

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**of the**

**MIAMI METROPOLITAN  
HOUSING AUTHORITY**

**for the**

**Year Ended December 31, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Miami Metropolitan Housing Authority  
1695 Troy Sidney Road  
Troy, Ohio 45373

We have reviewed the *Independent Auditors' Report* of the Miami Metropolitan Housing Authority, Miami County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2006 through December 31, 2006. 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 Miami Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 26, 2007

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Miami Metropolitan Housing Authority  
Lancaster, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of Miami Metropolitan Housing Authority, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Miami Metropolitan Housing Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Miami Metropolitan Housing Authority, as of December 31, 2006, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2007 on our consideration of Miami Metropolitan Housing 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the basic financial statements of the Authority taken as a whole. The FDS schedule and cost certification are presented for purposes of additional analysis and are not a required part of the financial statements of the Miami Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.  
August 31, 2007

*much more than an accounting firm*

**MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2006**

**Unaudited**

It is a privilege to present for you the financial picture of Miami Metropolitan Housing Authority. The Miami Metropolitan Housing Authority's (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

The Authority's programs for the single enterprise fund are: Conventional Public-Housing, Capital Fund Program (CFP), and the Housing Choice Voucher Program.

- The revenue increased by \$25,758 (or 0.5%) during 2006, and was \$5,135,536 and \$5,109,778 for 2006 and 2005, respectively.
- The total expenses increased by \$75,176 (1.41%). Total expenses were \$5,393,522 and \$5,318,346 for 2006 and 2005, respectively.

**USING THIS ANNUAL REPORT**

The following graphic outlines the format of these financial statements:

<b>MD&amp;A</b> ~ Management Discussion and Analysis ~
<b>Basic Financial Statements</b> ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~

The clearly preferable focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended December 31, 2006

Unaudited

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

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

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories (as applicable):

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”. This account resembles the old operating reserves account.

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

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

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The Authority’s programs that are consolidated into a single enterprise fund are as follows:

Conventional Public Housing – 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 to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

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



**MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended December 31, 2006**

**Unaudited**

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET ASSETS**

The following table reflects the condensed Statement of Net Assets compared to prior year.

**TABLE 1  
STATEMENT OF NET ASSETS**

	2006	Restated 2005
Current and Other Assets	\$ 406,083	\$ 634,967
Capital Assets	4,173,860	4,403,599
<b>TOTAL ASSETS</b>	<b>4,579,943</b>	<b>5,038,566</b>
Other Liabilities	148,128	347,964
Long-term liabilities	18,199	19,000
<b>TOTAL LIABILITIES</b>	<b>166,327</b>	<b>366,964</b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,173,860	4,224,335
Unrestricted	239,756	447,267
<b>TOTAL NET ASSETS</b>	<b>\$ 4,413,616</b>	<b>\$ 4,671,602</b>

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS**

Assets declined from the previous year by \$458,623. This is mostly due to depreciation of building and equipment.

**MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended December 31, 2006**

**Unaudited**

**TABLE 2  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	2006	Restated 2005
<b>Revenues</b>		
Tenant Revenue - Rents and Other	\$ 468,132	\$ 438,971
Operating Subsidies and Grants	4,539,217	4,466,511
Capital Grants	93,768	167,034
Investment Income/Other Revenues	34,419	37,262
<b>TOTAL REVENUE</b>	<b>5,135,536</b>	<b>5,109,778</b>
<b>Expenses</b>		
Administration	602,661	671,861
Utilities	187,209	214,932
Tenant services	4,320	3,932
Maintenance	218,389	233,863
General	20,468	30,652
Pilot	28,282	22,751
Housing Assistance Payments	3,997,398	3,819,489
Depreciation	323,507	312,313
Bad Debt	11,288	8,553
<b>TOTAL EXPENSES</b>	<b>5,393,522</b>	<b>5,318,346</b>
<b>NET (LOSS)</b>	<b>\$ (257,986)</b>	<b>\$ (208,568)</b>

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

**Revenues:**

- Tenant Revenues are up by \$29,161. This reflects an increase in the number of families paying flat rent.
- Operating subsidies increased in the Public Housing program due to HUD's redistributing subsidies among PHAs. There was a slight increase in HAP subsidy due to less proration of funds.
- The Capital Grant for 2006 was still in progress.

