

**DAYTON METROPOLITAN HOUSING AUTHORITY
DAYTON, OHIO**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Dayton Metropolitan Housing Authority
400 Wayne Ave
Dayton, Ohio 45401-8750

We have reviewed the *Independent Auditors' Report* of the Dayton Metropolitan Housing Authority, Montgomery County, prepared by Bastin & Company, LLC, for the audit period July 1, 2006 through June 30, 2007. 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 Dayton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 14, 2008

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DAYTON METROPOLITAN HOUSING AUTHORITY

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

We have audited the accompanying financial statements of the Dayton Metropolitan Housing Authority, Dayton, Ohio, as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Dayton Metropolitan Housing Authority's management. 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Metropolitan Housing Authority, Dayton, Ohio as of June 30, 2007 and 2006, and the changes in net assets and its cash flows for the years 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 December 14, 2007 on our consideration of the Dayton 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 on pages 3 through 10 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 27 to 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Dayton Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards on page 36 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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Cincinnati, Ohio
December 14, 2007

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Unaudited)**

As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2007 and 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total assets of the Authority exceeded its liabilities as of June 30, 2007 by \$66,172,552 (a decrease of \$5,215,576, or 7.3 percent from June 30, 2006).
- Net assets invested in capital assets, net of debt totaled \$55,331,334 as of June 30, 2007 (a decrease of \$4,747,071, or 7.9 percent, from June 30, 2006). Unrestricted net assets totaled \$10,841,218 as of June 30, 2007 (a decrease of \$468,505, or 4.1 percent, from June 30, 2006).
- The Authority had total operating revenue of \$47,978,295 (a \$223,742 decrease, or 0.5 percent, from fiscal year 2006). The Authority had total operating expenditures of \$54,603,359 (a \$1,240,535 increase or 2.3 percent from fiscal year 2006) resulting in a net operating loss of \$6,625,024 for the year ended June 30, 2007, and received other non-operating items in a net amount of \$1,409,488 resulting in a decrease in total net assets of \$5,215,756 for the year.
- The Authority's capital outlays for the year were \$1,606,438.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

MD&A
Management Discussion and Analysis
Financial Statements
Statements of Net Assets
Statements of Revenues, Expenses, and Changes in Net Assets
Statements of Cash Flows
Notes to the Financial Statements

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

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

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

The *statements of revenues, expenses and changes in net assets* present information showing how the Authority's net assets changed during the fiscal years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows to future fiscal periods (e.g. depreciation and earned but unused vacation leave).

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

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The more significant programs consist of the following:

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This program is operated under an Annual Contribution 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 percent of adjusted gross household income.

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. This program replaced the Comprehensive Grant Program in the fiscal year 2000.

Section 8 Housing Choice Vouchers Program - Under the Section 8 Housing Choice Vouchers Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation -The objective of the program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI demolition program supports site acquisition, demolition, and relocation costs for the HOPE VI revitalization program. Under this program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI revitalization program. This program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI demolition grant, the revitalization program will seek to rebuild the neighborhood areas using a community anchor facility, new construction and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

Resident Opportunity and Supportive Services (ROSS) - The ROSS program provides qualified public housing residents training in the skills necessary to achieve self-sufficiency. After completing the Family Self-Sufficiency program, residents agree to seek and maintain suitable employment that matches their background, skills and interests.

Community Development Block Grant - The Community Development Block Grant provides for the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

Home Investment Partnership Program - The Home Investment Partnership program is to expand the supply of decent and affordable housing, particularly for low and very low income Americans and to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent affordable housing. The program provides financial and technical assistance to participating jurisdictions and extends and strengthens partnerships among all levels of government and the private sector in the production and operation of affordable housing.

These financial statements report on all of the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's overall function is to provide decent, safe, and sanitary housing to low income and special needs populations, funded primarily with grant funds provided from the U.S. Department of Housing and Urban Development.

The financial statements can be found on pages 11 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements for its various programs. The Authority reports its overall financial position and activities in a proprietary fund type - enterprise fund.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basis financial statements. Notes to the basis financial statements can be found on pages 14 through 26 of this report.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Unaudited)**

FINANCIAL ANALYSIS OF THE AUTHORITY

Statements of Net Assets

The following table represents condensed statements of net assets.

	2007 <u>(In thousands)</u>	2006 <u>(In thousands)</u>	2005 <u>(In thousands)</u>
Current and other assets	\$ 15,599	\$ 15,785	\$ 14,897
Capital assets	<u>62,424</u>	<u>67,864</u>	<u>72,519</u>
Total assets	<u>78,023</u>	<u>83,649</u>	<u>87,416</u>
Current liabilities	4,764	4,476	4,951
Non-current liabilities	<u>7,086</u>	<u>7,785</u>	<u>8,276</u>
Total liabilities	<u>11,850</u>	<u>12,261</u>	<u>13,227</u>
Net assets:			
Invested in capital assets, net of debt	55,332	60,078	64,588
Unrestricted	<u>10,841</u>	<u>11,310</u>	<u>9,601</u>
Total net assets	<u>\$ 66,173</u>	<u>\$ 71,388</u>	<u>\$ 74,189</u>

June 30, 2007 compared to June 30, 2006

By far the largest portion of the Authority's net assets (84 percent) reflects its investments in capital assets net of related debt. The decrease from 2006 was primarily a result of annual depreciation charges. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

June 30, 2006 compared to June 30, 2005

The decrease during 2006 for capital assets net of related debt was also primarily a result of annual depreciation charges. Unrestricted net assets increased during 2006 primarily due to increased amounts for capital grants.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Unaudited)**

Statements of Revenues, Expenses and Changes in Net Assets

The following table represents condensed Statements of Revenues, Expenses, and Changes in Net Assets.

	2007 <u>(In thousands)</u>	2006 <u>(In thousands)</u>	2005 <u>(In thousands)</u>
Tenant rental revenue	\$ 3,246	\$ 3,226	\$ 3,328
Government operating grants	44,221	43,532	36,997
Other revenue	<u>511</u>	<u>1,444</u>	<u>4,004</u>
Total operating revenue	<u>47,978</u>	<u>48,202</u>	<u>44,329</u>
Operating expenses	26,887	29,050	24,960
Depreciation expense	6,567	6,308	5,810
Housing Assistance Payments	<u>21,149</u>	<u>18,005</u>	<u>18,888</u>
Total operating expenses	<u>54,603</u>	<u>53,363</u>	<u>49,658</u>
Non-operating capital grants	527	2,121	4,521
Other non-operating items	<u>883</u>	<u>239</u>	<u>(245)</u>
Total non-operating revenues	<u>1,410</u>	<u>2,360</u>	<u>4,276</u>
Change in net assets	<u><u>\$(5,215)</u></u>	<u><u>\$(2,801)</u></u>	<u><u>\$(1,053)</u></u>
Total net assets, end of year	<u><u>\$ 66,173</u></u>	<u><u>\$ 71,388</u></u>	<u><u>\$ 74,189</u></u>

Year ended June 30, 2007 compared to Year ended June 30, 2006

The net assets of the Authority decreased by \$5,215,576 during 2007. The Authority's revenues are largely governmental revenues received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and charges for services were sufficient to cover all non-depreciation related expenses incurred during the year.

The Authority's government operating grants increased by \$688,287. Operating expenses increased by \$1,240,535 primarily due to increases in Section 8 Housing Assistance Payments. Section 8 Housing Assistance Payments increased by \$3,144,371 from the previous year as a result of a significant increase in the number of voucher units leased.

Non-operating capital grants decreased by \$1,593,760. Other non-operating items increased by \$643,646.

Year ended June 30, 2006 compared to Year ended June 30, 2005

During 2006, the net assets of the Authority decreased by \$2,801,185 compared to 2005. The Authority's governmental revenues and charges for services were sufficient to cover all non-depreciation related expenses incurred during the year.

