

MONROE METROPOLITAN HOUSING AUTHORITY

Monroe County

Single Audit

For the Fiscal Year Ended June 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Monroe County Metropolitan Housing Authority
PO Box 1388
Cambridge, OH 43725

We have reviewed the *Independent Auditor's Report* of the Monroe County Metropolitan Housing Authority, Monroe County, prepared by Kevin L. Penn, Inc, for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Monroe 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

January 27, 2023

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MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	8
Statement of Revenues and Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11
Financial Data Schedule – Balance Sheet	16
Financial Data Schedule – Statement of Revenue and Expenses	17
Financial Data Schedule – Additional Information Required by HUD	18
Schedule of Expenditures of Federal Awards	19
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	20
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by the Uniform Guidance	22
Schedule of Findings	25
Summary Schedule of Prior Audit Findings	26

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INDEPENDENT AUDITOR'S REPORT

Monroe Metropolitan Housing Authority
P.O. Box 1388
Monroe, Ohio 43725

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Monroe Metropolitan Housing Authority, Monroe County, Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Monroe Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Monroe Metropolitan Housing Authority, Monroe County, Ohio as of June 30, 2022, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the Monroe Metropolitan Housing Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Monroe Metropolitan Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Monroe Metropolitan Housing Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Monroe Metropolitan Housing Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 we 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 us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards 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 November 19, 2022, on my consideration of the Monroe Metropolitan Housing 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. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monroe Metropolitan Housing Authority's 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 Monroe Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

December 1, 2022

MONROE METROPOLITAN HOUSING AUTHORITY
 MONROE COUNTY
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (UNAUDITED)

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Monroe 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 2022 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 increased by \$37,950 (or 715 percent) during fiscal year ended 2022. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net Position is \$43,254 and \$5,304 for 2022 and 2021 respectively.

The business-type activities total revenue increased by \$69,016 (or 8 percent) during fiscal year ending 2022 and is and \$947,465 and \$878,449 for 2022 and 2021 respectively.

The total expenses of the Authority programs increased by \$21,575 (or 2 percent). Total expenses are \$909,515 and \$887,940 for fiscal year ending 2022 and 2021 respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

MD&A ~ Management’s 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 Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

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.

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 position. 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 position) 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.

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

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.

MONROE METROPOLITAN HOUSING AUTHORITY
 MONROE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (UNAUDITED)

AUTHORITY STATEMENTS

Statement of Net Position

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

STATEMENT OF NET POSITION

	<u>2022</u>	<u>2021</u>
Current Assets	\$ 54,939	\$ 75,386
Total Assets	<u>\$ 54,939</u>	<u>\$ 75,386</u>
Current Liabilities	\$ 9,489	\$ 53,935
Noncurrent Liabilities	<u>2,196</u>	<u>16,147</u>
Total Liabilities	<u>\$ 11,685</u>	<u>\$ 70,082</u>
Net Position:		
Restricted	\$ 19,492	\$ -
Unrestricted	<u>23,762</u>	<u>5,304</u>
Total Net Position	<u>\$ 43,254</u>	<u>\$ 5,304</u>

Major Factors Affecting the Statement of Net Position

During 2022, current assets decreased by \$20,447 and current liabilities decreased by \$44,446. The decrease in current assets is mainly due to the Cares Act Money received in 2021 paid to the Admin. Account, in 2022 to cover expenses paid. The decrease in liability is due to the CARES act funds shown as deferred revenue in 2021 and expended in 2022.

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

	Unrestricted	
Beginning Balance – June 30, 2021	\$ 5,304	
Results of Operation	<u>37,950</u>	
Ending Balance – June 30, 2022	<u>\$ 43,254</u>	

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.

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	<u>2022</u>	<u>2021</u>
Revenues:		
Operating Subsidies	\$ 942,506	\$ 877,405
Investment Income	26	112
Other Revenue	<u>4,933</u>	<u>932</u>
Total Revenues	947,465	878,449
Expenses:		
Administrative	162,326	111,397
Housing Assistance Payments	<u>747,189</u>	<u>776,543</u>
Total Expenses	<u>909,515</u>	<u>887,940</u>
Net Increases (Decreases)	<u>\$ 37,950</u>	<u>\$ (9,491)</u>

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

Operating Subsidy reflects an increase of \$65,101 or 7 percent. This increase was due to the way that the Department of Housing and Urban Development funds housing authorities for housing assistance payment.

Total expenses increased \$21,575 due mainly to increases in housing assistance payments and increases in administrative expenses.