**Expenses:**

- HAP expenses increased due to the increase in per unit month (PUM) cost increases, i.e. from \$330 PUM to \$369.PUM.
- Although we expected a 40% increase in utilities, it did not materialize.
- We were able to hold down administrative and maintenance costs. We made less repairs in 2006 than 2005.

**MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended December 31, 2006**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of year-end, the Authority had \$4,173,860 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$229,739

**TABLE 3  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	2006	Restated 2005
Land and Land Rights	\$ 357,350	\$ 357,350
Buildings	8,999,817	8,845,047
Equipment - Administrative	4,367	-
Equipment - Dwellings	76,442	76,442
Construction in progress	93,768	159,137
Accumulated Depreciation	(5,357,884)	(5,034,377)
<b>TOTAL</b>	<b>\$ 4,173,860</b>	<b>\$ 4,403,599</b>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 4,403,599
Additions - Public Funds	93,768
Depreciation Expense	(323,507)
<b>ENDING BALANCE</b>	<b>\$ 4,173,860</b>

**MIAMI METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended December 31, 2006**

**Unaudited**

**ECONOMIC FACTORS**

The Housing Authority is primarily dependant on Congressional appropriations for operating. This consists of grants for the Voucher Program, Public Housing Programs, and Capital Fund Programs. We gained in operating subsidy but not enough to be fully funded according to our need and eligibility HUD monies.

**IN CONCLUSION**

Miami Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Jack Baird Executive Director of the Miami Metropolitan Housing Authority at (937) 339-2111.

**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**December 31, 2006**

**ASSETS**

Cash and cash equivalents	\$	327,052
Receivables - net of allowance		36,988
Inventories - net of allowance		22,878
Prepaid expenses and other assets		18,175
<b>TOTAL CURRENT ASSETS</b>		<u>405,093</u>

**CAPITAL ASSETS**

Land		357,350
Other capital assets - net		3,816,510
<b>TOTAL CAPITAL ASSETS</b>		<u>4,173,860</u>

**OTHER ASSETS**

		<u>990</u>
<b>TOTAL ASSETS</b>		<u>4,579,943</u>

**LIABILITIES**

Accounts payable		39,491
Intergovernmental payables		28,282
Accrued wages/payroll taxes		11,367
Accrued compensated absences - current		33,796
Tenant security deposits		35,192
<b>TOTAL CURRENT LIABILITIES</b>		<u>148,128</u>
Accrued compensated absences - non current		18,199
<b>TOTAL LIABILITIES</b>		<u>166,327</u>

**NET ASSETS**

Invested in capital assets - net of related debt		4,173,860
Unrestricted net assets		239,756
<b>NET ASSETS</b>	<b>\$</b>	<u><u>4,413,616</u></u>

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended December 31, 2006**

<b>OPERATING REVENUES</b>	
Tenant revenue	\$ 468,132
Operating Subsidies and Grants	4,539,217
Investment/other revenues	<u>26,935</u>
<b>TOTAL OPERATING REVENUES</b>	<b>5,034,284</b>
 <b>OPERATING EXPENSES</b>	
Administrative	602,661
Tenant services	4,320
Utilities	187,209
Maintenance	218,389
General	20,468
PILOT	28,282
Bad debts	11,288
Housing assistance payments	3,997,398
Depreciation	<u>323,507</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>5,393,522</u></b>
<b>OPERATING LOSS</b>	<b><u>(359,238)</u></b>
 <b>NONOPERATING REVENUES</b>	
Interest revenue	7,484
 <b>CAPITAL GRANTS</b>	 <u>93,768</u>
<b>CHANGE IN NET ASSETS</b>	<b>(257,986)</b>
Net assets beginning of year	4,753,848
Prior period adjustments	<u>(82,246)</u>
<b>NET ASSETS BEGINNING OF YEAR - RESTATED</b>	<b><u>4,671,602</u></b>
<b>NET ASSETS END OF YEAR</b>	<b><u><u>\$ 4,413,616</u></u></b>

