

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

DARKE COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Darke County Metropolitan Housing Authority
1469 Sweitzer Street
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of Darke County Metropolitan Housing Authority, Darke County, prepared by Bastin & Company, LLC, for the audit period October 1, 2019 through September 30, 2020. 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. Darke County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 11, 2021

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DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Darke County Metropolitan Housing Authority, Darke County, Ohio (the Authority), as of and for the year ended September 30, 2020, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Darke County Metropolitan Housing Authority, as of September 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the 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. That report describes the scope of our 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
March 29, 2021

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED**

This Management's Discussion and Analysis (MD&A) of the Darke County Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Authority for the fiscal year ended September 30, 2020. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2020, to assist the reader in focusing on significant financial issues.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 9).

FINANCIAL HIGHLIGHTS

During the fiscal year ended September 30, 2020:

- The Authority's net position increased from \$358,443 to \$404,335, an increase of \$45,892 or 13%. Total assets also increased by \$348,505 or 24%, primarily due to an increase in cash and the addition of new real estate in the Business Activity.
- The Authority's debt increased by \$102,878 due to new notes payable acquired for the purchase and remodel of rental units associated with the Business Activity Program as well as an increase in operating payables. Total liabilities decreased by 28% for the current fiscal year, from \$1,067,992 to \$1,370,605.
- Total operating revenue increased from \$1,322,572 to \$1,475,009, an increase of \$152,437 or 12%.
- Total expenses increased by \$74,842, from \$1,354,348 to \$1,429,190 for the current year.

USING THIS ANNUAL REPORT

The following is a list of the basic financial statements included in this report:

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 the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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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 is reported in three broad categories.

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that have been used for the acquisition, construction, 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 creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component of net position consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted Net Position.

The *statement of revenues, expenses and changes in net position* is similar to an income statement. This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as investment income, gains and losses on capital asset disposals and interest expense.

The focus of the statement of revenues, expenses and changes in net position is the Increase (Decrease) in Net Position, which is similar to Net Income or Loss.

The *statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities and investing activities.

The *notes to the financial statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority's Programs

The Authority has two programs. They include the Housing Choice Voucher Program (HCV) and a Business Activities Program.

- The Housing Choice Voucher Program provides rental assistance to help low income families afford decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. There are currently 299 vouchers funded. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is based on a HUD established rate earned per voucher leased.
- The Business Activity Program consists of twelve rental properties received from the Darke County Board of Developmental Disabilities and other donations. These rental properties enable persons with developmental disabilities to be integrated into the community.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED**

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of September 30 compared to prior fiscal year.

Summary Statement of Net Position

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|---------------------|---------------------|
| Current Assets | \$ 448,020 | \$ 142,448 |
| Noncurrent Assets | 1,326,920 | 1,283,987 |
| Total Assets | <u>\$ 1,774,940</u> | <u>\$ 1,426,435</u> |
| | | |
| Current Liabilities | \$ 309,977 | \$ 99,084 |
| Noncurrent Liabilities | 1,060,628 | 968,908 |
| Total Liabilities | <u>\$ 1,370,605</u> | <u>\$ 1,067,992</u> |
| | | |
| Net Investment in Capital Assets | \$ 189,910 | \$ 249,875 |
| Restricted | - | 6,490 |
| Unrestricted | 214,425 | 102,078 |
| Total Net Position | <u>404,335</u> | <u>358,443</u> |
| Total Liabilities and Net Position | <u>\$ 1,774,940</u> | <u>\$ 1,426,435</u> |

Major Factors Affecting the Statement of Net Position

The Authority's current asset balances increased by \$305,572. This is primarily due to an increase in the unrestricted cash balance from \$125,888 in the prior year to \$334,497 in the current year, an increase of \$208,609. This increase resulted primarily from an increase in unpaid current operating accounts payable. Restricted cash increased by \$67,617 primarily due to unspent HUD CARES revenues.