During 2006, the Authority's government operating grants increased by \$6,535,750 compared to 2005. Operating expenses increased by \$3,704,967 primarily due to severance payments for an early retirement incentive plan offered to eligible employees, costs for added security provided to public housing sites and increases in public housing maintenance supplies, and contract costs to turn vacant units.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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During 2006, Section 8 Housing Assistance Payments decreased by \$883,804 compared to 2005. Non-operating capital grants decreased by \$2,400,607 and other non-operating items increased by \$484,258.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007 the Authority's capital assets totaled \$62,424,033 (capital assets net of accumulated depreciation) as reflected in the following schedule.

	2007 <u>(In thousands)</u>	2006 <u>(In thousands)</u>	2005 <u>(In thousands)</u>
Land	\$ 10,497	\$ 10,161	\$ 11,070
Buildings	125,996	125,979	112,899
Equipment and vehicles	6,245	5,621	5,493
Construction in progress	-	-	11,477
Accumulated depreciation	<u>(80,314)</u>	<u>(73,897)</u>	<u>(68,420)</u>
Total	<u>\$ 62,424</u>	<u>\$ 67,864</u>	<u>\$ 72,519</u>

June 30, 2007 compared to June 30, 2006

New construction of single-family homes continued for the final phase of the HOPE VI project. There were a total of thirteen (13) homes completed and sold during the year. A parcel of land and one building at Parkside Homes was sold to the Ohio Department of Transportation in the amount of \$820,075. Hope VI project, Hopeland Homes II consisting of ten (10) units was completed for public housing occupancy. In addition, twenty (20) replacement housing units at Telfor/Hilgefords came on line for public housing occupancy.

June 30, 2006 compared to June 30, 2005

New construction of single-family homes began in fiscal year 2006 for the final phase of the HOPE VI project. A total of fifty-five (55) homes are planned for construction. In addition, fiscal year 2006 saw the finalization of items considered as construction in process as of the end of the prior year with those assets being reclassified primarily to buildings during 2006.

Additional information on the Authority's capital assets can be found in Note 3 on page 20 of this report.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Unaudited)**

Debt

As of June 30, 2007, the Authority had \$7,092,699 of debt, a decrease of \$692,704 from the prior year. The decrease was primarily due to debt retirement payments on the EPC Capital Lease debt during 2007.

Debt consists of New Vision program mortgages, the Energy Performance Contract Capital Lease, and debt for computer software.

The New Vision mortgages have interest rates between 5 and 6 percent and are collateralized by real property. The mortgages are payable to a financial institution in monthly installments, with varying maturities through July 2032.

The Energy Performance Contract is a HUD funded program that, in effect, rewards Authorities who install energy efficient measures into their housing units. The Authority entered into a long-term lease to finance the installation of the energy saving devices. All installations were completed in 2005. Funds for the payment of the lease will come from savings realized from conserving energy while HUD reimburses the Authority for utilities at a rate set prior to installation of the energy saving devices. The lending institution advanced the loan proceeds in May 2003 and its retirement will take place in equal payments through April 2016.

During 2006, the Authority financed \$400,000 for the purpose of acquiring and updating comprehensive computer software. The note term is five (5) years with an interest rate of 4.25% per annum. Additional information on the Authority's long-term debt can be found in Notes 4 and 5 beginning on page 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority's budget for the 2008 fiscal year.

The Authority has continued to implement site-specific budgeting and accounting. Both FY2007 and FY2008 budgets were prepared using the site-specific format as directed by HUD. The deadline established by HUD for site-specific budgeting and accounting is July 2008. With the new budget format, there are strict guidelines on how the Central Office Cost Center (COC) will be funded. Funding for the COC will be derived from fees charged to Asset Management Projects (AMP). The AMP's represent site specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs will have their own financial statements with revenues coming from subsidy transfers, rental collections, and capital fund transfers. Overhead services will be provided on a fee basis by the Authority's COC. Additional revenue for the COC will be from the service fees charged to the Section 8 and other smaller programs. Failure to operate within revenues received will result in lower operating revenue for both the AMPs and the COC. Failing to maintain an occupancy rate of 95% or higher for the AMPs will also reduce operating subsidy transfers from HUD.

Public Housing Operating subsidy revenue from HUD for CY2008 is expected to increase by approximately 2.25 percent. With this slight increase in subsidy revenue, the FY2009 public housing budget will remain in line with projected FY2008 levels.

The Section 8 Program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COC as fees for supportive services. At this time the COC does not charge the Section 8 Program the maximum rate for administrative fees so that the Section 8 program can balance its administrative budget. In FY2009 the COC may continue to give a discount to the Section

**DAYTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

8 program. Unrestricted funds from investments, the Contract Administration program and Local Housing Authority (LHA) funds may be used to subsidize additional Section 8 administrative expenses. Section 8 revenues for CY2008 are expected to remain at previous levels.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Dayton Metropolitan Housing Authority, 400 Wayne Avenue P.O. Box 8750, Dayton, Ohio 45401-8750, or call (937) 910-7500.

DAYTON METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2007 AND 2006

Assets	2007	2006
Current assets:		
Cash and cash equivalents	\$8,549,547	\$ 6,320,538
Investments	3,595,370	6,586,144
Accounts receivable net:		
Tenants, net of allowance for doubtful accounts of \$107,014 and \$111,886	59,979	60,082
HUD	2,246,251	1,306,913
Other governments	24,508	155,095
Other receivables	207,447	236,505
Inventory	450,842	563,328
Prepaid items	148,196	220,885
Total current assets	15,282,140	15,449,490
Non-current assets:		
Restricted cash and cash equivalents	316,372	335,585
Capital assets, not depreciated	10,496,691	10,160,594
Capital assets – net of accumulated depreciation	51,927,342	57,703,214
Total non-current assets	62,740,405	68,199,393
Total assets	78,022,545	83,648,883
Liabilities		
Current liabilities:		
Accounts payable	2,263,638	1,333,187
Accrued wages and benefits	450,561	473,179
Accrued liabilities	18,808	13,211
Accrued compensated absences	52,804	55,419
Accrued payments in lieu of taxes	94,258	5,918
Tenants' security deposits	223,305	227,867
Deferred revenues	766,046	1,451,772
Section 8 reserves	127,825	127,060
Homebuyers reserve	11,970	9,262
Current portion of mortgages payable	13,557	14,144
Current portion of notes payable	76,551	73,382
Current portion of capital lease payable	577,862	554,136
Contractor retentions	86,701	137,668
Total current liabilities	4,763,886	4,476,205
Non-current liabilities:		
Mortgages payable, net of current portion	566,063	630,696
Notes payable, net of current portion	250,066	326,618
Capital lease payable, net of current portion	5,608,600	6,186,427
Compensated absences, net of current portion	661,378	640,809
Total non-current liabilities	7,086,107	7,784,550
Total liabilities	11,849,993	12,260,755
Net Assets		
Invested in capital assets, net of related debt	55,331,334	60,078,405
Unrestricted net assets	10,841,218	11,309,723
Total net assets	\$66,172,552	\$71,388,128

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

DAYTON METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

Operating revenue:	2007	2006
Tenant rental revenue	\$ 3,246,078	\$ 3,225,778
Government operating grants	44,220,828	43,532,541
Other revenue	511,389	1,443,718
Total operating revenue	47,978,295	48,202,037
Operating expenses:		
Administrative expense	8,501,258	7,902,085
Tenant services	873,806	668,340
Utilities expense	2,984,997	3,651,598
Ordinary maintenance and operation	11,678,561	11,928,981
Protective services	1,278,440	1,590,426
General expenses	1,568,987	3,262,572
Housing assistance payments	21,148,936	18,004,565
Other operating expenses	1,000	46,692
Depreciation and amortization	6,567,374	6,307,565
Total operating expenses	54,603,359	53,362,824
Operating loss	(6,625,064)	(5,160,787)
Non-operating revenue (expenses):		
Interest and investment income	690,056	511,971
Interest expense	(318,524)	(334,273)
Capital grants	526,807	2,120,567
Gain/(loss) on disposal of capital assets	511,149	61,337
Total non-operating revenue	1,409,488	2,359,602
Change in net assets	(5,215,576)	(2,801,185)
Net assets, beginning of year	71,388,128	74,189,313
Net assets, end of year	\$ 66,172,552	\$ 71,388,128