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from HUD	\$	4,539,217
Cash received from tenants		462,532
Cash payments for housing assistance payments		(3,997,398)
Cash payments for administrative/operations		(971,959)
Cash payments to HUD and other government		(22,751)

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>9,641</b>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Capital grants received for capital assets		93,768
Acquisition of capital assets		(93,768)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Investment income		7,484
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<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17,125</b>
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<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<b>309,927</b>
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<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$</b>	<b>327,052</b>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$	(359,238)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		323,507
Prior period adjustment and unfound difference		(61,804)
(Increase) decrease in:		
Intergovernmental receivables		111,121
Receivables - net of allowance		46,560
Inventories - net of allowance		(5,854)
Prepaid expenses and other assets		94,182
Increase (decrease) in:		
Accounts payable		(8,365)
Intergovernmental payables		5,531
Accrued wages/payroll taxes		11,367
Accrued compensated absences		51,995
Tenant security deposits		(680)
Deferred credits and other liabilities		(198,681)

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$</b>	<b>9,641</b>
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See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Miami Metropolitan Housing Authority (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 also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operations.

**Reporting Entity**

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

Oversight of the Miami Metropolitan Housing Authority is provided by a six (6) member board called the Board of Commissioners representing one (1) appointee of the Common Pleas Court, one (1) appointee of the County commissioners, one (1) appointee of the Probate Court, one (1) appointee resident member appointed by the Resident Advisory Committee and two (2) appointees of the largest municipality of the county. The Authority's Financial Statements include all funds, agencies, boards, commissions, and departments for which the Authority is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board ("GASB"), exists if the Authority appoints a voting majority of an organization's governing board and the Authority is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority. The Authority may also be financially accountable for governmental organizations with a separately elected governing board that is fiscally dependent on the Authority. The Authority also took into consideration other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's general purpose financial statements to be misleading or incomplete. Based upon the foregoing criteria, the Authority has no component units.

**Basis of Presentation**

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

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus**

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

**Enterprise Fund**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.



**MIAMI METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

The following are the various programs which are included in the single enterprise fund:

**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 to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

**Capital Fund Program (CFP)** – This is the current primary funding source for the Authority’s physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on the size and age of the units.

**Housing Choice Voucher Program (HCVP)** – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

**Accounting and Reporting for Nonexchange Transactions**

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- **Voluntary nonexchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.
- 

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

**Prepaid expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

**Capital Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is \$2,000. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

**Accrued Liabilities**

All payables and accrued liabilities are reported in the basic financial statements.

**Net Assets**

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability.

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

**Estimates**

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

**Receivables – net of allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for receivables was \$0 at December 31, 2006.

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2006.

**Due to/Due From Programs**

These are reflected in the FDS and eliminated for the basic financial statement.

**2. CASH AND INVESTMENTS**

**Cash**

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

**MIAMI METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2006**

**2. CASH AND INVESTMENTS - CONTINUED**

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

**Deposits:** The carrying amount of the Authority's deposits totaled \$327,052 (includes tenant security deposits of \$35,192). The corresponding bank balances totaled \$381,795.

The following show the Authority's deposits (bank balances) in each category:

Category 1:	\$100,000 was covered by federal depository insurance
Category 2:	\$281,795 was covered by specific collateral pledged by the financial institution in the name of the Authority.

**3. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting.

**4. RISK MANAGEMENT**

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. In order to minimize these risks the Authority was insured through the State Housing Authority Risk Pool, Inc. (SHARP) a public entity risk pool operating a common risk, management and insurance program for its 22 housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through member premiums and reinsures through commercial insurance companies. In addition, coverage for employee health and accident insurance is purchased by an independent third party. Settlement claims for these risks have not exceeded coverage for the past three years. Further there has been no reduction in insurance coverage.