The Authority's noncurrent asset balance increased due to current year purchase of real estate and improvements to properties for the Business Activities Program. These improvements were acquired through the use of loans. Please note the capital asset portion presented in a later section.

Current liabilities increased by \$210,893, due primarily to an increase in current operating accounts payable and an increase in unearned revenue due to unspent HUD CARES revenues in the current year.

Non-current liabilities increased by \$91,720 due to the addition of debt obligations recorded in the current year associated with the Business Activities Program.

The net position of the Authority increased by \$45,892 compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$102,078 to \$214,425, an increase of \$112,347 or 110% for the current year. This increase was primarily due to operating revenues exceeding expenses associated with the Business Activities Program. The unrestricted component of net

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Individual program balances that comprise the unrestricted component of net position are as follows:

| | |
|--------------------------------|-------------------------|
| Housing Choice Voucher Program | \$ 9,566 |
| Business Activities | <u>204,859</u> |
| Total Unrestricted Net Assets | <u><u>\$214,425</u></u> |

The Authority's restricted component of net position changed from \$6,490 to \$0. This was due to HAP expenditures of \$1,122,499 exceeding HAP revenues of \$1,116,009 in the current year. The restricted component of the net position is restricted for the purpose of HAP expenses. Net Investments in Capital Assets decreased by \$59,965 as net capital assets increased by \$42,933 while debt used to fund the purchase of those assets increased by \$102,898.

Statement of Revenues & Expenses and Changes in Net Position

The following table reflects the condensed Statement of Net Position for the year ended September 30 compared to prior fiscal year.

Summary Statement of Revenues, Expenses and Changes in Net Position

| | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| Tenant Rental Revenue | \$ 71,350 | \$ 70,855 |
| Government Operating Grants | 1,289,286 | 1,144,120 |
| Other Revenue | 114,373 | 107,597 |
| Interest Income | 73 | 63 |
| Total Revenue | 1,475,082 | 1,322,635 |
| Administration | 195,068 | 209,555 |
| General Expense | 8,135 | 11,810 |
| Insurance | 855 | 892 |
| Ordinary Maintenance | 42,269 | 43,203 |
| Housing Assistance Payments | 1,122,499 | 1,032,233 |
| Depreciation | 60,364 | 56,655 |
| Total Expenses | 1,429,190 | 1,354,348 |
| Increase in Net Position | 45,892 | (31,713) |
| Net Position, Beginning of Year | 358,443 | 390,156 |
| Net Position, End of Year | \$ 404,335 | \$ 358,443 |

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED**

Major Factors Affecting the Statement of Net Position

Revenues of the Authority are principally generated from Federal funding. Total revenues increased by a total of \$152,437 compared to the previous fiscal year. Tenant revenue increased by \$495. Government operating grants increased by \$145,166 due to an increase in funding received for HAP expenditures and CARES funding received. Current year HAP funding was calculated based on prior year's HAP expenses resulting in a decrease in funding in the current year. Other revenue increased by \$6,776 due to higher reimbursed property renovation costs associated with the Business Activities Program.

Total expenses increased \$74,842. Administration expense decreased by \$14,487 primarily due to a decrease in office expenses associated with the Housing Choice Voucher Program. Ordinary maintenance decreased by \$934 primarily due to a decrease in vehicle maintenance associated with the Housing Choice Voucher Program. Housing assistance payments increased by \$90,266 due to an increase of 221 total units leased during the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the Authority's capital assets totaled \$1,326,920 (capital assets net of accumulated depreciation) as reflected in the following schedule.

Summary Statement of Capital Assets

| | 2020 | 2019 |
|--------------------------|--------------|--------------|
| Land | \$ 236,796 | \$ 222,156 |
| Buildings | 1,542,437 | 1,453,780 |
| Equipment | 62,313 | 62,313 |
| Accumulated Depreciation | (514,626) | (454,262) |
| Total Net Fixed Assets | \$ 1,326,920 | \$ 1,283,987 |

Land and buildings increased due to the purchase of a new real estate property associated with the Business Activities Program.

