,012	\$0	\$1,012
350 Total Non-Current Liabilities	\$0	\$1,012	\$1,012	\$0	\$1,012
300 Total Liabilities	\$24,787	\$1,012	\$25,799	\$0	\$25,799
508.1 Invested In Capital Assets, Net of Related Debt	\$1,133,520	\$0	\$1,133,520	\$0	\$1,133,520
511.1 Restricted Net Assets	\$0	\$30,579	\$30,579	\$0	\$30,579
512.1 Unrestricted Net Assets	\$13,578	\$24,327	\$37,905	\$0	\$37,905

Noble Metropolitan Housing Authority  
Financial Data Schedule  
March 31, 2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Elimination	Total
513 Total Equity/Net Assets	\$1,147,098	\$54,906	\$1,202,004	\$0	\$1,202,004
600 Total Liabilities and Equity/Net Assets	\$1,171,885	\$55,918	\$1,227,803	\$0	\$1,227,803
70300 Net Tenant Rental Revenue	\$71,061	\$0	\$71,061	\$0	\$71,061
70400 Tenant Revenue - Other	\$1,285	\$0	\$1,285	\$0	\$1,285
70500 Total Tenant Revenue	\$72,346	\$0	\$72,346	\$0	\$72,346
70600 HUD PHA Operating Grants	\$27,845	\$400,146	\$427,991	\$0	\$427,991
70610 Capital Grants	\$7,486	\$0	\$7,486	\$0	\$7,486
71100 Investment Income - Unrestricted	\$47	\$47	\$94	\$0	\$94
71400 Fraud Recovery	\$0	\$4,602	\$4,602	\$0	\$4,602
71500 Other Revenue	\$0	\$5,857	\$5,857	\$0	\$5,857
70000 Total Revenue	\$107,724	\$410,652	\$518,376	\$0	\$518,376
91200 Auditing Fees	\$2,825	\$3,060	\$5,885	\$0	\$5,885
91300 Management Fee	\$5,880	\$46,642	\$52,522	\$0	\$52,522
91400 Advertising and Marketing	\$866	\$0	\$866	\$0	\$866
91600 Office Expenses	\$1,206	\$0	\$1,206	\$0	\$1,206
91700 Legal Expense	\$494	\$0	\$494	\$0	\$494
91800 Travel	\$1,339	\$0	\$1,339	\$0	\$1,339
91900 Other	\$37,976	\$1,193	\$39,169	\$0	\$39,169
91000 Total Operating - Administrative	\$50,586	\$50,895	\$101,481	\$0	\$101,481
92400 Tenant Services - Other	\$143	\$0	\$143	\$0	\$143
92500 Total Tenant Services	\$143	\$0	\$143	\$0	\$143
93100 Water	\$7,951	\$0	\$7,951	\$0	\$7,951
93200 Electricity	\$5,094	\$0	\$5,094	\$0	\$5,094
93300 Gas	\$727	\$0	\$727	\$0	\$727
93000 Total Utilities	\$13,772	\$0	\$13,772	\$0	\$13,772
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,525	\$0	\$14,525	\$0	\$14,525
94300 Ordinary Maintenance and Operations Contracts	\$28,745	\$0	\$28,745	\$0	\$28,745
94000 Total Maintenance	\$43,270	\$0	\$43,270	\$0	\$43,270
96110 Property Insurance	\$1,462	\$0	\$1,462	\$0	\$1,462
96120 Liability Insurance	\$1,462	\$0	\$1,462	\$0	\$1,462

Noble Metropolitan Housing Authority  
Financial Data Schedule  
March 31, 2013

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Elimination	Total
96130 Workmen's Compensation	\$539	\$0	\$539	\$0	\$539
96100 Total insurance Premiums	\$3,463	\$0	\$3,463	\$0	\$3,463
96300 Payments in Lieu of Taxes	\$5,941	\$0	\$5,941	\$0	\$5,941
96000 Total Other General Expenses	\$5,941	\$0	\$5,941	\$0	\$5,941
96900 Total Operating Expenses	\$117,175	\$50,895	\$168,070	\$0	\$168,070
97000 Excess of Operating Revenue over Operating Expenses	(\$9,451)	\$359,757	\$350,306	\$0	\$350,306
97300 Housing Assistance Payments	\$0	\$363,290	\$363,290	\$0	\$363,290
97350 HAP Portability-In	\$0	\$5,119	\$5,119	\$0	\$5,119
97400 Depreciation Expense	\$76,359	\$0	\$76,359	\$0	\$76,359
90000 Total Expenses	\$193,534	\$419,304	\$612,838	\$0	\$612,838
10010 Operating Transfer In	\$5,679	\$0	\$5,679	(\$5,679)	\$0
10020 Operating transfer Out	(\$5,679)	\$0	(\$5,679)	\$5,679	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$85,810)	(\$8,652)	(\$94,462)	\$0	(\$94,462)
11030 Beginning Equity	\$1,237,705	\$63,558	\$1,301,263	\$0	\$1,301,263
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$4,797)	\$0	(\$4,797)	\$0	(\$4,797)
11170 Administrative Fee Equity	\$0	\$24,327	\$24,327	\$0	\$24,327
11180 Housing Assistance Payments Equity	\$0	\$30,579	\$30,579	\$0	\$30,579
11190 Unit Months Available	336	1,104	1,440	0	1,440
11210 Number of Unit Months Leased	336	1,105	1,441	0	1,441



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

Board of Commissioners  
Noble Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Noble Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Noble Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated September 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Noble Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noble Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Noble Metropolitan Housing Authority, Ohio's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noble Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salvatore  
Consiglio

Digitally signed by Salvatore Consiglio  
DN: cn=Salvatore Consiglio,  
o=Salvatore Consiglio, CPA, Inc., ou,  
email=sconsiglio@salcpa.com, c=US  
Date: 2013.09.27 11:52:46 -04'00'

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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
September 6, 2013

Noble Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
March 31, 2013

The audit report for the fiscal year ending March 31, 2012 contained no audit findings.



# Dave Yost • 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  
DECEMBER 3, 2013**