**5. CAPITAL ASSETS**

The following is a summary of capital assets:

	Restated Balance 12/31/2005	Net Additions / Deletions/ Corrections	Balance 12/31/2006
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>			
Land	\$ 357,350	\$ -	\$ 357,350
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>\$ 357,350</b>	<b>\$ -</b>	<b>\$ 357,350</b>
<b>CAPITAL ASSETS BEING DEPRECIATED</b>			
Building and Improvements	\$ 8,845,047	\$ 154,770	\$ 8,999,817
Furniture and equipment	76,442	4,367	80,809
Construction in progress	159,137	(65,369)	93,768
Totals at Historical Costs	9,080,626	93,768	9,174,394
Less: Accumulated Depreciation	(5,034,377)	(323,507)	(5,357,884)
<b>TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED</b>	<b>\$ 4,046,249</b>	<b>\$ (229,739)</b>	<b>\$ 3,816,510</b>

Depreciation expense for 2006 was \$323,507.

**MIAMI METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2006**

**6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- a. The Traditional Pension Plan (TP) – cost-sharing multiple-employer defined benefit pension plan.
- b. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- c. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides basic retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement system, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 9.0 percent of their annual covered payroll to fund pension obligations and the Authority was required to contribute 13.70 percent of covered payroll during 2006. The Authority's required contributions, including the pick up portion for certain employees for the year ended December 31, 2006 was \$94,690. All required payments of contributions have been made through December 31, 2006.

**7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by the Ohio Revised Code. The 2005 employer contribution rate is 13.55 percent of covered payroll, and 4.00 percent was used to fund health care for the year.

The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005.

An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment of 4.00 percent, compounded annually, is the base portion of the individual pay increases, over and above the 4.00 percent base increase, were assumed to range from 0.50 percent to 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

**MIAMI METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2006**

**7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

OPEBs are advanced-funded on an actuarially determined basis. At year-end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The actuarial value of the Retirement System’s net assets available for OPEB at December 31, 2005 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**8. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended December 31, 2006, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

**9. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF PRIOR YEAR’S FUND EQUITY**

	<u>Total</u>	<u>Invested in Capital Assets - Net of Debt</u>	<u>Unrestricted Net Assets</u>
Net Assets, Beginning of Year	\$ 4,753,848	\$ 4,244,462	\$ 509,386
<b>Prior period adjustment:</b>			
Overstated accounts payable	844	-	844
Soft costs written off	(20,127)	(20,127) *	-
Accounts receivable written off	(315)	-	(315)
Compensated absences recorded	(62,648)	-	(62,648)
Reclassification of CIP from 12/31/05 to capital assets	-	179,264 *	(179,264)
Net Assets, Beginning of Year, Restated	<u>\$ 4,671,602</u>	<u>\$ 4,403,599</u>	<u>\$ 268,003</u>

\*\$159,137 - Equity transfer during 2006.

**10. RELATED PARTY TRANSACTION**

The Miami County Metropolitan Housing Authority has an “Employer of Record” contract with Miami County Community Action Council. This contract provides staffing services in which a contract is signed to provide services as determined by the Housing Authority. The Community Action Council has a separate audit of its financial records under the same guidelines as OMB Circular A-133 “Audits of States, Local Governments and Non Profit Organizations”.

**MIAMI METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
December 31, 2006**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
	<b>ASSETS</b>				
111	Cash - unrestricted	\$ 273,156	\$ 18,704	\$ -	\$ 291,860
114	Cash - tenant security deposits	35,192	-	-	35,192
100	TOTAL CASH	<u>308,348</u>	<u>18,704</u>	-	<u>327,052</u>
122	Accounts receivable - HUD other proj	-	-	-	-
125	Accounts receivable - miscellaneous	34,391	-	-	34,391
126	A/R tenants - dwelling rents	2,597	-	-	2,597
120	TOTAL ACCOUNTS RECEIVABLE	<u>36,988</u>	-	-	<u>36,988</u>
142	Prepaid expenses and other assets	16,176	1,999	-	18,175
143	Inventories	22,878	-	-	22,878
150	TOTAL CURRENT ASSETS	<u>384,390</u>	<u>20,703</u>	-	<u>405,093</u>
161	Land	357,350	-	-	357,350
162	Buildings	8,999,817	-	-	8,999,817
163	Furniture and equipment - dwellings	76,442	-	-	76,442
164	Furniture and equipment - admin	4,367	-	-	4,367
167	Construction in progress	-	-	93,768	93,768
166	Accumulated depreciation	(5,357,884)	-	-	(5,357,884)
160	TOTAL FIXED ASSETS, NET	<u>4,080,092</u>	-	<u>93,768</u>	<u>4,173,860</u>
174	Other assets	990	-	-	990
180	TOTAL NON-CURRENT ASSETS	<u>4,081,082</u>	-	<u>93,768</u>	<u>4,174,850</u>
190	TOTAL ASSETS	<u>\$ 4,465,472</u>	<u>\$ 20,703</u>	<u>\$ 93,768</u>	<u>\$ 4,579,943</u>