Debt

At September 30, 2020, the authority maintained a balance of \$1,137,010 in outstanding notes payable as compared to \$1,034,112 in 2019. During the year, the Authority incurred two additional loans associated with the Business Activity Program. These loans were used to purchase and make necessary improvements to real estate property.

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED**

ECONOMIC CONDITIONS

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

Due to the 2020 Congressional Appropriations, the 2020 calendar year for the Housing Choice Voucher Program includes a proration of administrative fees at an estimated 80.00% and HAP funding at 100%. These percentages are up from 2019 rates of 79.37% and 99.00%.

The Authority has maneuvered though past difficult times by making sound financial decisions including reducing expenses where possible. The Authority will continue to monitor the resources made available to provide the housing services to those we serve.

CONTACTING THE AUTHORITY

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Darke County Metropolitan Housing Authority
Deborah Donnelly, Chief Finance Officer
1469 Sweitzer Street
Greenville, OH 45331

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

Statement of Net Position

Proprietary Fund

September 30, 2020

ASSETS

Current assets

| | |
|-----------------------------|----------------|
| Cash and cash equivalents | \$ 334,497 |
| Restricted cash | 74,107 |
| Receivables, net | 39,416 |
| Total current assets | <u>448,020</u> |

Noncurrent assets

| | |
|--------------------------------|----------------------------|
| Capital assets: | |
| Land | 236,796 |
| Building and equipment | 1,604,750 |
| Less accumulated depreciation | (514,626) |
| Total noncurrent assets | <u>1,326,920</u> |
| Total assets | <u><u>\$ 1,774,940</u></u> |

LIABILITIES

Current liabilities

| | |
|-----------------------------------|----------------|
| Accounts payable | \$ 158,878 |
| Unearned revenue | 74,717 |
| Current portion of long-term debt | 76,382 |
| Total current liabilities | <u>309,977</u> |

Noncurrent liabilities

| | |
|-------------------------------------|-------------------------|
| Long-term debt, net of current | <u>1,060,628</u> |
| Total noncurrent liabilities | <u>1,060,628</u> |
| Total liabilities | <u><u>1,370,605</u></u> |

NET POSITION

| | |
|---|----------------------------|
| Net invested in capital assets | 189,910 |
| Unrestricted net position | 214,425 |
| Total net position | <u>404,335</u> |
| Total liabilities and net position | <u><u>\$ 1,774,940</u></u> |

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

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2020

OPERATING REVENUES

| | |
|---------------------------------|------------------|
| Tenant revenue | \$ 71,350 |
| Government operating grants | 1,289,286 |
| Other revenue | 114,373 |
| Total operating revenues | 1,475,009 |

OPERATING EXPENSES

| | |
|---------------------------------|------------------|
| Administrative | 195,068 |
| General | 8,135 |
| Insurance | 855 |
| Ordinary maintenance | 42,269 |
| Housing assistance payment | 1,122,499 |
| Depreciation | 60,364 |
| Total operating expenses | 1,429,190 |
| Operating income (loss) | 45,819 |

NONOPERATING REVENUES (EXPENSES)

| | |
|---|-------------------|
| Interest and investment revenue | 73 |
| Total nonoperating revenues (expenses) | 73 |
| Change in net position | 45,892 |
| Total net position - beginning | 358,443 |
| Total net position - ending | \$ 404,335 |