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

DAYTON METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from tenants	\$ 3,251,152	\$ 3,197,786
Receipts from operating grants	42,595,766	43,385,515
Other operating receipts	671,032	1,736,860
Housing assistance payments	(21,148,171)	(17,976,700)
Payments for general and administrative expense	<u>(25,687,747)</u>	<u>(29,351,939)</u>
Net cash provided (used) by operating activities	<u>(317,968)</u>	<u>991,522</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on mortgages	(1,012,456)	(878,633)
Proceeds from note	-	400,000
Construction and acquisition of capital assets	(1,657,405)	(3,147,634)
Proceeds from sale of capital assets	989,988	1,586,174
Capital grants	<u>526,807</u>	<u>2,120,567</u>
Net cash provided (used) by capital and related financing activities	<u>(1,153,066)</u>	<u>80,474</u>
Cash flows from investing activities:		
Investments sales (purchases)	2,990,774	(1,188,605)
Interest received on investments	<u>690,056</u>	<u>511,971</u>
Net cash provided (used) by investing activities	<u>3,680,830</u>	<u>(676,634)</u>
Net increase in cash and cash equivalents	2,209,796	395,362
Cash and cash equivalents at beginning of year	<u>6,656,123</u>	<u>6,260,761</u>
Cash and cash equivalents at end of year	<u>\$ 8,865,919</u>	<u>\$ 6,656,123</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Loss from operations	(\$6,625,064)	(\$5,160,787)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	6,567,374	6,307,565
Change in assets and liabilities:		
Net change in tenant accounts receivable	4,975	(52,962)
Net change in allowance for doubtful accounts	(4,872)	32,889
Net change in HUD receivable	(939,338)	419,391
Net change in other governments receivable	130,587	303,386
Net change in other receivables	29,058	(10,244)
Net change in inventory and prepaid items	185,175	4,377
Net change in accounts payable	930,451	56,616
Net change in accrued wages and benefits	(22,618)	(208,544)
Net change in accrued liabilities and payments in lieu of taxes	88,340	(6,296)
Net change in accrued compensated absences	17,954	(147,398)
Net change in tenants' security deposits	2,263	(8,614)
Net change in deferred revenues	(685,726)	(566,417)
Net change in section 8 and homebuyers reserves	<u>3,473</u>	<u>28,560</u>
Net cash provided (used) by operating activities	<u>\$ (317,968)</u>	<u>\$ 991,522</u>

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

DAYTON METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

1. Summary of Significant Accounting Policies

Description of the Entity and Programs

The Dayton Metropolitan Housing Authority is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

A summary of the significant programs administered by the Authority is provided below:

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This program is operated under an Annual Contribution 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 percent of adjusted gross household income.

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. This program replaced the Comprehensive Grant Program in the fiscal year 2000.

Section 8 Housing Choice Vouchers Program - Under the Section 8 Housing Choice Vouchers Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation - The objective of the program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI demolition program supports site acquisition, demolition, and relocation costs for the HOPE VI revitalization program. Under this program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then

demolished in preparation for the development under the HOPE VI revitalization program. This program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI demolition grant, the revitalization program will seek to rebuild the neighborhood areas using a community anchor facility, new construction and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS program provides qualified public housing residents training in the skills necessary to achieve self-sufficiency. After completing the Family Self-Sufficiency program, residents agree to seek and maintain suitable employment that matches their background, skills and interests.

Community Development Block Grant - The Community Development Block Grant provides for the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

Home Investment Partnership Program - The Home Investment Partnership program is to expand the supply of decent and affordable housing, particularly for low and very low income Americans and to strengthen the abilities of State and local Governments to design and implement strategies for achieving adequate supplies of decent affordable housing. The program provides financial and technical assistance to participating jurisdictions and extends and strengthens partnerships among all levels of government and the private sector in the production and operation of affordable housing.

Summary of Significant Accounting Policies

The financial statements of the Dayton Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United State 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 more significant of the Authority's accounting policies are described below.

Reporting Entity – The accompanying basic financial statements comply with the provision of Governmental Accounting Standard Board (GASB) Statement 14, 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 it 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 activities and entities over which the Authority is financially accountable.

Basis of Accounting – The Authority uses the proprietary fund type to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types – Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting – Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. In accordance with GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

Investments – The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year 2007 totaled \$690,056.

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.

Restricted Cash and Cash Equivalents and Investments – Cash and cash equivalents and investments have been classified as restricted on the balance sheet for funds held for security deposits or amounts held in escrow under the Section 8 and Homebuyer's programs.

Receivables/Bad Debts – 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.

Inventory – Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method and are expensed as they are consumed.

Capital Assets – Land, structures and equipment are recorded at historical cost. Donated land, structures and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are

removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes all assets with a cost of \$500 or more. The estimated useful lives are as follows:

Equipment and vehicles	3-7 years
Building and site improvements	15 years
Buildings	40 years

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.

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 fund liability.

Debt Obligations – Debt obligations of the Authority consist of mortgages for a homeownership program a note for the purpose of acquiring software and a capital lease for the Energy Performance Contract to finance the installment of energy saving devices.

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 balance of any borrowing used for the acquisition, construction or improvement of those assets.

Revenue Recognition – Grant revenue is recognized when the earnings process is complete, and exchange has taken place, and any restrictions imposed by the terms of the grant have been met. Rent revenue is recognized over the period for which housing has been provided. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

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 and other miscellaneous revenue. Nonoperating revenues are HUD capital grants, interest income and gains on disposal of capital assets. Operating expenses are those that are expended directly for the primary activity of the propriety fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance and operation, protective services, general expenses, housing assistance payments and depreciation and amortization. Nonoperating expenses include interest expense.

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.

Use of Estimates – The preparation of financial statements in accordance with GAAP 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.

2. Deposits and Investments

Deposits

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

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

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

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

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

At fiscal year end, the carrying amount of the Authority's deposits totaled \$3,865,310 of which \$2,450 was held in petty cash. The corresponding bank balances totaled \$4,623,092. Based on criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2007, \$4,423,092 was exposed to custodial risk as discussed below, while \$200,000 was covered by the Federal Depository Insurance Corporation

Custodial credit risk is the risk that in the event of a bank failure the Authority's will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks or a member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

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 fund, 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's investments at June 30, 2007 were as follows:

<u>Category 2</u>	<u>Fair Value</u>	<u>Maturity Date</u>
Government Security – FNMA	\$ 835,514	11/21/2007
Government Security – FNMA	1,032,499	7/27/2007
Government Security – FHLMC	1,051,870	9/17/2007
Government Security – FHLB	384,881	6/16/2008
Government Security – FHLB – TDF	290,606	6/16/2008
 <u>Uncategorized Investments</u>		
STAR Ohio	<u>5,000,609</u>	N/A
Total	<u>\$8,595,979</u>	

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments at June 30, 2007 in FNMA, FHLMC and FHLB are rated AAA by Moody's and Bloomberg. Its investments in STAR Ohio are rated AAAM by Standards and Poor's.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer. Of the Authority's total investments, 21.7% are FNMA, 12.2% are FHLMC, 7.9% FHLB and 58.2% are STAR Ohio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority's has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

A reconciliation of Cash, Cash Equivalents and Investments is as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Statement of Net Assets	\$ 8,865,919	\$3,595,370
STAR Ohio	<u>(5,000,609)</u>	<u>5,000,609</u>
Per GASB Statement No. 3	<u>\$ 3,865,310</u>	<u>\$8,595,979</u>

* Includes restricted cash and cash equivalents.

