

**NOBLE METROPOLITAN  
HOUSING AUTHORITY  
NOBLE COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED MARCH 31, 2018**

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





# Dave Yost • Auditor of State

Board of Directors  
Noble Metropolitan Housing Authority  
1100 Maple Court  
Cambridge, OH 43725

We have reviewed the *Independent Auditor's Report* of the Noble Metropolitan Housing Authority, Noble County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2017 through March 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

October 16, 2018

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**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

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# JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board  
Noble Metropolitan Housing Authority  
Caldwell, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Noble Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Noble Metropolitan Housing Authority as of March 31, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Modernization Cost - Completed and the Financial Data Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed and the Financial Data Schedules are 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*, we have also issued our report dated September 14, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James G. Zupka, CPA, Inc.".

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

September 14, 2018

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**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(UNAUDITED)**

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The Noble Metropolitan Housing Authority’s (“the Authority”) Management’s Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s position, and (d) identify individual fund issues of concerns.

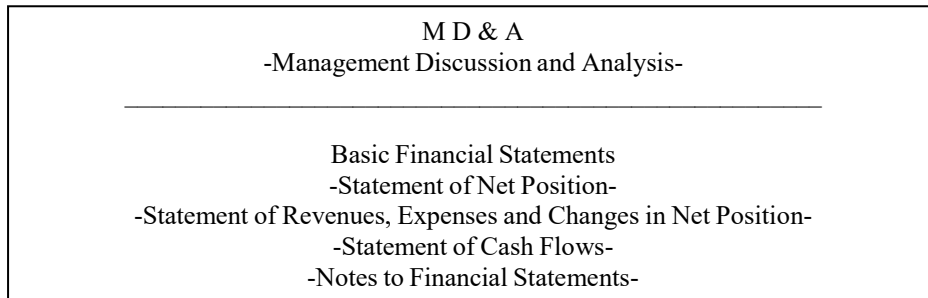
Since the MD&A is designed to focus of the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority’s total net position decreased by \$71,169 (or 7.54 percent) during the fiscal year 2018. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was \$872,804 and \$943,973 for 2018 and 2017, respectively.
- The Authority’s total revenue decreased by \$29,080 (or 4.9 percent) during the fiscal year 2018, and was \$564,092 and \$593,172 for 2018 and 2017, respectively.
- The total expenses of all Authority programs decreased by \$48,035 (or 7.03 percent). Total expenses were \$635,261 and \$683,296 for the fiscal years ended 2018 and 2017, respectively.

**USING THIS ANNUAL REPORT**

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



The clearly preferable focus is on the Authority as a single Enterprise Fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority), and enhance the Authority’s accountability.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(UNAUDITED)**

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**AUTHORITY FINANCIAL STATEMENTS**

The Authority's financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities equal "Net Position", formerly known as net assets. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

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

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

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

The Authority's 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 Flows is included, which discloses net cash provided by or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The Authority consists exclusively of 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.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
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**AUTHORITY PROGRAMS**

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

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income.

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

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords who 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 percent of household income. The Authority earns administrative fees to cover the cost of administering the program.

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

**Table 1 - Statement of Net Position**

	2018	2017
<b><u>Assets</u></b>		
Current and Other Assets	\$ 81,865	\$ 71,975
Capital Assets	818,771	897,299
<b>Total Assets</b>	<b>900,636</b>	<b>969,274</b>
<b><u>Liabilities</u></b>		
Current Liabilities	24,218	25,301
Long-Term Liabilities	3,614	0
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>27,832</b>	<b>25,301</b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	818,771	897,299
Restricted	20,362	5,480
Unrestricted	33,671	41,194
	872,804	943,973
<b>Total Liabilities and Net Position</b>	<b>\$ 900,636</b>	<b>\$ 969,274</b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(UNAUDITED)**

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

During 2018, current assets increased by \$9,890, and current liabilities decreased by \$1,083. The increase in current assets is mainly due to an increase in restricted cash and use of cash as a result of current activities. The decrease in liability is due to year-end vendor bills being paid at the end of the fiscal year.

Capital assets also changed, decreasing from \$897,299 to \$818,771. The \$78,528 decrease may be attributed primarily to a combination of total acquisitions of \$6,428 less current year depreciation of \$84,956.

The following table presents details on the change in net position.