DEBT OUTSTANDING

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Tammi DeMattio, Executive Director, Monroe Metropolitan Housing Authority, P.O. Box 1388, Monroe, OH 43725.

MONROE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 52,743
Restricted Cash (Note 3)	<u>2,196</u>
Total Current Assets	<u>54,939</u>

TOTAL ASSETS

\$ 54,939

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	<u>\$ 9,489</u>
Total Current Liabilities	9,489

Non-Current Liabilities

Noncurrent Liabilities - Other	<u>2,196</u>
Total Non-Current Liabilities	<u>2,196</u>
Total Liabilities	<u><u>\$ 11,685</u></u>

Net Position

Unrestricted	<u>\$ 43,254</u>
Total Net Position	<u><u>\$ 43,254</u></u>

TOTAL LIABILITIES AND NET POSITION

\$ 54,939

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

MONROE METROPOLITAN HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

Operating Revenue:

HUD Operating Subsidies and Grants	\$ 942,506
Other Revenue	4,933
Total Operating Revenue	<u>947,439</u>

Operating Expenses:

Housing Assistance Payments	747,189
Administrative Expense	162,326
Total Operating Expenses	<u>909,515</u>

Operating Income (Loss)	37,924
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Non-Operating Revenues (Expenses)

Investment Income - Unrestricted	26
Total Non-Operating Revenues (Expenses)	<u>26</u>

Change in Net Position	37,950
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Net Position - Beginning of Year	<u>5,304</u>
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Net Position - End of Year	<u><u>\$ 43,254</u></u>
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The accompanying notes are an integral part of the financial statements.

MONROE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:

Cash Received from HUD	\$ 896,389
Cash Received Other	4,933
Cash Payments for Housing assistance payments	(747,189)
Cash Payments for FSS Payouts	(15,410)
Cash Payments for Administrative	<u>(159,196)</u>
Net Cash Provided (Used) by Operating Activities	(20,473)

Cash Flows From Capital and Related Financing Activities:

Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
	-

Cash Flows From Investing Activities:

Investment Income	<u>26</u>
Net Cash Provided (Used) by Investing Activities	26
Increase (Decrease) in Cash and Cash Equivalents	(20,447)
Cash and Cash Equivalents - Beginning of Year	<u>75,386</u>
Cash and Cash Equivalents - End of Year	<u>\$ 54,939</u>

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:

Operating Income (Loss)	\$ 37,924
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Increase (decrease) in:	
Accounts Payable	1,671
Unearned Revenue	(46,117)
Noncurrent Liabilities - Other	<u>(13,951)</u>
Net cash used in operating activities	<u>\$ (20,473)</u>

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

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies:

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 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 criterion 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’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, 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 position, 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.

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 position. The statement of revenues, expenses and changes in net position 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.

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.

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

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - Deposits and Investments:

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was \$54,939 and the bank balance was \$54,939. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of June 30, 2022, the Authority's bank balance of \$54,939 was covered by Federal Depository Insurance.

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

Investments

The Authority has a formal investment policy; however, the Authority held no investments at June 30, 2022. Therefore, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks, and foreign currency risks.

NOTE 3 - Restricted Assets:

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

Family Self Sufficiency (FSS) Program Escrow	<u>\$ 2,196</u>
Total Restricted Assets	<u>\$ 2,196</u>

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

NOTE 4 – Risk Management:

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

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 – Contingencies:

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

NOTE 6 – Management Agreement:

The Monroe Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Cambridge Metropolitan Housing Authority (Cambridge) on August 27, 1990. Pursuant to the agreement Cambridge provides all management services to the Authority in order that the Authority shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the Authority has executed or may, from time to time, execute with HUD. As compensation for these services, the Authority transfers to Cambridge the monthly earned administrative fees as determinable by the Department of Housing and Urban Development. Total management fees for the fiscal year ended June 30, 2022 were \$73,028.

NOTE 7 – Subsequent Events:

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 1, 2022, the date on which the financial statements were available to be issued.

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

MONROE METROPOLITAN HOUSING AUTHORITY
MONROE, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – Change in Accounting Principle

For fiscal year 2022, the Monroe Metropolitan Housing Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Monroe Metropolitan Housing Authority did not have any contracts that met the GASB 87 definition of a lease. The Authority is also implementing Implementation Guide No. 2020-1, GASB Statement No. 92 –Omnibus 2020, and GASB Statement No. 97 -- Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the Monroe Metropolitan Housing Authority's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 9 - Schedule of Expenditures of Federal Awards:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Monroe Metropolitan Housing Authority (the Authority) for the year ended June 30, 2022. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected 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.