3. Capital Assets

A summary of changes in the Authority's capital assets for the year ended June 30, 2007 follows:

<i>Historical Cost:</i>	Balance			Balance
<u>Class</u>	<u>6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/07</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,160,594	\$ 356,759	(\$20,662)	\$10,496,691
Total not being depreciated	<u>10,160,594</u>	<u>356,759</u>	<u>(20,662)</u>	<u>10,496,691</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	125,979,489	523,669	(507,365)	125,995,793
Equipment and vehicles	<u>5,620,892</u>	<u>726,010</u>	<u>(101,728)</u>	<u>6,245,174</u>
Total being depreciated	<u>131,600,381</u>	<u>1,249,679</u>	<u>(609,093)</u>	<u>132,240,967</u>
 Total cost	 <u>\$141,760,975</u>	 <u>\$ 1,606,438</u>	 <u>(\$629,755)</u>	 <u>\$142,737,658</u>
 <i>Accumulated Depreciation:</i>				
<u>Class</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>6/30/06</u>		<u>6/30/07</u>	
Buildings and improvements	(\$ 68,876,786)	(\$6,224,364)	\$ 127,343	\$ 74,973,807
Equipment and vehicles	<u>(5,020,381)</u>	<u>(343,010)</u>	<u>23,573</u>	<u>5,339,818</u>
 Total depreciation	 <u>(\$ 73,897,167)</u>	 <u>(\$6,567,374)</u>	 <u>\$ 150,916</u>	 <u>(\$80,313,625)</u>
 Net value	 <u>\$ 67,863,808</u>	 <u>(\$4,960,936)</u>	 <u>(\$ 478,839)</u>	 <u>\$ 62,424,033</u>

4. Mortgages and Note Payable

Changes in the Authority's long-term obligations during fiscal year 2007 are as follows:

	Balance			Balance	Due Within
	<u>at 6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>at 6/30/07</u>	<u>One Year</u>
Mortgages payable	\$ 644,840	\$ -	\$ 65,220	\$ 579,620	\$13,557
Note payable	<u>400,000</u>	<u>-</u>	<u>73,383</u>	<u>326,617</u>	<u>76,551</u>
Total	<u>\$1,044,840</u>	<u>\$ -</u>	<u>\$138,603</u>	<u>\$ 906,237</u>	<u>\$90,108</u>

As of June 30, 2007 the Authority had issued \$720,000 of mortgages payable under the New Visions program with an outstanding balance at June 30, 2007 of \$579,620. Under the program, the Authority purchases property, refurbishes or builds a modular home on a lot. The Authority then obtains a commercially available low-interest mortgage on the property. Qualified tenants initially lease the property for a specified period. Once the tenant meets pre-determined home ownership criteria, the tenant may apply to assume the existing mortgage on the property. Once approved, the property and mortgage are transferred to the new homeowner.

The mortgages have interest rates between 5 and 6 percent and are collateralized by real property and are payable in monthly installments, with varying maturities through July 2032.

As of June 30, 2006 the Authority had received note proceeds of \$400,000 from National City Bank for a note with National City bank for the purpose of acquiring Visual Homes software. The note payments are due quarterly for five years, with an interest rate of 4.25 percent. The note matures on June 1, 2011.

The New Vision mortgages mature as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 13,557	\$ 30,316	\$ 43,873
2009	14,283	29,590	43,873
2010	15,049	28,824	43,873
2011	15,854	28,018	43,872
2012	16,704	27,168	43,872
2013-2017	97,969	121,392	219,361
2018-2022	127,276	92,085	219,361
2023-2027	165,421	53,935	219,356
2028-2033	<u>113,507</u>	<u>12,507</u>	<u>126,014</u>
Total	<u>\$ 579,620</u>	<u>\$ 423,835</u>	<u>\$1,003,455</u>

The Visual Homes/National City Bank software note matures as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 76,551	\$12,672	\$ 89,223
2009	79,857	9,366	89,223
2010	83,306	5,917	89,223
2011	<u>86,903</u>	<u>2,320</u>	<u>89,223</u>
Total	<u>\$326,617</u>	<u>\$30,275</u>	<u>\$356,892</u>

5. Capital Lease Payable

On May 15, 2003 the Authority entered into a long-term lease to finance the installment of the energy saving devices. The Energy Performance Contract is a HUD funded program that, in effect, rewards Authorities who install energy efficient measures into their housing units. Funds for the payment of the debt service will be provided by the amount of savings realized from conserving energy while HUD reimburses the Authority for utilities at a rate set prior to installation of the energy saving devices.

The initial terms of the lease provide for an initial amount totaling \$8,453,451 with the first payment deferred until May 15, 2004. During 2004, the terms of the lease were re-negotiated with the initial payment deferred to July 15, 2004. The lease includes an interest factor of 4.2 percent. Interest during the deferred period was added to the lease principal amount and will be paid for over the life of the lease. Assets constructed under the lease total \$8,911,155.

The Authority's future minimum payments under the capital lease obligation as of June 30, 2007 are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2008	\$ 826,654
2009	826,654
2010	826,654
2011	826,654
2012	826,654
2013-2016	<u>3,306,615</u>
Total minimum lease payments	7,439,885
Less: amount representing interest	<u>(1,253,423)</u>
Present value of future minimum lease payments	<u>\$ 6,186,462</u>

6. Payment in Lieu of Taxes

The Authority has executed a Cooperation Agreement with the County of Montgomery that provides for tax exemption of the housing projects, but requires the Authority to make payment in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. For the year ended June 30, 2007, the Authority has accrued a payable totaling \$94,258.

7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority also maintains employee bonding and employee major medical, dental and vision coverage with private carriers.

The Authority is covered for property damage, general liability, automobile liability, public official's liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk sharing and purchasing pool comprised of four Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is the largest member).

OHAPCI is a corporation governed by a board of trustees, consisting of a representative appointed by each of the member housing authorities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own books of account. Budgeting and financing of OHAPC is subject to the approval of the board. The following is a summary of insurance coverage at year-end:

Property, Personal Property	\$250,000,000
General Liability	5,000,000
Automobile	5,000,000
Public Officials	5,000,000
Crime	1,000,000
Pollution	1,000,000
Boiler & Machinery	50,000,000

The OHAPCI participating housing authorities and their respective pool contribution factors for the loss year ended June 30, 2007 are:

Akron MHA	37.54%
Cincinnati MHA	29.54%
Dayton MHA	18.73%
Youngstown MHA	<u>14.19%</u>
Total	<u>100.00%</u>

OHAPCI pool contribution for 2007 from the Dayton Metropolitan Housing Authority was \$515,897 representing 18.73% of the total collected from all members for operating costs and projected loss reserves. As of June 30, 2007, the pool maintained a reserve in excess of actual and estimated claims relative to the Authority.

During the year, settled claims for the Authority did not exceed the coverage provided by OHAPCI.

8. Pension Plans and Other Postemployment Benefits

The following information was provided by the Public Employees' Retirement System of Ohio (OPERS) to assist the Authority in complying with GASB Statement No. 12, "*Disclosure of Information on Post-Employment Benefits by State and Local Governmental Employers*", GASB Statement No. 27, "*Accounting for Pensions by State and Local Government Employers*", and GASB Statement No. 45, "*Accounting and Financial Reporting By Employers for Post-Employment Benefits other than Pension*".

Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information for the OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

All employees of the Authority participate in one of the three pension plans administered by the OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CP). The TP Plan is a cost sharing, multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan. The CP Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

The OPERS provides retirement, disability, survivor benefits as well as postretirement health care coverage to qualifying members of both the TD and CO Plans. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the TD and CP Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No 12.

The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution is set aside for funding of post retirement health care cost benefits.

Through December 31, 2006, the employee contribution rate was 9.0%, and from January 1, 2007 forward the rate is 9.5%. The employer contribution rate for local government employer units through December 31, 2006 the rate was 13.70%, and from January 1, 2007 forward the employer rate is 13.85% (of covered payroll). The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the OPERS for the years ending June 30, 2007, 2006, and 2005 were \$859,307, \$1,351,189, and \$1,015,554, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code provides statutory authority requiring public employers to fund post employment health care through their contributions to OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll, as of January 1, 2007 the portion became 5.0%. The total for the fiscal year amounted to \$296,240.