See independent auditors' report

**MIAMI METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
December 31, 2006**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
	<b>LIABILITIES</b>				
312	Accounts payable <=90 days	\$ 34,448	\$ 5,043	\$ -	\$ 39,491
321	Accrued wages/payroll taxes	-	11,367	-	11,367
322	Accrued compensated absences - current	16,643	17,153	-	33,796
333	Accounts payable - other govt	28,282	-	-	28,282
341	Tenant security deposits	35,192	-	-	35,192
310	TOTAL CURRENT LIABILITIES	<u>114,565</u>	<u>33,563</u>	-	<u>148,128</u>
354	Accrued compensated absences - long term	8,962	9,237	-	18,199
350	TOTAL NONCURRENT LIABILITIES	<u>8,962</u>	<u>9,237</u>	-	<u>18,199</u>
300	TOTAL LIABILITIES	123,527	42,800	-	166,327
508.1	Capital assets net of related debt	4,080,092	-	93,768	4,173,860
	UNRESTRICTED NET ASSETS	<u>261,853</u>	<u>(22,097)</u>	-	<u>239,756</u>
513	TOTAL EQUITY	<u>4,341,945</u>	<u>(22,097)</u>	<u>93,768</u>	<u>4,413,616</u>
300	TOTAL LIABILITIES AND EQUITY	<u>\$ 4,465,472</u>	<u>\$ 20,703</u>	<u>\$ 93,768</u>	<u>\$ 4,579,943</u>

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**MIAMI METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended December 31, 2006**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
<b>REVENUE</b>					
703	Net tenant revenue	\$ 455,570	\$ -	\$ -	\$ 455,570
704	Other revenue	12,562	-	-	12,562
705	TOTAL TENANT REVENUE	<u>468,132</u>	-	-	<u>468,132</u>
706	HUD PHA grants	139,703	4,386,263	13,251	4,539,217
706.1	HUD PHA capital grants	-	-	93,768	93,768
711	Investment income - unrestricted	7,484	-	-	7,484
715	Other revenue	26,935	-	-	26,935
700	TOTAL REVENUE	<u>642,254</u>	<u>4,386,263</u>	<u>107,019</u>	<u>5,135,536</u>
<b>EXPENSES</b>					
911	Administrative salaries	99,766	289,725	2,046	391,537
912	Auditing fees	725	5,580	-	6,305
914	Compensated absences	(4,740)	(5,913)	-	(10,653)
915	Employee benefit contribution - admin	32,733	96,747	-	129,480
916	Other operating - administrative	31,632	54,360	-	85,992
924	Tenant services - other	4,320	-	-	4,320
931	Water	34,528	-	-	34,528
932	Electricity	116,995	-	-	116,995
933	Gas	35,686	-	-	35,686
941	Ord maintenance/op - labor	84,122	-	-	84,122
942	Ord maintenance/op - materials	31,864	-	-	31,864
943	Ord maintenance/op - cont costs	57,852	-	11,205	69,057
945	Emp benefit contrib - ord main	33,346	-	-	33,346
961	Insurance premiums	17,835	1,176	-	19,011
962	Other general expenses	-	1,457	-	1,457
963	PILOT	28,282	-	-	28,282
964	Bad debts - tenant rents	11,288	-	-	11,288
969	TOTAL OPERATING EXPENSES	<u>616,234</u>	<u>443,132</u>	<u>13,251</u>	<u>1,071,160</u>
970	EXCESS OPERATING REVENUE OVER EXPENSES	26,020	3,943,131	93,768	4,062,919
973	Housing Assistance Payments	-	3,997,398	-	3,997,398
974	Depreciation expense	323,507	-	-	323,507
900	TOTAL EXPENSES	<u>939,741</u>	<u>4,440,530</u>	<u>13,251</u>	<u>5,393,522</u>
1000	EXCESS OF REVENUE OVER EXPENSES	(297,487)	(54,267)	93,768	(257,986)
1003	Beginning equity	4,509,796	64,788	179,264	4,753,848
1004	Prior period adj/equity transfers	129,636	(32,618)	(179,264)	(82,246)
	ENDING EQUITY	<u>4,341,945</u>	<u>(22,097)</u>	<u>93,768</u>	<u>4,413,616</u>