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

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

Monroe Metropolitan Housing Authority
Statement of Net Position
June 30, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

Line Item	Account Description	14.871 Housing Choice Voucher
111	Cash - Unrestricted	\$ 33,251
113	Cash - Other Restricted	19,492
115	Cash - Restricted for Payment of Current Liabilities	2,196
100	Total Cash	<u>54,939</u>
150	Total Current Assets	<u>54,939</u>
290	TOTAL ASSETS	<u>\$ 54,939</u>
346	Accrued Liabilities - Other	\$ 9,489
310	Total Current Liabilities	<u>9,489</u>
353	Non-Current Liabilities - Other	2,196
	Total Liabilities	<u>11,685</u>
511.4	Restricted Net Position	19,492
512.4	Unrestricted Net Position	23,762
513	Total Equity/Net Position	<u>43,254</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 54,939</u>

See Auditor's Report.

Monroe Metropolitan Housing Authority
Statement of Revenue and Expenses
June 30, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	14.871 Housing Choice Voucher	14.871 CARES Housing Choice Voucher	Total
706	HUD PHA Operating Grants	\$ 896,389	\$ 46,117	\$942,506
711	Investment Income - PHA	26		26
715	Other Revenue	4,933		4,933
700	TOTAL REVENUE	901,348	46,117	947,465
911	Administrative Salaries	25,298		25,298
912	Audit	6,125		6,125
913	Management Fee	39,251		39,251
915	Employee Benefit Contributions	8,479		8,479
916	Office Expenses	82		82
917	Legal Expense	254		254
919	Other	34,410		34,410
	Total Operating - Admin.	113,899	-	113,899
924	Tenant Services – Other	-	46,117	46,117
	Total Tenant Services	-	46,117	46,117
942	Ordinary Maintenance and Operations - Materials and Other	123		123
943	Ordinary Maintenance and Operations Contracts	1,023		1,023
	Total Maintenance	1,146	-	1,146
961.3	Workmen's Compensation	491		491
961.4	All Other Insurance	673		673
	Total Insurance Premiums	1,164	-	1,164
	TOTAL OPERATING EXPENSES	116,209	46,117	162,326
970	Excess Oper. Rev. over Exp.	785,139	-	785,139
973	Housing Assistance Payments	747,189		747,189
900	TOTAL EXPENSES	863,398	46,117	909,515
1000	NET INCOME (LOSS)	\$ 37,950	\$ -	\$ 37,950

See Auditor's Report.

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	14.871 Housing Choice Voucher
11030	Beginning Equity	\$ 14,795
11170	Administrative Fee Equity	\$ 5,304
11190	Unit Months Available	2,148
11210	Number of Unit Months Leased	2,148

See Auditor's Report.

MONROE METROPOLITAN HOUSING AUTHORITY
 Schedule of Expenditures of Federal Award
 For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Direct Program:		
Section 8 Housing Choice Voucher	14.871	\$ 858,439
Section 8 Housing Choice Voucher - CARES	14.871	<u>46,117</u>
Total Expenditures of Federal Awards		<u>\$ 904,556</u>

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



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

Monroe Metropolitan Housing Authority
P.O. Box 1388
Monroe, Ohio 43725

To the Board of Trustees:

I 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 business-type activities of the Monroe Metropolitan Housing Authority, Monroe County, (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated December 1, 2022.

Internal Control Over Financial Reporting

As part of my financial statement audit, I 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(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, I 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.

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, I did not identify any deficiencies in internal control that I 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, I tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of my internal control and compliance testing and my 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.

Kevin L. Penn, Inc.
Cleveland, Ohio

December 1, 2022



Kevin L.
Penn, Inc.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Monroe Metropolitan Housing Authority
P.O. Box 1388
Monroe, Ohio 43725

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

I have audited Monroe Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Monroe Metropolitan Housing Authority's major federal program for the year ended June 30, 2022. Monroe Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In my opinion, Monroe Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). My responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of my report.

I am required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the major federal program. My audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.
Cleveland, Ohio

December 1, 2022

Monroe Metropolitan Housing Authority

Schedule of Findings

June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance
for major program: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of major programs:

14.871 Housing Choice Vouchers

Dollar threshold used to distinguish
between Type A and Type B programs: Type A: > \$750,000
Type B: all others

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

Monroe Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no audit findings during the 2021 fiscal year.

OHIO AUDITOR OF STATE KEITH FABER



MONROE COUNTY METROPOLITAN HOUSING AUTHORITY

MONROE 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 2/9/2023

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