The significant actuarial assumptions and calculations relating to post employment health care benefits were based OPERS's latest actuarial review performed as of December 31, 2005. An individual 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 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 annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.0% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The actuarial value of the OPERS net assets available for OPEB at December 31, 2005 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used as of December 31, 2005, were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board is effective January 1, 2007. 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. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

9. Program Information

The Authority operates various programs. The following reflects, in a summarized format, the more significant financial data relating to the Authority's programs as of and for the year ended June 30, 2007:

	<u>LIPH</u>	<u>CDBG</u>	<u>HOME</u>	<u>LHA</u>	<u>HCV</u>	<u>ROSS</u>
Operating revenues	\$ 14,325,206	\$ 8,672	\$ 436,722	\$ 1,038,278	\$ 17,958,514	\$ 407,226
Depreciation expense	6,240,866	53,334	-	69,971	37,788	-
Other operating expenses	14,113,069	4,952	-	687,270	19,161,796	407,226
Operating income (loss)	(6,028,729)	(49,614)	436,722	281,037	(1,241,070)	-
Earnings on investments	388,573	-	-	99,144	101,570	-
Other non-operating items	238,162	(7)	-	-	(11,153)	-
Net income (loss)	(5,401,994)	(49,621)	436,722	380,181	(1,150,653)	-
Net working capital	4,480,793	(2,794)	-	2,541,761	698,433	-
Total assets	57,338,832	1,000,060	2,126,423	4,662,978	1,827,787	29,722
Total liabilities	10,050,275	15,910	9,464	474,278	980,970	29,722
Net Assets	47,288,557	984,150	2,116,959	4,188,700	846,817	-

	<u>HOPE VI</u>	<u>CFP</u>	<u>Home Ownership</u>	<u>Business Activities</u>	<u>MR 001</u>	<u>MR 005</u>
Operating revenues	\$ 2,015,969	\$ 7,434,681	\$ 6,671	\$ 58,280	\$ 256,365	\$ 3,573,364
Depreciation expense	-	106,910	4,886	53,619	-	-
Other operating expenses	2,015,971	7,422,966	27,664	22,840	247,444	3,497,985
Operating income (loss)	(2)	(95,195)	(25,879)	(18,179)	8,921	75,379
Earnings on investments	-	-	-	88,328	772	8,667
Other non-operating items	321,992	204,815	-	(34,377)	-	-
Net income (loss)	321,990	109,620	(25,879)	35,772	9,693	84,046
Net working capital	-	-	71,474	3,140,897	44,523	(295,332)
Total assets	5,871,338	2,499,785	180,817	4,523,604	44,523	77,870
Total liabilities	502,155	718,218	25,311	986,553	-	373,202
Net Assets	5,369,183	1,781,567	155,506	3,537,051	44,523	(295,332)

	<u>SRO</u>	<u>Total</u>
Operating revenues	\$ 458,347	\$ 47,978,295
Depreciation expense	-	6,567,374
Other operating expenses	426,802	48,035,985
Operating income (loss)	31,545	(6,625,064)
Earnings on investments	3,002	690,056
Other non-operating items	-	719,432
Net income (loss)	34,547	(5,215,576)
Net working capital	154,871	10,834,626
Total assets	251,725	80,435,464
Total liabilities	96,854	14,262,912
Net Assets	154,871	66,172,552

Total assets and total liabilities presented above include \$2,412,919 of inter-program receivables and payables as discussed in Note 12.

10. Contingent Liabilities

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

11. Uncompleted Contracts

At June 30, 2007, the Authority has uncompleted contracts under the Capital Fund Program, Hope VI, Home Ownership, Low Rent and ROSS of approximately \$13,444,455.

12. Inter-program Receivables and Payables

Inter-program receivables and payables are made throughout the year in order to provide operating funds to various programs administered by the Authority. The following balances at June 30, 2007 represent individual program receivables and payables:

<u>Program</u>	<u>Inter-program Receivable</u>	<u>Inter-program Payable</u>
Low-Rent Public Housing	\$ 540,355	\$ -
Lower Income Housing-Mod Rehab 001	32,097	-
Lower Income Housing-Mod Rehab 005	77,870	-
Indian Housing Block Grants	64,216	-
Resident Opportunity and Support Services	29,722	-
Section 8 New Construction & Sub Rehab	251,725	-
Community Development Block Grants	6,450	-
HOME Investment Partnerships Program	392	9,072
Business Activities	1,410,092	186,668
Housing Choice Vouchers	-	837,638
Revitalization of Distressed Public Housing	-	420,165
Public Housing Capital Fund Program	-	526,361
State/Local and LHA	-	433,015
Total	<u>\$ 2,412,919</u>	<u>\$ 2,412,919</u>

These inter-program receivables and payables have been eliminated in the statement of net assets.

13. Restated 2006 Financial Statements

Amounts previously reported as of and for the year ended June 30, 2006 have been restated to recognize deferred revenue of \$943,959 related to the Housing Voucher Program previously recognized as operating revenues.

The Housing Voucher Program provides annual funding based on estimated rentals and is subject to post-annual closeout reconciliations by the Authority and HUD. During 2006 the Authority recognized revenues and related unrestricted net assets based on estimated units rented. HUD's closeout procedures disclosed that the Authority's estimated rentals exceeded actual rentals by \$943,959 for fiscal year 2006. As a result, 2006 amounts previously reported for government operating grant revenues and unrestricted net assets have been reduced by \$943,959 with an offsetting increase to deferred revenues.

Dayton Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Public and Indian Housing CFDA 14.850	Section 8 Housing Choice Vouchers CFDA 14.871	Disaster Voucher Program CFDA 14.871	Lower Income Housing Program - Section 8 Moderate Rehab 001 CFDA 14.856	Lower Income Housing Program - Section 8 Moderate Rehab 005 CFDA 14.856	Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866	Indian Housing Block Grants CFDA 14.867	Resident Opportunity and Support Services CFDA 14.870
ASSETS									
111	Cash - Unrestricted	\$ 4,364,530	\$ 553,584	\$ 13,699	-	-	-	-	\$ -
113	Cash - Other Restricted	-	86,242	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	219,674	-	-	-	-	-	-	3,631
100	Total Cash	4,584,204	639,826	13,699	-	-	-	-	3,631
121	Accounts Receivable - PHA Projects	-	3,592	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	1,022,286	-	-	-	502,155	-	-
124	Accounts Receivable - Other Government	-	-	-	12,426	-	-	-	-
125	Accounts Receivable - Miscellaneous	20,307	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	159,803	-	-	-	-	-	1,870	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(105,470)	-	-	-	-	-	-	-
129	Accrued Interest Receivable	15,443	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accts	90,083	1,025,878	-	12,426	-	502,155	1,870	-
131	Investments - Unrestricted	2,197,344	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	148,196	-	-	-	-	-	27,068	-
143	Inventories	464,418	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	(13,576)	-	-	-	-	-	-	-
144	Interprogram Due From	540,355	-	-	32,097	77,870	-	64,216	29,722
150	Total Current Assets	8,011,024	1,665,704	13,699	44,523	77,870	502,155	96,785	29,722
161	Land	7,319,971	-	-	-	-	-	22,563	-
162	Buildings	114,888,529	-	-	-	-	2,284,649	269,808	-
163	Furniture, Equipment & Machinery - Dwellings	58,494	-	-	-	-	9,934	-	-
164	Furniture, Equipment & Machinery - Administration	4,918,340	497,086	-	-	-	-	15,497	-
166	Accumulated Depreciation	(77,857,526)	(348,702)	-	-	-	-	(223,836)	-
160	Total Fixed Assets, Net of Accumulated Depreciation	49,327,808	148,384	-	-	-	5,369,183	84,032	-
180	Total Non-Current Assets	49,327,808	148,384	-	-	-	5,369,183	84,032	-
190	Total Assets	57,338,832	1,814,088	13,699	44,523	77,870	5,871,338	180,817	29,722