**Table 2 - Change in Net Position**

	Unrestricted	Net Investment in Capital Assets	
		Restricted	Restricted
Beginning Balance - March 31, 2017	\$ 41,194	\$ 897,299	\$ 5,480
Results of Operations	(86,051)	0	14,882
Adjustments:			
Current Year Depreciation Expense (1)	84,956	(84,956)	0
Capital Expenditures (2)	(6,428)	6,428	0
<b>Ending Balance - March 31, 2018</b>	<u>\$ 33,671</u>	<u>\$ 818,771</u>	<u>\$ 20,362</u>

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

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

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

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged on in business-type activities.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(UNAUDITED)**

**Table 3 - Statement of Revenues, Expenses, and Changes in Net Position**

	2018	2017
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 77,586	\$ 76,496
Operating Subsidies	479,867	490,008
Capital Grants	3,135	21,235
Investment Income	39	35
Other Revenues	3,465	5,398
<b>Total Revenues</b>	<b>564,092</b>	<b>593,172</b>
<b><u>Expenses</u></b>		
Administrative	93,337	102,178
Tenant Services	31	0
Utilities	14,585	14,406
Maintenance	69,490	65,890
General Expenses	11,086	11,445
Housing Assistance Payments	361,776	390,153
Depreciation	84,956	99,224
<b>Total Expenses</b>	<b>635,261</b>	<b>683,296</b>
<b>Net Increases (Decreases)</b>	<b>\$ (71,169)</b>	<b>\$ (90,124)</b>

**Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position**

Operating Subsidy reflects a decrease of \$10,141 (or 2.07 percent) due to decreased Operating Grant funds received from HUD. Capital grants decreased by \$18,100 due to decreased capital improvement projects during the year.

Total tenant revenue increased by \$1,090 (or 1.42 percent). This increase was primarily due to an increase in tenant rent revenues.

Total expenses decreased \$48,035 (or 7.03 percent), due mainly to decreases in housing assistance payments during the year and a decrease in maintenance expenses.

**CAPITAL ASSETS**

As of year-end, the Authority had \$818,771 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$78,528 (or 8.75 percent) from the end of last year. This decrease was mainly due to current year depreciation expense.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(UNAUDITED)**

**Table 4 - Capital Assets at Year-End (Net of Depreciation)**

	2018	2017
Land and Land Rights	\$ 84,000	\$ 84,000
Buildings	1,565,781	1,562,488
Leasehold Improvements	132,091	132,091
Equipment	347,814	359,244
Accumulated Depreciation	(1,310,915)	(1,240,524)
<b>Total Capital Assets</b>	<b>\$ 818,771</b>	<b>\$ 897,299</b>

**Table 5 - Changes in Capital Assets**

	2018
<b>Beginning Balance - March 31, 2017</b>	<b>\$ 897,299</b>
Current Year Additions	6,428
Current Year Deletions	(14,565)
Current Year Depreciation Expense	(84,956)
Eliminate Depreciation for Sold Asset	14,565
<b>Ending Balance - March 31, 2018</b>	<b>\$ 818,771</b>
Current Year Additions are summarized as follows:	
Current Year Additions are summarized as follows:	
Building Renovations	\$ 3,293
Equipment	3,135
<b>Total 2018 Additions</b>	<b>\$ 6,428</b>

**DEBT OUTSTANDING**

As of March 31, 2018, the Authority had no outstanding debt.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

**FINANCIAL CONTACT**

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



**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
MARCH 31, 2018**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	33,524
Restricted cash and cash equivalents		39,313
Receivables, net		6,136
Prepaid expenses and other assets		2,892
<b>Total Current Assets</b>		81,865

**Noncurrent Assets**

Capital assets:

Non-Depreciable capital assets		84,000
Depreciable capital assets, Net		734,771

<b>Total Noncurrent Assets</b>		818,771
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<b>TOTAL ASSETS</b>		900,636
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**LIABILITIES AND NET POSITION**

**Liabilities**

**Current Liabilities**

Accounts payable		11,079
Accounts payable - Other Governments		5,905
Tenant security deposits		6,783
Unearned revenue		451

<b>Total Current Liabilities</b>		24,218
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**Noncurrent Liabilities**

Noncurrent liabilities - other		3,614
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<b>Total Current Liabilities</b>		3,614
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<b>Total Liabilities</b>		27,832
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**Net Position**

Net Invested in capital assets		818,771
Restricted net position		20,362
Unrestricted net position		33,671

<b>Total Net Position</b>		872,804
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<b>TOTAL LIABILITIES AND NET POSITION</b>		\$ 900,636
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The accompanying notes to the financial statements are an integral part of these statements.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

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**OPERATING REVENUES**

Tenant Revenue	\$ 77,586
Government operating grants	479,867
Other Revenue	3,465
<b>Total Operating Revenues</b>	<b>560,918</b>