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

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2020

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from tenant payments | \$ 72,906 |
| Cash received from grantors | 1,322,811 |
| Other income received | 46,484 |
| Cash paid operating activities | (118,537) |
| Cash paid for housing assistance | (1,120,884) |
| Net cash provided (used) by operating activities | <u>202,780</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest earned | <u>73</u> |
| Net cash provided (used) by investing activities | <u>73</u> |
| CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES | |
| Proceeds from debt | 176,670 |
| Property and equipment purchased | <u>(103,297)</u> |
| Net cash provided (used) by capital and related activities | <u>73,373</u> |
| Net increase (decrease) in Cash | 276,226 |
| Cash and cash equivalents - Beginning of Year | <u>132,378</u> |
| Cash and cash equivalents - End of Year | <u><u>\$ 408,604</u></u> |
| PROVIDED BY OPERATING ACTIVITIES | |
| Net operating income (Loss) | \$ 45,819 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 60,364 |
| Debt forgiveness | (73,772) |
| (Increase) decrease in accounts receivable | (29,346) |
| Increase (decrease) in accounts payable | 129,405 |
| Increase (decrease) in unearned revenues | 70,310 |
| Net cash provided (used) by operating activities | <u><u>\$ 202,780</u></u> |

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

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

Notes to the Basic Financial Statements for the year ended September 30, 2020

NOTE 1 – DESCRIPTION OF THE ENTITY

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

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14 (as amended by GASB Statement No. 61), the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

Notes to the Basic Financial Statements for the year ended September 30, 2020

Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Basis of Presentation

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

Fund Accounting

The Authority maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses.

The Authority uses a single enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Basis of Accounting

Enterprise fund transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

Measurement Focus

Enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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.

Restricted Cash

Restricted cash represent amounts held due to unspent HUD CARES revenues.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**Notes to the Basic Financial Statements
for the year ended September 30, 2020**

Accounts Receivable

Accounts receivable consist mainly of amounts due from various funding agencies for program costs incurred that have not been reimbursed at year-end. Accounts receivable also include \$21,930 for fraud recovery \$19,299 of which is considered as uncollectable at September 30, 2020.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|------------------------------------|-----------|
| Buildings | 39 years |
| Furniture, equipment and machinery | 3-5 years |
| Leasehold improvement | 15 years |

Revenue Recognition

Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred. Expenses are recognized as incurred.

Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
for the year ended September 30, 2020

Net Position

Net position represents the difference between assets and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise 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 the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

Estimates

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

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
for the year ended September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At September 30, 2020, the carrying amount of the Authority's deposits totaled \$408,604 and its bank balances were \$410,759. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2020, the \$410,759 of bank balances were covered by the Federal Depository Insurance Corporation.

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 at least 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, 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.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
for the year ended September 30, 2020

NOTE 4 – RELATED PARTY TRANSACTIONS

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

The Authority and MVCAP have entered into a Master Housing Contract with the Darke County Board of Developmental Disabilities (Board) in order to improve the availability of housing for individuals with disabilities in Darke County. MVCAP responsibilities are to provide fiscal services for the properties that the Authority received from the Darke County Board of Developmental Disabilities.

The Authority has several notes outstanding with MVCAP due to some of the properties received from the Board. The details of these notes are listed in footnote 6, below. During the fiscal year, the Authority paid the MVCAP Agency \$149,528 for management and fiscal services.

NOTE 5 – CAPITAL ASSETS

The following is a summary of the changes in capital assets:

| | <u>Balance</u> <u>10/1/2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>9/30/2020</u> |
|--|------------------------------------|------------------|------------------|------------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 222,156 | \$ 14,640 | \$ - | \$ 236,796 |
| Total Capital Assets Not Being Depreciated | <u>222,156</u> | <u>14,640</u> | <u>-</u> | <u>236,796</u> |
| Capital Assets Being Depreciated: | | | | |
| Building | 1,453,780 | 88,657 | - | 1,542,437 |
| Furniture, Equipment - Admin | 62,313 | - | - | 62,313 |
| Total Capital Assets Being Depreciated | <u>1,516,093</u> | <u>88,657</u> | <u>-</u> | <u>1,604,750</u> |
| Accumulated Depreciation: | | | | |
| Building | (391,949) | (59,012) | - | (450,961) |
| Office Equipment | (62,313) | (1,352) | - | (63,665) |
| Total Accumulated Depreciation | <u>(454,262)</u> | <u>(60,364)</u> | <u>-</u> | <u>(514,626)</u> |
| Total Capital Assets Being Depreciated, Net | <u>1,061,831</u> | <u>28,293</u> | <u>-</u> | <u>1,090,124</u> |
| Total Capital Assets, Net | <u>\$1,283,987</u> | <u>\$ 42,933</u> | <u>\$ -</u> | <u>\$1,326,920</u> |