Dayton Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Section 8 New Construction and Rehabilitation		Public Housing		Community Development Block Grants/Entitlement Grants		HOME Investment Partnerships Program		Business Activities	State/Local and LHA	Total
		CFDA 14.182	CFDA 14.872	CFDA 14.872	CFDA 14.872	CFDA 14.218	CFDA 14.239	CFDA 14.218	CFDA 14.239			
	ASSETS											
111	Cash - Unrestricted	-	-	-	-	-	-	-	-	772,617	2,845,117	8,549,547
113	Cash - Other Restricted	-	-	-	-	2,725	-	-	-	4,100	-	93,067
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	223,305
100	Total Cash	-	-	-	-	2,725	-	-	-	776,717	2,845,117	8,865,919
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	3,592
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-	2,242,659
124	Accounts Receivable - Other Government	-	718,218	-	-	-	3,010	9,072	-	-	-	24,508
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	156,877	177,184
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	931	-	-	-	4,389	-	166,993
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	(1,544)	-	(107,014)
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	775	14,045	30,263
120	Total Receivables, net of allowances for doubtful accts	-	718,218	-	-	3,941	-	9,072	-	3,620	170,922	2,538,185
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	1,370,958	-	3,595,370
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	148,196
143	Inventories	-	-	-	-	-	-	-	-	-	-	464,418
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	(13,576)
144	Interprogram Due From	251,725	-	-	-	6,450	-	392	-	1,410,092	-	2,412,919
150	Total Current Assets	251,725	718,218	-	-	13,116	-	9,464	-	3,561,387	3,016,039	18,011,431
161	Land	-	209,195	-	-	14,990	-	123,859	-	41,719	479,745	10,496,691
162	Buildings	-	1,346,121	-	-	1,051,589	-	1,993,100	-	1,122,212	2,249,834	125,995,793
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	17,167	-	85,595
164	Furniture, Equipment & Machinery - Administration	-	402,719	-	-	-	-	-	-	-	325,937	6,159,579
166	Accumulated Depreciation	-	(176,468)	-	-	(79,635)	-	-	-	(218,881)	(1,408,577)	(80,313,625)
160	Total Fixed Assets, Net of Accumulated Depreciation	-	1,781,567	-	-	986,944	-	2,116,959	-	962,217	1,646,939	62,424,033
180	Total Non-Current Assets	-	1,781,567	-	-	986,944	-	2,116,959	-	962,217	1,646,939	62,424,033
190	Total Assets	251,725	2,499,785	-	-	1,000,060	-	2,126,423	-	4,523,604	4,662,978	80,435,464

Dayton Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Public and Indian Housing CFDA 14.850	Section 8 Housing Choice Vouchers CFDA 14.871	Disaster Voucher Program CFDA 14.871	Lower Income Housing Program - Section 8 Moderate Rehab 001 CFDA 14.856	Lower Income Housing Program - Section 8 Moderate Rehab 005 CFDA 14.856	Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866	Indian Housing Block Grants CFDA 14.867	Resident Opportunity and Support Services CFDA 14.870
LIABILITIES									
312	Accounts Payable <= 90 Days	2,045,221	4,418	-	-	-	43,724	420	10,036
321	Accrued Wage/Payroll Taxes Payable	450,561	-	-	-	-	-	-	-
322	Accrued Compensated Absences-Current Portion	39,075	11,089	-	-	-	-	-	-
325	Accrued Interest Payable	11,983	-	-	-	-	-	-	-
333	Accounts Payable - Other Govt	84,968	-	-	-	-	-	9,290	-
341	Tenant Security Deposits	219,674	-	-	-	-	-	3,631	-
342	Deferred Revenues	24,335	-	-	373,202	-	-	-	19,686
343	Current Portion of Long-term Debt-Capital	-	-	-	-	-	-	-	-
345	Projects/Mortgage Revenue Bonds	654,414	-	-	-	-	-	-	-
346	Other Current Liabilities	-	127,825	-	-	-	38,266	11,970	-
347	Accrued Liabilities-Other	-	-	-	-	-	-	-	-
347	Interprogram Due To	-	837,638	-	-	-	420,165	-	-
310	Total Current Liabilities	3,530,231	980,970	-	373,202	-	502,155	25,311	29,722
Long term Debt, Net of Current-Capital Projects/Mortgage Revenue Bonds									
351	Revenue Bonds	5,858,666	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	661,378	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	6,520,044	-	-	-	-	-	-	-
300	Total Liabilities	10,050,275	980,970	-	373,202	-	502,155	25,311	29,722
EQUITY									
508.1	Invested in Capital Assets, Net of Related Debt	42,814,728	148,384	-	-	-	5,369,183	84,032	-
512.1	Unrestricted Net Assets	4,473,829	684,734	13,699	44,523	(295,332)	-	71,474	-
513	Total Equity/Net Assets	47,288,557	833,118	13,699	44,523	(295,332)	5,369,183	155,506	-
600	Total Liabilities and Equity/Net Assets	\$ 57,338,832	\$ 1,814,088	\$ 13,699	\$ 44,523	\$ 77,870	\$ 5,871,338	\$ 180,817	\$ 29,722

Dayton Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Section 8 New Construction and Substantial Rehabilitation		Public Housing Capital Fund		Community Development Block Grants/Entitlement Grants		HOME Investment Partnerships Program		Business Activities	State/Local and LHA	Total
		CFDA 14.182	CFDA 14.872	CFDA 14.872	RHPP CFDA 14.872	CFDA 14.218	CFDA 14.239	CFDA 14.218	CFDA 14.239			
LIABILITIES												
312	Accounts Payable <= 90 Days	-	46,207	-	-	-	-	-	-	3,411	128	2,153,565
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	450,561
322	Accrued Compensated Absences-Current Portion	-	-	-	-	-	-	-	-	-	2,640	52,804
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	11,983
333	Accounts Payable - Other Govt	-	-	-	-	-	-	-	-	-	-	94,258
341	Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	223,305
342	Deferred Revenues	96,854	-	-	-	327	-	392	-	212,755	38,495	766,046
343	Current Portion of Long-term Debt-Capital	-	-	-	-	-	-	-	-	13,556	-	667,970
345	Projects/Mortgage Revenue Bonds	-	110,073	-	-	2,725	-	-	-	4,100	-	256,693
346	Other Current Liabilities	-	35,577	-	-	12,858	-	-	-	-	-	86,701
347	Accrued Liabilities-Other	-	526,361	-	-	-	-	9,072	-	186,668	433,015	2,412,919
310	Interprogram Due To	-	-	-	-	-	-	-	-	420,490	474,278	7,176,805
	Total Current Liabilities	96,854	718,218	-	-	15,910	-	9,464	-	-	-	-
Long term Debt, Net of Current-Capital Projects/Mortgage												
351	Revenue Bonds	-	-	-	-	-	-	-	-	566,063	-	6,424,729
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	-	-	-	661,378
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	566,063	-	7,086,107
300	Total Liabilities	96,854	718,218	-	-	15,910	-	9,464	-	986,553	474,278	14,262,912
EQUITY												
508.1	Invested in Capital Assets, Net of Related Debt	-	1,781,567	-	-	986,944	-	2,116,959	-	382,598	1,646,939	55,331,334
512.1	Unrestricted Net Assets	154,871	-	-	-	(2,794)	-	-	-	3,154,453	2,541,761	10,841,218
513	Total Equity/Net Assets	154,871	1,781,567	-	-	984,150	-	2,116,959	-	3,537,051	4,188,700	66,172,552
600	Total Liabilities and Equity/Net Assets	\$ 251,725	\$ 2,499,785	\$ -	\$ -	\$ 1,000,060	\$ -	\$ 2,126,423	\$ -	\$ 4,523,604	\$ 4,662,978	\$ 80,435,464