**OPERATING EXPENSES**

Administrative	93,337
Tenant Services	31
Utilities	14,585
Maintenance	69,490
General	11,086
Housing assistance payment	361,776
Depreciation	84,956
<b>Total Operating Expenses</b>	<b>635,261</b>
Operating income (loss)	<b>(74,343)</b>

**NONOPERATING REVENUES (EXPENSES)**

Capital grant revenue	3,135
Interest Income	39
<b>Total nonoperating revenues</b>	<b>3,174</b>
Change in Net Position	<b>(71,169)</b>
 Total Net Position - Beginning	 943,973
<b>Total Net Position - Ending</b>	<b>\$ 872,804</b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$ 479,867
Receipts from tenants	77,204
Other revenue received	3,465
Cash payments for administrative	(185,803)
Cash payments for HAP	(361,776)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>12,957</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	39
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>39</u></b>

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Acquisition of capital assets	(6,428)
Capital grant received	3,135
<b>Net Cash Provided (Used) by Capital and Related Activities</b>	<b><u>(3,293)</u></b>
Net Increase (Decrease) in Cash	9,703

Cash and Cash Equivalents - Beginning of Year	63,134
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 72,837</u></b>

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

Net Operating Income (Loss)	\$ (74,343)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
Depreciation	84,956
(Increase) Decreases in Accounts Receivable	(382)
(Increase) Decreases in Prepaid Assets	195
Increase (Decreases) in Accounts Payable	(1,450)
Increase (Decreases) in Payable to Other Government	194
Increase (Decreases) in Tenant Security Deposit	517
Increase (Decreases) in Unearned Revenue	(344)
Increase (Decreases) in Liabilities Other	3,614
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 12,957</u></b>

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

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

**Organization and Reporting Entity**

The Noble Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Caldwell, Ohio. The Authority was created under the Ohio Revised Code Section 3735.27, to engage in the acquisition, development, leasing, and administration of low-rent housing program. 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 basic financial statements comply with the provision of Governmental Accounting Standards Board (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.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
**(CONTINUED)**

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

**Basis of Presentation**

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.

**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.

**Investments**

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments, with a maturity of more than three months when purchased.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
**(CONTINUED)**

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

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Furniture, Equipment & Machinery	10 years

**Capitalization of Interest**

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

**Net Position**

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

**Operating Revenues and Expenses**

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

**Budgetary Accounting**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
**(CONTINUED)**

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

A. **Deposits** (Continued)

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

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

At year-end, the carrying amount of the Authority's deposits was \$72,837 and the bank balance was \$75,137.

**Custodial Credit Risk**

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$75,137 were covered by Federal Depository Insurance.

B. **Investments**

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records its investments at fair value. At March 31, 2018, the Authority held no investments as defined by GASB Statement No. 40.

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018  
(CONTINUED)**

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

B. **Investments** (Continued)

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

**Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represent 100 percent of its deposits.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

NOTE 3: **RESTRICTED ASSETS**

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

Tenant Security Deposits	\$ 6,783
FSS Escrow Cash Balance	3,614
Housing Assistance Payment Funds on Hand	20,362
Tenant Council Funds	8,554
<b>Total Restricted Cash</b>	<b><u>\$ 39,313</u></b>



**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

	Balance 3/31/2017	Additions	Deletions	Balance 3/31/2018
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 84,000	\$ 0	\$ 0	\$ 84,000
<b>Total Capital Assets Not Being Depreciated</b>	<b>84,000</b>	<b>0</b>	<b>0</b>	<b>84,000</b>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings	1,562,488	3,293	0	1,565,781
Leasehold Improvements	132,091	0	0	132,091
Furniture, Machinery, and Equipment	359,244	3,135	(14,565)	347,814
<b>Total Capital Assets Being Depreciated</b>	<b>2,053,823</b>	<b>6,428</b>	<b>(14,565)</b>	<b>2,045,686</b>
<b><u>Accumulated Depreciation</u></b>				
Buildings	(929,507)	(50,092)	0	(979,599)
Leasehold Improvements	(97,584)	(7,202)	0	(104,786)
Furniture, Machinery, and Equipment	(213,433)	(27,662)	14,565	(226,530)
<b>Total Accumulated Depreciation</b>	<b>(1,240,524)</b>	<b>(84,956)</b>	<b>14,565</b>	<b>(1,310,915)</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>813,299</b>	<b>(78,528)</b>	<b>0</b>	<b>734,771</b>
<b>Total Capital Assets, Net</b>	<b>\$ 897,299</b>	<b>\$ (78,528)</b>	<b>\$ 0</b>	<b>\$ 818,771</b>

**NOTE 5: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**NOTE 6: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

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

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
**(CONTINUED)**

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NOTE 7: **MANAGEMENT AGREEMENT**

The Noble Metropolitan Housing Authority (the Authority) entered into a housing management agreement with the Cambridge Metropolitan Housing Authority (CMHA) on March 30, 1987. Pursuant to the agreement, CMHA provides all management services to the Authority in order that the Authority shall comply with all applicable laws of the State of Ohio and of the United States Government, and with the terms of all contracts which the Authority has executed or may, from time to time, execute with HUD. As compensation for these services, the Authority transfers to CMHA the monthly administrative fees allocated to the Authority based on approved budgets. Total management fees for the fiscal year ended March 31, 2018 were \$50,068.