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**Notes to the Basic Financial Statements
for the year ended September 30, 2020**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt of the Authority for the year ended September 30, 2020:

| <u>Description</u> | <u>Balance 10/1/2019</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance 09/30/2020</u> | <u>Due Within One Year</u> |
|-----------------------|------------------------------|------------------|-----------------|-------------------------------|------------------------------------|
| 314 Delaware | \$ 8,327 | \$ - | \$ 1,358 | \$ 6,969 | \$ 1,358 |
| 109 Dwyer Ave | 23,115 | - | 8,398 | 14,717 | 7,798 |
| 1312 Hillside Drive | 33,679 | - | 9,217 | 24,462 | 9,217 |
| 1124 Donald Drive | 45,806 | - | 9,333 | 36,473 | 9,333 |
| 205 Glenwood Dr | 133,308 | - | - | 133,308 | - |
| 627 Birt Street | 164,068 | - | - | 164,068 | - |
| 1039 Central Ave | 155,784 | - | - | 155,784 | - |
| 1237 Sugar Maple | 59,318 | - | 5,121 | 54,197 | 5,121 |
| 1312 Hillside Roof | 5,287 | - | 473 | 4,814 | 473 |
| 1312 Hillside HVAC | 4,757 | - | 417 | 4,340 | 417 |
| 5802 Lake | 115,645 | - | 9,314 | 106,331 | 9,314 |
| 609 Chestnut | 119,993 | - | 9,290 | 110,703 | 9,290 |
| 314 Delaware | 39,267 | - | 3,100 | 36,167 | 3,100 |
| 109 Dwyer | 16,992 | - | 1,259 | 15,733 | 1,259 |
| 1122 N Ohio | 101,385 | - | 7,426 | 93,959 | 7,426 |
| 5802 Lake Roof | 7,381 | - | 498 | 6,883 | 498 |
| 1124 Donald Drive Imp | - | 66,420 | 2,952 | 63,468 | 4,428 |
| 123 Hilltop | - | 110,250 | 5,616 | 104,634 | 7,350 |
| Totals | <u>\$1,034,112</u> | <u>\$176,670</u> | <u>\$73,772</u> | <u>\$1,137,010</u> | <u>\$ 76,382</u> |

During 2020, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 123 Hilltop Avenue, Greenville, Ohio in the amount of \$110,250. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2020, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to make improvements to property located at 1124 Donald Drive, Greenville, Ohio in the amount of \$66,420. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2019, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to finance replacement of a roof to property located at 5802 Lake Avenue, Greenville, Ohio in the amount of \$7,464. The note amount will not be repaid as long

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
for the year ended September 30, 2020

as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2018, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 1122 North Ohio Street, Greenville, Ohio in the amount of \$110,375. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2018, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to renovate the property located at 109 Dwyer Avenue, Greenville, Ohio in the amount of \$18,880. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to renovate the property located at 314 Delaware Avenue, Greenville, Ohio in the amount of \$46,500. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities to purchase and renovate the property located at 609 Chestnut Street, Greenville, Ohio in the amount of \$139,348. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2017, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to purchase and renovate the property located at 5802 Lake Avenue, Greenville, Ohio in the amount of \$139,706. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance replacement of a ventilation system at the property located 1312 Hillside Drive in the amount of \$6,250. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance replacement of a roof at the property located 1312 Hillside Drive in the amount of \$7,100. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**Notes to the Basic Financial Statements
for the year ended September 30, 2020**

During 2016, the Authority entered into an agreement with Darke County Board of Developmental Disabilities (DD Board) to finance the purchase of a property located at 1237 Sugar Maple in the amount of \$76,815. The note amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. The loan is being amortized and recognized as forgiven over a period of 15 years.