Dayton Metropolitan Housing Authority
Statement of Revenue, Expenses and Changes in Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Public and Indian Housing		Section 8 Housing Choice Vouchers		Disaster Voucher Program		Lower Income Housing Program - Section 8 Moderate Rehab 001		Lower Income Housing Program - Section 8 Moderate Rehab 005		Demolition and Revitalization of Severely Distressed Public Housing		Indian Housing Block Grants		Resident Opportunity and Support Services CFDA 14,870
		CFDA 14,850	CFDA 14,871	CFDA 14,871	CFDA 14,871	CFDA 14,856	CFDA 14,856	CFDA 14,866	CFDA 14,867	CFDA 14,866	CFDA 14,867	CFDA 14,867	CFDA 14,867			
703	REVENUE															
704	Net Tenant Rental Revenue	3,102,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	35,636	\$ -
705	Tenant Revenue - Other	47,168	-	-	-	-	-	-	-	-	-	-	-	-	887	-
	Total Tenant Revenue	3,149,973	-	-	-	-	-	-	-	-	-	-	-	-	36,523	-
706	HUD PHA Operating Grants	10,704,075	17,876,667	13,699	256,365	3,573,364	2,015,969	321,992	3,573,364	2,015,969	321,992	2,015,969	321,992	3,573,364	2,015,969	407,226
706.1	Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
708	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
711	Investment Income-Unrestricted	388,573	101,570	772	8,667	8,667	-	-	8,667	-	-	-	-	-	-	-
713	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	14,537	-
713.1	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(44,389)	-
714	Fraud Recovery	-	62,300	-	-	-	-	-	-	-	-	-	-	-	-	-
715	Other Revenue	471,158	5,848	-	-	-	-	-	-	-	-	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	511,149	-	-	-	-	-	-	-	-	-	-	-	-	-	-
700	Total Revenue	15,224,928	18,046,385	13,699	257,137	3,582,031	2,337,961	321,992	3,582,031	2,337,961	321,992	2,337,961	321,992	3,582,031	6,671	407,226
911	EXPENSES															
912	Administrative Salaries	1,736,812	1,009,100	-	4,596	-	60,143	-	-	-	1,559	-	-	3,627	-	-
914	Auditing Fees	19,666	15,646	-	106	-	-	-	-	-	-	-	-	-	-	-
915	Compensated Absences	16,970	2,776	-	-	-	-	-	-	-	-	-	-	-	-	-
916	Employee Benefit Contributions-Administrative	817,008	344,363	-	1,711	21,019	29,182	-	21,019	29,182	-	-	2,148	-	-	
921	Other Operating - Administrative	177,832	135,058	-	1,086	73,076	1,649,396	-	73,076	1,649,396	-	-	282	900	-	
923	Tenant Services - Salaries	-	72,633	-	36	531	-	-	531	-	-	-	-	83,514	-	
924	Employee Benefit Contributions - Tenant Services	-	27,499	-	-	-	-	-	-	-	-	-	-	33,317	-	
931	Tenant Services - Other	132,793	-	-	-	-	234,987	-	-	234,987	-	-	-	287,248	-	
932	Water	550,302	1,959	-	4	21	-	-	21	-	-	-	714	-	-	
933	Electricity	1,094,755	32,656	-	157	1,943	-	-	1,943	-	-	-	947	-	-	
938	Gas	990,519	7,090	-	21	294	-	-	294	-	-	-	181	-	-	
941	Other Utilities Expense	286,145	286	-	1	-	-	-	1	-	-	-	285	-	-	
942	Ordinary Maintenance and Operations - Labor	2,007,374	33,527	-	151	1,843	-	-	1,843	-	-	-	-	-	-	
943	Ordinary Maintenance and Operations - Materials and Other	714,142	10,171	-	358	352	-	-	352	-	-	-	18	-	-	
945	Ordinary Maintenance and Operations - Contract Costs	3,013,870	90,781	-	254	3,536	350	-	3,536	350	-	-	13,544	-	-	
945	Employee Benefit Contributions - Ordinary Maintenance	466,693	13,989	-	66	809	-	-	809	-	-	-	-	-	-	

Dayton Metropolitan Housing Authority
Statement of Revenue, Expenses and Changes in Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Section 8 New		Public Housing		Community		HOME		Business Activities	State/Local and LHA	Total
		Construction and Substantial Rehabilitation CFDA 14.182	Public Housing Capital Fund CFP CFDA 14.872	Public Housing Capital Fund RHFP CFDA 14.872	Development Block Grants/Entitlement Grants CFDA 14.218	Investments Partnerships Program CFDA 14.239	Business Activities	State/Local and LHA				
	REVENUE											
703	Net Tenant Rental Revenue	-	-	-	-	2,008	-	-	-	56,845	-	3,197,294
704	Tenant Revenue - Other	-	-	-	-	-	-	-	-	729	-	48,784
705	Total Tenant Revenue	-	-	-	-	2,008	-	-	-	57,574	-	3,246,078
706	HUD PHA Operating Grants	458,347	7,434,681	-	-	-	-	-	-	-	-	42,740,393
706.1	Capital Grants	-	204,815	-	-	-	-	-	-	-	-	526,807
708	Other Government Grants	-	-	-	5,435	-	436,722	-	-	-	1,038,278	1,480,435
711	Investment Income-Unrestricted	3,002	-	-	-	-	-	-	-	88,328	99,144	690,056
713	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	61,218	-	75,755
713.1	Cost of Sale of Assets	-	-	-	-	-	-	-	-	(60,512)	-	(104,901)
714	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	62,300
715	Other Revenue	-	-	-	1,229	-	-	-	-	-	-	478,235
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	511,149
700	Total Revenue	461,349	7,639,496	-	8,672	436,722	146,608	1,137,422	49,706,307			
	EXPENSES											
911	Administrative Salaries	17,178	378,057	-	181	-	-	-	266,185	-	-	3,475,879
912	Auditing Fees	378	-	-	-	-	-	-	13	-	-	37,368
914	Compensated Absences	-	-	-	-	-	-	-	-	-	-	19,746
915	Employee Benefit Contributions-Administrative	6,488	1,290,671	-	49	-	-	-	4,795	93,406	-	2,610,840
916	Other Operating - Administrative	4,086	192,762	-	-	-	-	-	415	122,532	-	2,357,425
921	Tenant Services - Salaries	128	1,120	-	-	-	-	-	-	-	-	157,962
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-	60,816
924	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	655,028
931	Water	17	2,151	-	475	-	-	-	163	75	-	555,881
932	Electricity	593	3,309	-	206	-	-	-	141	1,012	-	1,135,719
933	Gas	75	5,784	-	435	-	-	-	352	29	-	1,004,780
938	Other Utilities Expense	5	1,473	-	300	-	-	-	55	67	-	288,617
941	Ordinary Maintenance and Operations - Labor	575	397,011	-	389	-	-	-	-	-	1,062	2,441,932
942	Ordinary Maintenance and Operations - Materials and Other	111	62,759	-	50	-	-	-	-	-	1,766	789,727
943	Ordinary Maintenance and Operations - Contract Costs	7,228	4,568,725	-	2,551	-	-	-	12,276	-	85,956	7,799,071
945	Employee Benefit Contributions - Ordinary Maintenance	62	162,716	-	163	-	-	-	-	-	438	644,936

Dayton Metropolitan Housing Authority
Statement of Revenue, Expenses and Changes in Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Public and Indian Housing CFDA 14.850	Section 8 Housing Choice Vouchers CFDA 14.871	Disaster Voucher Program CFDA 14.871	Lower Income Housing Program - Section 8 Moderate Rehab 001 CFDA 14.856	Lower Income Housing Program - Section 8 Moderate Rehab 005 CFDA 14.856	Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866	Indian Housing Block Grants CFDA 14.867	Resident Opportunity and Support Services CFDA 14.870
951	Protective Services - Labor	5,806	-	-	-	-	-	-	-
953	Protective Services - Other	945,688	833	-	9	88	-	-	-
955	Employee Benefit Contributions - Protective Services	216,485	-	-	-	-	-	-	-
961	Insurance Premiums	535,783	143,317	-	757	10,922	2,182	1,107	2,247
962	Other General Expenses	45,549	64,256	-	58	854	39,242	-	-
963	Payments in Lieu of Taxes	102,272	-	-	11	156	-	3,811	-
964	Bad Debt - Tenant Rents	202,854	-	-	-	-	-	-	-
967	Interest Expense	272,987	11,153	-	-	-	-	-	-
968	Severance Expense	33,751	11,176	-	108	1,133	-	-	-
969	Total Operating Expenses	14,386,056	2,028,269	-	9,490	118,136	2,015,482	26,664	407,226
970	Excess Operating Revenue over Operating Expenses	838,872	16,018,116	13,699	247,647	3,463,895	322,479	(19,993)	-
971	Extraordinary Maintenance	-	-	-	-	-	489	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	1,000	-
973	Housing Assistance Payments	-	17,144,680	-	237,954	3,379,849	-	-	-
974	Depreciation Expense	6,240,866	37,788	-	-	-	-	4,886	-
900	Total Expenses	20,626,922	19,210,737	-	247,444	3,497,985	2,015,971	32,550	407,226
1000	Excess (Deficiency) of Operating Revenue Over (Under)	(5,401,994)	(1,164,352)	13,699	9,693	84,046	321,990	(25,879)	-
1103	Beginning Equity	48,412,944	2,941,429	-	34,830	(379,378)	5,047,193	181,385	-
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	4,277,607	(943,959)	-	-	-	-	-	-
	Ending Equity	47,288,557	833,118	13,699	44,523	(295,332)	5,369,183	155,506	\$
<u>Other Information</u>									
1120	Unit Months Available	34,344	40,891	-	414	5,094	-	135	-
1121	Number of Unit Months Leased	31,389	40,891	-	414	5,094	-	104	-
1117	Administrative Fee Equity	-	215,118	\$	-	\$	-	\$	-
1118	Housing Assistance Payments Equity	-	618,000	\$	-	\$	-	\$	-