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**MIAMI METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
Year Ended December 31, 2006**

	<b>FEDERAL CFDA NUMBER</b>	<b>FUNDS EXPENDED</b>
<b><u>FROM U.S. DEPARTMENT OF HUD</u></b>		
<b><u>DIRECT PROGRAMS</u></b>		
<b>PHA Owned Housing:</b>		
Public and Indian Housing	14.850A	\$ 139,703
Public Housing Capital Fund	14.872	107,019
<b>Housing Assistance Payments:</b>		
<b>Annual Contribution -</b>		
Section 8 Housing Choice Vouchers	14.871	4,386,263
<b>Total - All Programs</b>		<b>\$ 4,632,985</b>

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**MIAMI METROPOLITAN HOUSING AUTHORITY  
COST CERTIFICATION**

OHIO-P062-501-05

Management improvements	\$ 24,494
Administration	6,396
Fees and costs	1,500
Site improvement	8,310
Dwelling structures	<u>146,461</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 187,161</u></b>
<b>TOTAL RECEIVED</b>	<b><u>\$ 187,161</u></b>

1. The actual modernization cost certificate (HUD form 53001) was submitted to HUD.
2. All costs have been expended and no liabilities exist at December 31, 2006.
3. The funds were received as of December 31, 2006.

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

Board of Directors  
Miami Metropolitan Housing Authority  
Troy, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements for Miami Metropolitan Housing Authority as of and for the year ended December 31, 2006 and have issued our report thereon dated August 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Miami Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Miami Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

**Compliance and Other Matters**

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

*much more than an accounting firm*

**This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.**

*Jones, Cochenour & Co.*

**Jones, Cochenour & Co.  
August 31, 2007**



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Directors  
Miami Metropolitan Housing Authority  
Troy, Ohio**

**Regional Inspector General of Audit  
Department of Housing and Urban  
Development**

**Compliance**

We have audited the compliance of Miami Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Miami Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Miami Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Miami Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Miami Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Miami Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Miami Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

**Internal Control Over Compliance**

The management of Miami Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Miami Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Miami Metropolitan Housing Authority's internal control over compliance.

*much more than an accounting firm*

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the board of directors, management, Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.  
August 31, 2007

**Summary of Auditors' Results and Schedule of Findings  
OMB Circular A-133 § .505**

**Miami Metropolitan Housing Authority  
December 31, 2006**

<b>1. SUMMARY OF AUDITORS' RESULTS</b>
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<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>Major Programs (list):</b>	<b>Section 8 Housing Choice Vouchers CFDA#14.871</b>
<b>Dollar Threshold: Type A/B Programs</b>	<b>\$300,000</b>
<b>Low Risk Auditee?</b>	<b>Yes</b>



**Summary of Auditors' Results and Schedule of Findings  
OMB Circular A-133 § .505 - Continued**

**Miami Metropolitan Housing Authority  
December 31, 2006**

**2. FINDINGS RELATED TO FINANCIAL STATEMENTS**

**There are no findings or questioned costs for the year ended December 31, 2006.**

**3. FINDINGS RELATED TO FEDERAL AWARDS**

**There are no findings or questioned costs for the year ended December 31, 2006.**





**Mary Taylor, CPA**  
Auditor of State

**MIAMI METROPOLITAN HOUSING AUTHORITY**

**MIAMI 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, 2007**