During 2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$155,785. The note is zero interest and the funds were used to purchase and renovate the property located at 1039 Central Avenue, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on January 15, 2026 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

2014, the Authority entered into a promissory note with Community Action Partnership of Greater Dayton Area in the sum of \$164,068. The note is zero interest and the funds were used to purchase and renovate the property located at 627 Birt Street, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on July 6, 2026 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

During 2014, the Authority entered into a promissory note with Darke County Board of Commissioners in the sum of \$133,308. The note is zero interest and the funds were used to purchase and renovate the property located at 205 Glenwood Drive, Greenville, Ohio. The terms of the note state that the note will be forgiven in its entirety on March 24, 2040 as long as the property is used for the stated purpose as discussed in the Funding Agreement. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement.

During 2013, the Authority entered into a Master Housing Contract with the Darke County Board of Developmental Disabilities in order to improve the availability of housing for individuals with disabilities in Darke County. This contract was extended by signing a new agreement on November 10, 2014. The Ohio Revised Code 5126.05 permits county boards to enter into agreements with nonprofit corporations to provide residential services. On January 1, 2014, the Deed to the properties listed below was transfer to the Authority. In return, the Authority agreed to be bound by the terms and conditions of the Project Agreement between the Darke County Board of Developmental Disabilities and the Ohio Department of Developmental Disabilities for the distribution of Capital Assistance Funds.

Property

314 Delaware, Greenville, Ohio
109 Dwyer Avenue, Greenville, Ohio
1312 Hillside Drive, Greenville, Ohio
1124 Donald Drive, Greenville, Ohio

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**Notes to the Basic Financial Statements
for the year ended September 30, 2020**

The principal and interest payments for the notes payable at September 30, 2020 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|--------------------|-----------------|
| 2021 | \$ 76,382 | - |
| 2022 | 69,787 | - |
| 2023 | 64,088 | - |
| 2024 | 62,217 | - |
| 2025 | 51,236 | - |
| 2026-2030 | 556,222 | - |
| 2031-2035 | 123,770 | - |
| 2036-2040 | 133,308 | - |
| Total | <u>\$1,137,010</u> | <u>\$ -</u> |

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2020, the Authority contracted with Cincinnati Insurance Company for vehicle insurance, commercial property and general liability, employee dishonesty and directors' and officers' liability.

Vehicle insurance carries a \$250 per vehicle comprehensive deductible. Property and general insurance carries a \$250 deductible.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 8 – CONTINGENCIES

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Authority received CARES Act funding. Of the amount received, \$1,054 was spent on behalf of tenants and the remaining \$74,107 was held for ongoing COVID-19 related administrative costs of the Housing Choice Voucher Program.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)
ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2020