Dayton Metropolitan Housing Authority
Statement of Revenue, Expenses and Changes in Net Assets
FDS Schedule Format
for the year ended June 30, 2007

FDS Line Item No.	Account Description	Section 8 New Construction and Substantial Rehabilitation CFDA 14.182	Public Housing Capital Fund CFP CFDA 14.872	Public Housing Capital Fund RHFP CFDA 14.872	Community Development Block Grants/Entitlement Grants CFDA 14.218	HOME Investment Partnerships Program CFDA 14.239	Business Activities	State/Local and LHA	Total
951	Protective Services - Labor	-	72,611	-	-	-	-	-	78,417
953	Protective Services - Other	36	-	-	-	-	-	115	946,769
955	Employee Benefit Contributions - Protective Services	-	36,769	-	-	-	-	-	253,254
961	Insurance Premiums	2,721	29,208	-	129	-	3,082	24,178	755,633
962	Other General Expenses	206	215,878	-	-	-	17	84,327	450,387
963	Payments in Lieu of Taxes	37	-	-	-	-	-	-	106,287
964	Bad Debt - Tenant Rents	-	-	-	-	-	1,544	-	204,398
967	Interest Expense	-	-	-	7	-	34,377	-	318,524
968	Severance Expense	425	1,962	-	18	-	-	3,709	52,282
969	Total Operating Expenses	40,349	7,422,966	-	4,953	-	57,217	684,870	27,201,678
970	Excess Operating Revenue over Operating Expenses	421,000	216,530	-	3,719	436,722	89,391	452,552	22,504,629
971	Extraordinary Maintenance	-	-	-	6	-	-	2,400	2,895
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	1,000
973	Housing Assistance Payments	386,453	-	-	-	-	-	-	21,148,936
974	Depreciation Expense	-	106,910	-	53,334	-	53,619	69,971	6,567,374
900	Total Expenses	426,802	7,529,876	-	58,293	-	110,836	757,241	54,921,883
1000	Excess (Deficiency) of Operating Revenue Over (Under)	34,547	109,620	-	(49,621)	436,722	35,772	380,181	(5,215,576)
1103	Beginning Equity	120,324	5,110,548	839,006	1,033,771	1,680,237	3,501,279	3,808,519	72,332,087
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	(3,438,601)	(839,006)	-	-	-	-	(943,959)
	Ending Equity	\$ 154,871	\$ 1,781,567	\$ -	\$ 984,150	\$ 2,116,959	\$ 3,537,051	\$ 4,188,700	\$ 66,172,552
<u>Other Information</u>									
1120	Unit Months Available	2,064	-	-	72	-	150	-	83,164
1121	Number of Unit Months Leased	2,064	-	-	72	-	140	-	80,168
1117	Administrative Fee Equity	-	-	-	-	-	-	-	215,118,00
1118	Housing Assistance Payments Equity	-	-	-	-	-	-	-	631,699,00

**DAYTON METROPOLITAN HOUSING AUTHORITY
NOTES TO STATEMENTS - FDS SCHEDULE FORMAT
FOR THE YEAR ENDED JUNE 30, 2007**

1. Basis of Presentation

The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

2. Equity Transfers and Inter-program Receivables and Payables

Transfers presented on the accompanying statements represent the transfer of equity for closed programs/grants as required by HUD reporting guidelines.

Inter-program receivables and payables are made throughout the year in order to provide operating funds to various programs administered by the Authority. These Inter-program receivables and payables have been eliminated in the statements of net assets in the financial statements.

3. Prior Period Adjustment To FDS Schedule

The Housing Voucher Program provides annual funding based on estimated rentals and is subject to post-annual closeout reconciliations by the Authority and HUD. During 2006 the Authority recognized revenues and related unrestricted net assets based on estimated units rented. HUD's closeout procedures disclosed that the Authority's estimated rentals exceeded actual rentals by \$943,959 for fiscal year 2006.

Since the FDS Schedule presents information for fiscal year 2007, a prior period adjustment for \$943,959 is presented on the FDS Schedule to adjust amounts previously reported as revenues and its effect on unrestricted net assets as of June 30, 2006.

**DAYTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<i>U.S. Department of Housing and Development</i>		
Direct Programs:		
Section 8 Cluster Program		
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 458,347
Lower Income Housing Program – Section 8 Mod. Rehab.	14.856	<u>3,829,729</u>
Total Section 8 Cluster Program		4,288,076
Section 8 Housing Choice Vouchers	14.871	17,890,366
Public and Indian Housing	14.850	10,704,075
Demolition and Revitalization of Severely Distressed PH	14.866	2,337,961
Residential Opportunity and Supportive Services	14.870	407,226
Public Housing Capital Fund	14.872	<u>7,639,496</u>
Direct Programs Expenditures of Federal Awards:		<u>43,267,200</u>
Pass-Through Programs:		
Community Development Block Grant (from City of Dayton, Ohio)	14.218	5,435
Home Investment Partnership Program (from City of Dayton and Montgomery County, Ohio)	14.239	<u>436,722</u>
Pass-Through Programs:		<u>442,157</u>
Total Expenditures Of Federal Awards		<u><u>\$43,709,357</u></u>

See accompanying notes.

DAYTON METROPOLITAN HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

1. Basis of Presentation

The schedule of expenditures of federal awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, *Audits of State and Local Governments*.

Bastin & Company, LLC

Certified Public Accountants

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

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

We have audited the financial statements of the Dayton Metropolitan Housing Authority, Dayton, Ohio (the Authority) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 Authority'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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority'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 Authority'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 the 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Cincinnati, Ohio
December 14, 2007

Bastin & Company, LLC

Certified Public Accountants

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

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Compliance

We have audited the compliance of the Dayton Metropolitan Housing Authority, Dayton, Ohio, (the 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 June 30, 2007. The 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 its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the 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; and 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 the 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 on the Authority's compliance with those requirements.

In our opinion, the Dayton Metropolitan Housing Authority, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not include all 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 Authority'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 a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program 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 Commissioners, management and federal awarding agencies and pass-through 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 "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
December 14, 2007

**DAYTON METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB Circular A-133 § .505
 FOR THE YEAR ENDED JUNE 30, 2007**

SUMMARY OF AUDITORS' RESULTS

Type of financial statement opinion	Unqualified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weakness reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unqualified
Are there any reportable findings?	No
Major programs:	Section 8 Cluster Program: CFDA 14.182 - Section 8 New Construction and Substantial Rehabilitation CFDA 14.856 - Lower Income Housing Program – Section 8 Mod. Rehab CFDA 14.872 Public Housing Capital Fund
Dollar threshold to distinguish between Type A/B programs	\$1,311,281
Low risk auditee?	Yes

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**DAYTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

There were no findings reported in the prior audit report.



Mary Taylor, CPA
Auditor of State

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY 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
MARCH 6, 2008**