NOTE 8: **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 the date on which the financial statements were available to be issued.

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**MARCH 31, 2018**

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	22,526	10,998	33,524		33,524
113 Cash - Other Restricted	8,554	23,976	32,530		32,530
114 Cash - Tenant Security Deposits	6,783	-	6,783		6,783
<b>100 Total Cash</b>	<b>37,863</b>	<b>34,974</b>	<b>72,837</b>	<b>-</b>	<b>72,837</b>
122 Accounts Receivable - HUD Other Projects	4,570	-	4,570		4,570
125 Accounts Receivable - Miscellaneous	1,000	-	1,000		1,000
126 Accounts Receivable - Tenants	1,446	-	1,446		1,446
126.1 Allowance for Doubtful Accounts -Tenants	-880	-	-880		-880
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>6,136</b>	<b>-</b>	<b>6,136</b>	<b>-</b>	<b>6,136</b>
142 Prepaid Expenses and Other Assets	2,892	-	2,892		2,892
<b>150 Total Current Assets</b>	<b>46,891</b>	<b>34,974</b>	<b>81,865</b>	<b>-</b>	<b>81,865</b>
161 Land	84,000	-	84,000		84,000
162 Buildings	1,565,781	-	1,565,781		1,565,781
163 Furniture, Equipment & Machinery - Dwellings	24,331	-	24,331		24,331
164 Furniture, Equipment & Machinery - Administration	323,483	-	323,483		323,483
165 Leasehold Improvements	132,091	-	132,091		132,091
166 Accumulated Depreciation	-1,310,915	-	-1,310,915		-1,310,915
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>818,771</b>	<b>-</b>	<b>818,771</b>	<b>-</b>	<b>818,771</b>
<b>180 Total Non-Current Assets</b>	<b>818,771</b>	<b>-</b>	<b>818,771</b>	<b>-</b>	<b>818,771</b>
200 Deferred Outflow of Resources	-	-	-		-
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>865,662</b>	<b>34,974</b>	<b>900,636</b>	<b>-</b>	<b>900,636</b>
312 Accounts Payable <= 90 Days	2,525	-	2,525		2,525
333 Accounts Payable - Other Government	5,905	-	5,905		5,905
341 Tenant Security Deposits	6,783	-	6,783		6,783
342 Unearned Revenue	451	-	451		451
345 Other Current Liabilities	8,554	-	8,554		8,554
<b>310 Total Current Liabilities</b>	<b>24,218</b>	<b>-</b>	<b>24,218</b>	<b>-</b>	<b>24,218</b>
353 Non-current Liabilities - Other	-	3,614	3,614		3,614
<b>350 Total Non-Current Liabilities</b>	<b>-</b>	<b>3,614</b>	<b>3,614</b>	<b>-</b>	<b>3,614</b>
<b>300 Total Liabilities</b>	<b>24,218</b>	<b>3,614</b>	<b>27,832</b>	<b>-</b>	<b>27,832</b>
400 Deferred Inflow of Resources	-	-	-		-
508.4 Net Investment in Capital Assets	818,771	-	818,771		818,771
511.4 Restricted Net Position	-	20,362	20,362		20,362
512.4 Unrestricted Net Position	22,673	10,998	33,671		33,671
<b>513 Total Equity - Net Assets / Position</b>	<b>841,444</b>	<b>31,360</b>	<b>872,804</b>	<b>-</b>	<b>872,804</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>865,662</b>	<b>34,974</b>	<b>900,636</b>	<b>-</b>	<b>900,636</b>

**NOBLE METROPOLITAN HOUSING AUTHORITY**  
**NOBLE COUNTY, OHIO**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY WIDE REVENUE AND EXPENSE SUMMARY**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	74,857	-	74,857		74,857
70400 Tenant Revenue - Other	2,729	-	2,729		2,729
<b>70500 Total Tenant Revenue</b>	<b>77,586</b>	<b>-</b>	<b>77,586</b>	<b>-</b>	<b>77,586</b>
70600 HUD PHA Operating Grants	57,102	422,765	479,867		479,867
70610 Capital Grants	3,135	-	3,135		3,135
71100 Investment Income - Unrestricted	23	16	39		39
71500 Other Revenue	786	1,679	2,465		2,465
71600 Gain or Loss on Sale of Capital Assets	1,000	-	1,000		1,000
<b>70000 Total Revenue</b>	<b>139,632</b>	<b>424,460</b>	<b>564,092</b>	<b>-</b>	<b>564,092</b>
91200 Auditing Fees	2,973	3,221	6,194		6,194
91300 Management Fee	5,880	44,188	50,068		50,068
91400 Advertising and Marketing	1,562	-	1,562		1,562
91600 Office Expenses	932	-	932		932
91700 Legal Expense	373	-	373		373
91800 Travel	10	-	10		10
91900 Other	33,082	1,116	34,198		34,198
<b>91000 Total Operating - Administrative</b>	<b>44,812</b>	<b>48,525</b>	<b>93,337</b>	<b>-</b>	<b>93,337</b>
92400 Tenant Services - Other	31	-	31		31
<b>92500 Total Tenant Services</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
93100 Water	7,532	-	7,532		7,532
93200 Electricity	5,924	-	5,924		5,924
93300 Gas	1,129	-	1,129		1,129
<b>93000 Total Utilities</b>	<b>14,585</b>	<b>-</b>	<b>14,585</b>	<b>-</b>	<b>14,585</b>
94200 Ordinary Maintenance and Operations - Materials and Other	14,846	-	14,846		14,846
94300 Ordinary Maintenance and Operations Contracts	54,644	-	54,644		54,644
<b>94000 Total Maintenance</b>	<b>69,490</b>	<b>-</b>	<b>69,490</b>	<b>-</b>	<b>69,490</b>
96110 Property Insurance	2,220	-	2,220		2,220
96120 Liability Insurance	2,219	-	2,219		2,219
96130 Workmen's Compensation	742	-	742		742
<b>96100 Total insurance Premiums</b>	<b>5,181</b>	<b>-</b>	<b>5,181</b>	<b>-</b>	<b>5,181</b>
96300 Payments in Lieu of Taxes	5,905	-	5,905		5,905
<b>96000 Total Other General Expenses</b>	<b>5,905</b>	<b>-</b>	<b>5,905</b>	<b>-</b>	<b>5,905</b>
<b>96900 Total Operating Expenses</b>	<b>140,004</b>	<b>48,525</b>	<b>188,529</b>	<b>-</b>	<b>188,529</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>-372</b>	<b>375,935</b>	<b>375,563</b>	<b>-</b>	<b>375,563</b>
97300 Housing Assistance Payments	-	360,196	360,196		360,196
97350 HAP Portability-In	-	1,580	1,580		1,580
97400 Depreciation Expense	84,956	-	84,956		84,956
<b>90000 Total Expenses</b>	<b>224,960</b>	<b>410,301</b>	<b>635,261</b>	<b>-</b>	<b>635,261</b>
10010 Operating Transfer In	11,385	-	11,385		11,385
10020 Operating transfer Out	-11,385	-	-11,385		-11,385
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-85,328</b>	<b>14,159</b>	<b>-71,169</b>	<b>-</b>	<b>-71,169</b>
11030 Beginning Equity	926,772	17,201	943,973		943,973
11170 Administrative Fee Equity	-	10,998	10,998		10,998
11180 Housing Assistance Payments Equity	-	20,362	20,362		20,362
11190 Unit Months Available	336	1,104	1,440		1,440
11210 Number of Unit Months Leased	331	1,078	1,409		1,409

**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
STATEMENT OF MODERNIZATION COSTS - COMPLETED  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

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1. Actual Modernization Costs of the Project are as follows:

	<u>OH16P069501-15</u>
Fund Approved	\$ 31,900
Funds Expended	<u>31,900</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 31,900
Funds Expended	<u>31,900</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>
	<u>OH16P069501-16</u>
Fund Approved	\$ 32,980
Funds Expended	<u>32,980</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 32,980
Funds Expended	<u>32,980</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Projects have been completed.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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

To the Members of the Board  
Noble Metropolitan Housing Authority  
Caldwell, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Noble Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 14, 2018.

***Internal Control Over Financial Reporting***

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

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

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

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



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

September 14, 2018



**NOBLE METROPOLITAN HOUSING AUTHORITY  
NOBLE COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

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The audit report for the fiscal year ending March 31, 2017 contained no findings.

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# Dave Yost • Auditor of State

**NOBLE COUNTY METROPOLITAN HOUSING AUTHORITY**

**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 8, 2018**