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.HCC HCV CARES Act Funding | Total |
|---|---|--------------------------|------------------------------------|-------------|
| 111 Cash - Unrestricted | \$129,028 | \$205,469 | \$0 | \$334,497 |
| 113 Cash - Other Restricted | \$0 | \$0 | \$74,107 | \$74,107 |
| 100 Total Cash | \$129,028 | \$205,469 | \$74,107 | \$408,604 |
| 122 Accounts Receivable - HUD Other Projects | \$36,785 | \$0 | \$0 | \$36,785 |
| 128 Fraud Recovery | \$21,930 | \$0 | \$0 | \$21,930 |
| 128.1 Allowance for Doubtful Accounts - Fraud | -\$19,299 | \$0 | \$0 | -\$19,299 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$39,416 | \$0 | \$0 | \$39,416 |
| 150 Total Current Assets | \$168,444 | \$205,469 | \$74,107 | \$448,020 |
| 161 Land | \$4,725 | \$232,071 | \$0 | \$236,796 |
| 162 Buildings | \$52,746 | \$1,489,691 | \$0 | \$1,542,437 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$62,313 | \$0 | \$0 | \$62,313 |
| 166 Accumulated Depreciation | -\$98,830 | -\$415,796 | \$0 | -\$514,626 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$20,954 | \$1,305,966 | \$0 | \$1,326,920 |
| 180 Total Non-Current Assets | \$20,954 | \$1,305,966 | \$0 | \$1,326,920 |
| 290 Total Assets and Deferred Outflow of Resources | \$189,398 | \$1,511,435 | \$74,107 | \$1,774,940 |
| 312 Accounts Payable <= 90 Days | \$158,878 | \$0 | \$0 | \$158,878 |
| 342 Unearned Revenue | \$0 | \$610 | \$74,107 | \$74,717 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | \$0 | \$76,382 | \$0 | \$76,382 |
| 310 Total Current Liabilities | \$158,878 | \$76,992 | \$74,107 | \$309,977 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$0 | \$1,060,628 | \$0 | \$1,060,628 |
| 350 Total Non-Current Liabilities | \$0 | \$1,060,628 | \$0 | \$1,060,628 |
| 300 Total Liabilities | \$158,878 | \$1,137,620 | \$74,107 | \$1,370,605 |
| 508.4 Net Investment in Capital Assets | \$20,954 | \$168,956 | \$0 | \$189,910 |
| 512.4 Unrestricted Net Position | \$9,566 | \$204,859 | \$0 | \$214,425 |
| 513 Total Equity - Net Assets / Position | \$30,520 | \$373,815 | \$0 | \$404,335 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$189,398 | \$1,511,435 | \$74,107 | \$1,774,940 |

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY (OH045)
ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.HCC HCV CARES Act Funding | Total |
|--|---|--------------------------|------------------------------------|-------------|
| 70300 Net Tenant Rental Revenue | \$0 | \$71,350 | \$0 | \$71,350 |
| 70500 Total Tenant Revenue | \$0 | \$71,350 | \$0 | \$71,350 |
| 70600 HUD PHA Operating Grants | \$1,288,232 | | \$1,054 | \$1,289,286 |
| 71100 Investment Income - Unrestricted | \$57 | \$16 | \$0 | \$73 |
| 71400 Fraud Recovery | \$9,409 | \$0 | \$0 | \$9,409 |
| 71500 Other Revenue | \$5,881 | \$99,083 | \$0 | \$104,964 |
| 70000 Total Revenue | \$1,303,579 | \$170,449 | \$1,054 | \$1,475,082 |
| 91200 Auditing Fees | \$7,413 | \$0 | \$0 | \$7,413 |
| 91300 Management Fee | \$128,528 | \$21,000 | \$0 | \$149,528 |
| 91400 Advertising and Marketing | \$15 | \$0 | \$0 | \$15 |
| 91600 Office Expenses | \$8,797 | \$70 | \$1,041 | \$9,908 |
| 91700 Legal Expense | \$306 | \$0 | \$0 | \$306 |
| 91900 Other | \$27,608 | \$277 | \$0 | \$27,885 |
| 91000 Total Operating - Administrative | \$172,667 | \$21,347 | \$1,041 | \$195,055 |
| 92400 Tenant Services - Other | \$0 | \$0 | \$13 | \$13 |
| 92500 Total Tenant Services | \$0 | \$0 | \$13 | \$13 |
| 93100 Water | \$0 | \$588 | \$0 | \$588 |
| 93200 Electricity | \$0 | \$795 | \$0 | \$795 |
| 93600 Sewer | \$0 | \$154 | \$0 | \$154 |
| 93000 Total Utilities | \$0 | \$1,537 | \$0 | \$1,537 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$1,744 | \$1,478 | \$0 | \$3,222 |
| 94300 Ordinary Maintenance and Operations Contracts | \$0 | \$38,291 | \$0 | \$38,291 |
| 94000 Total Maintenance | \$1,744 | \$39,769 | \$0 | \$41,513 |
| 95200 Protective Services - Other Contract Costs | \$0 | \$756 | \$0 | \$756 |
| 95000 Total Protective Services | \$0 | \$756 | \$0 | \$756 |
| 96140 All Other Insurance | \$855 | \$0 | \$0 | \$855 |
| 96100 Total insurance Premiums | \$855 | \$0 | \$0 | \$855 |
| 96200 Other General Expenses | \$1,571 | \$0 | \$0 | \$1,571 |
| 96600 Bad debt - Other | \$5,027 | \$0 | \$0 | \$5,027 |
| 96000 Total Other General Expenses | \$6,598 | \$0 | \$0 | \$6,598 |
| 96900 Total Operating Expenses | \$181,864 | \$63,409 | \$1,054 | \$246,327 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$1,121,715 | \$107,040 | \$0 | \$1,228,755 |
| 97300 Housing Assistance Payments | \$1,122,499 | \$0 | \$0 | \$1,122,499 |
| 97400 Depreciation Expense | \$1,352 | \$59,012 | \$0 | \$60,364 |
| 90000 Total Expenses | \$1,305,715 | \$122,421 | \$1,054 | \$1,429,190 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | (\$2,136) | \$48,028 | \$0 | \$45,892 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$73,771 | \$0 | \$73,771 |
| 11030 Beginning Equity | \$32,656 | \$325,787 | \$0 | \$358,443 |
| 11170 Administrative Fee Equity | \$30,520 | \$0 | \$0 | \$30,520 |
| 11190 Unit Months Available | 3588 | 142 | 0 | 3730 |
| 11210 Number of Unit Months Leased | 3476 | 142 | 0 | 3618 |

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| Federal Grantor/ Pass-through Grantor/ Program/Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Total Federal Expenditures |
|---|------------------------------------|---|---------------------------------------|
| U.S. Department of Housing and Urban Development | | | |
| <i>Direct Program</i> | | | |
| Section 8 Housing Choice Vouchers - Housing Voucher Cluster | 14.871 | N/A | \$ 1,289,286 |
| Total Expenditures of Federal Awards | | | \$ 1,289,286 |

The accompanying notes are an integral part of this schedule.

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Darke County Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended September 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note C – Indirect Cost Rate

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Subrecipients

The Authority provided no federal awards to subrecipients during the fiscal year ending September 30, 2020.

Note E – CARES Act Funding

Total expenditures of federal awards presented on the Schedule includes \$1,054 related to CARES Act Supplemental Public Housing and Housing Choice Voucher Funds.

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Darke County Metropolitan Housing Authority, Darke County, Ohio (the Authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 29, 2021 wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority..

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
March 29, 2021

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited Darke County Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Darke County Metropolitan Housing Authority's major federal program for the year ended September 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, Darke County Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2020.

Report on Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
March 29, 2021

DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

**SCHEDULE OF FINDINGS
2 CFR § 200.515
SEPTEMBER 30, 2020**

SUMMARY OF AUDITOR'S RESULTS

| | |
|--|---|
| Type of financial statement opinion | Unmodified |
| Were there any material control weaknesses reported at the financial statement level? | No |
| Were there any other significant deficiencies in internal control reported at the financial statement level? | No |
| Was there any reported material noncompliance reported at the financial statement level? | No |
| Were there any material internal control weaknesses reported for major federal programs? | No |
| Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| Type of major programs' compliance opinion | Unmodified |
| Are there any reportable findings? | No |
| Major programs: | CFDA # 14.871 Section 8 Housing Choice Vouchers - Housing Voucher Cluster |
| Dollar threshold to distinguish between Type A/B programs | Type A: >\$750,000 Type B: all others |
| Low risk auditee? | Yes |

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**DARKE COUNTY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2020**

There were no findings reported in the prior audit report.

OHIO AUDITOR OF STATE KEITH FABER



DARKE COUNTY METROPOLITAN HOUSING AUTHORITY

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/25/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov