

CINCINNATI METROPOLITAN HOUSING AUTHORITY

Regular Audit

Year Ended June 30, 2007



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Cincinnati Metropolitan Housing Authority
16 West Central Parkway
Cincinnati, Ohio 45202

We have reviewed the *Report of Independent Auditors* of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by Cassady Schiller & Associates Inc., 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 Cincinnati Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

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Auditor of State

August 1, 2008

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CINCINNATI METROPOLITAN HOUSING AUTHORITY

REGULAR AUDIT

YEAR ENDED JUNE 30, 2007

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Report of Independent Auditors

To the Board of Commissioners
Cincinnati Metropolitan Housing Authority
Cincinnati, Ohio



HUD, Cleveland Area Office
Renaissance Building
1350 Euclid Avenue, Suite 500
Cleveland, Ohio 44115-1815

We have audited the accompanying basic financial statements of the Cincinnati Metropolitan Housing Authority (CMHA) as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of CMHA'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 statement is 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 basic financial statements referred to above present fairly, in all material respects, the financial position of CMHA, as of June 30, 2007, and changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2007 on our consideration of CMHA'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, as detailed in this Report, is not a required part of the basic 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Cincinnati Metropolitan Housing Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of CMHA. Also, the accompanying supplemental information such as the combining and individual nonmajor program financial statements is presented for purposes of additional analysis and is not a required part of

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the financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, consisting of the letters 'CSA' in a cursive, stylized font.

December 18, 2007

**Cincinnati Metropolitan Housing Authority
Management's Discussion and Analysis
June 30, 2007**

This discussion and analysis provides the reader with narrative overview and financial analysis of Cincinnati Metropolitan Housing Authority's (CMHA) financial activities and performance for the year ended June 30, 2007. This section should be read in conjunction with the audited financial statements and accompanying notes.

Financial Highlights

- CMHA's total assets and liabilities were \$296,982,796 and \$46,051,632 respectively, and therefore the net assets were \$250,931,164 as of June 30, 2007.
- Total revenues including capital contributions and total expenses were \$140,796,350 and \$119,841,827 respectively resulting in \$20,954,523 change in net assets for fiscal year 2007.
- Fiscal 2007 resulted in a net increase in cash and cash equivalents of \$26,730,725 and purchase of \$13,919,786 in fixed assets.

Overview of the Financial Statements

- **Management's Discussion and Analysis** The "Management's Discussion and Analysis" is intended to serve as an introduction to the Authority-wide financial statements. The Authority-wide financial statements and Notes to Financial Statements included in the Audit Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types and in compliance with the regulations set forth in GASB 34.
- **Authority-wide Financial Statements** The Authority-wide 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. They consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.
- **Notes to Financial Statements** The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Overview of the Financial Statements

The Authority has many programs that are consolidated into a single enterprise fund. The major programs consist of the following:

Conventional Public Housing Under the Conventional or Low Rent Housing program, the Authority rents units that it owns to low income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy and Capital Grant Funding to enable the Authority to provide the housing at a rent that is based upon approximately 30% of household income.

Capital Fund Program The Conventional Public Housing program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. The formula funding methodology used is based upon the number of units, including the bedroom sizes and the age of the buildings/units.

During the year ending June 30, 2007, CMHA obtained approval for a \$20 million loan for capital improvements, which will be repaid through future Capital Fund Program Grants.

Housing Choice Vouchers Program Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through the Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income.

Hope VI Grant The Hope VI Grants are programs funded by HUD for redevelopment of the Authority's properties. It is a mixed financing and mixed-use development with homeownership opportunities for public housing residents.

Overview of the Authority's Financial Position and Operations

Net Assets

The Authority's total assets increased by \$39.1 million during the fiscal year. Cash and cash equivalents increased by \$26.7 over fiscal year 2006, and investments decreased by \$1.0 million. The increase in cash was primarily due to funds borrowed from Fannie Mae in conjunction with the Capital Fund Financing Program. These funds are to be used over two years to complete major capital improvements throughout the Conventional Public Housing Program. This was also in part due to underutilized HAP revenues during the fiscal year and HAP revenues from prior years. Accounts receivable increased as projects have been undertaken and monies loaned to the Springdale Senior Limited Partnership for the development of Baldwin Grove, a Senior Mixed Finance Development. Overall, capital assets reflect a \$2.3 million increase, which is due to new acquisitions in the Conventional Public Housing Program which is offset by the demolition of units at the English Woods site. Notes and mortgages receivable and associated interest receivable experienced an increase over the prior year due to the closing of Laurel V and the issuance of a \$5 million note to the Laurel V Partnership.

Total liabilities increased for fiscal year 2007 by \$18.0 million. The primary cause of this increase was the issuance of the \$20 million loan for the Capital Fund Financing Program.

The increase of \$21.0 million in total net assets was primarily attributable to the change in operational net income. During fiscal year 2007, CMHA received increased governmental revenues associated with the growth of the Housing Choice Voucher program. This resulted in a net gain of \$10 million in the Housing Choice Voucher Program. Additionally, the demolition of units at English Woods led to a decrease in the depreciation expense. There was a \$2 million reduction in both rental revenue and utility expense related to a change in handling of the utility allowances for the Conventional Public Housing Program. This had been an expense in the past but is now reflected as a reduction of rental revenue.

**Statement of Net Assets
(Condensed)
(millions)**

	2007	2006	Change
ASSETS			
Current Assets	\$ 54.3	\$ 24.2	\$ 30.1
Other Assets	31.8	25.1	6.7
Capital Assets	<u>210.9</u>	<u>208.6</u>	<u>2.3</u>
Total Assets	<u>297.0</u>	<u>257.9</u>	<u>39.1</u>
LIABILITIES AND NET ASSETS			
Current Liabilities	13.7	14.3	(0.6)
Long Term Liabilities	<u>32.3</u>	<u>13.7</u>	<u>18.6</u>
Total Liabilities	46.0	28.0	18.0
Net Assets:			
Invested in Capital Assets, Net of Related Debt	199.3	196.4	2.9
Unrestricted Net Assets	<u>51.7</u>	<u>33.5</u>	<u>18.2</u>
Total Net Assets	<u>251.0</u>	<u>229.9</u>	<u>21.1</u>
Total Liabilities and Net Assets	<u>297.0</u>	<u>257.9</u>	<u>39.1</u>

Revenues, Expenses and Change in Net Assets

The Authority's operational income for fiscal year 2007 increased by \$37.8 million on a consolidated basis. This is largely due to growth in its Housing Choice Voucher Program due to the receipt of the Hamilton County Housing Choice Vouchers.

**Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended
(Condensed)
(millions)**

	2007	2006	Change
Operating/Other Revenues	\$ 21.6	\$ 14.4	\$ 7.2
Governmental Revenues	<u>118.1</u>	<u>87.5</u>	<u>30.6</u>
Total Operating Revenues	139.7	101.9	37.8
Operating Expenses	108.1	84.1	24.0
Depreciation Expense	<u>11.7</u>	<u>13.9</u>	<u>(2.2)</u>
Total Operating Expenses	119.8	98.0	21.8
Total Non-Operating Revenues/Expenses	1.1	1.5	(0.4)
Change in Net Assets	21.0	5.4	15.6
Net Assets, Beginning of Year	230.0	222.6	7.4
Prior Year Adjustment	<u>0.0</u>	<u>1.9</u>	<u>(1.9)</u>
Adjusted Net Assets, Beginning of Year	230.0	224.5	5.5
Net Assets, End of Year	<u>251.0</u>	<u>229.9</u>	<u>21.1</u>

Budgetary Highlights

For the year ended June 30, 2007, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with accounting procedures prescribed by the applicable funding agency.

During fiscal year 2007, CMHA converted financial and accounting processes to comply with the Asset Management requirements as outlined by HUD and began to make appropriate changes to align with funding reductions for this program. Budgets for fiscal year 2008 reflect anticipated funding for the fiscal year and the updates to the Asset Management requirements.

Capital Assets and Debt Administration

As of June 30, 2007 the Authority's investment in capital assets for its Proprietary Fund was \$210,850,746 (net of accumulated depreciation). This represents an increase of \$2.3 million. This is primarily due to the increase in investment in capital assets, consisting primarily in dwelling units for the Conventional Public Housing Program.

Major capital assets purchased, \$13.9 million, during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund and HOPE VI programs.

The Authority's long-term portion of debt as of June 30, 2007 was \$29,876,100. The long term debt was comprised of Hamilton County HOME and local bank loans for development of low rent housing in Hamilton County, debt secured as part of a capital fund financing program, and a lease-purchase agreement utilized to purchase equipment for energy cost savings program.

Economic Factors

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

- Change in funding methods, levels and pro-ration factors for Housing Choice Voucher, Low Income Public Housing, Capital Fund, and Replacement Housing Factor.
- Inflationary and weather condition factors which effect utility rates and cost of operational materials and supplies.
- Increases in salary and benefit costs (e.g. health insurance (significant increases are anticipated beginning September 1, 2007), public employee retirement fund).
- Changes in financial reporting requirements affecting the Housing Choice Voucher Program and Capital Programs in conjunction with HUD-required transition to Asset Management.
- Increases in the number of dwelling units in the public housing portfolio as well as the development of a 100-unit mixed finance property.

Contacting the Authority

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Donald Troendle, Executive Director, Cincinnati Metropolitan Housing Authority, 16 West Central Parkway, Cincinnati, Ohio 45202.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2007**

ASSETS

Current assets:

Cash and cash equivalents - unrestricted	\$	38,919,391
Cash and cash equivalents - restricted		1,810,489
Investments, at fair value		2,940,215
Accounts receivable, net of allowance for doubtful accounts		4,618,579
Due from other governments		5,366,651
Inventory, net of allowance for obsolescence		293,847
Prepaid expenses		394,524
		394,524

Total current assets 54,343,696

Property and equipment:

Land		26,998,554
Buildings and building improvements		239,711,688
Furniture, equipment and machinery		3,260,254
Construction in progress		106,388,751
		106,388,751

376,359,247

Less: accumulated depreciation		165,508,501
		210,850,746

Other assets:

Notes and mortgages receivable		25,457,560
Interest receivable		6,197,502
Insurance deposits		175,223
		175,223

Total other assets 31,830,285

Total assets	\$	297,024,727
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**CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2007**

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	3,364,579
Accrued wages and taxes payable		362,621
Accrued compensated absences		281,933
Other accrued liabilities		2,380,123
Due to other governments		1,021,793
Notes and bonds payable - Fannie Mae		3,970,275
Notes and bonds payable - current portion		1,346,824
Prepaid rents		17,613
Payable from restricted assets:		
Resident security deposits		1,043,708
Total current liabilities		13,789,469

Noncurrent liabilities:

Notes payable, net of current portion		29,876,099
Workers' compensation contingency		536,988
Accrued compensated absences		1,082,323
Payable from restricted assets:		
Family self sufficiency escrows		808,676
Total noncurrent liabilities		32,304,086

Total liabilities		46,093,555
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Net assets:

Investment in property and equipment, net of related debt		198,664,247
Unrestricted net assets		52,266,925
		250,931,172

Total liabilities and net assets	\$	297,024,727
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CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

Operating revenues:	
Rental revenue	\$ 10,441,598
Governmental revenue	111,338,236
Other revenue	<u>1,939,786</u>
Total operating revenues	123,719,620
Operating expenses:	
Administrative	17,480,941
Tenant services	1,240,441
Utilities	8,854,566
Ordinary maintenance and operations	11,746,659
Protective services	704,566
General expenses	2,754,839
Housing assistance payments	56,164,059
Depreciation	<u>11,701,921</u>
Total operating expenses	<u>110,647,992</u>
Operating income	13,071,628
Nonoperating revenues (expenses):	
Interest revenue	2,919,325
Interest expense	(1,161,396)
Loss on disposition of fixed assets	(582,387)
Casualty losses	<u>(84,780)</u>
Total nonoperating revenues (expenses)	<u>1,090,762</u>
Changes in net assets before capital contributions	14,162,390
Capital contributions	<u>6,792,142</u>
Net change in net assets	20,954,532
Net assets, beginning of year as reported	229,994,747
Prior year adjustments and correction of errors	<u>(18,107)</u>
Net assets, beginning of the year as restated	<u>229,976,640</u>
Net assets, end of year	<u><u>\$ 250,931,172</u></u>

See accompanying notes and report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:	
Receipts from residents and other deposits	\$ 10,471,367
Governmental operating revenues	110,912,770
Other receipts (payments)	(1,499,719)
Payments to suppliers	(22,092,403)
Payments to/for employees	(20,146,060)
Payments to landlords	<u>(55,792,026)</u>
Net cash provided by operating activities	21,853,929
Cash flows from capital and related financing activities:	
Purchases of fixed assets	(13,919,786)
Loss on disposal of fixed assets	(582,387)
Principal paid on capital debt	(10,022,757)
Proceeds from borrowings	26,690,055
Interest paid	(1,174,216)
Capital contributions	6,792,142
Other payments	<u>(84,780)</u>
Net cash provided by capital and related financing activities	7,698,271
Cash flows from investing activities:	
Purchases of investments	986,670
Issuance of notes receivable	(5,205,422)
Interest and dividends	<u>1,397,277</u>
Net cash used in investing activities	<u>(2,821,475)</u>
Net increase in cash and cash equivalents	26,730,725
Cash and cash equivalents, beginning of year	<u>13,999,155</u>
Cash and cash equivalents, end of year	<u><u>\$ 40,729,880</u></u>

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007**

Reconciliation of net operating income to net cash
provided by operating activities:

Operating income	\$	13,071,628
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation		11,701,921
Increase in accounts receivable		(3,324,167)
Increase in due to/(from) other governments		(425,466)
Increase in inventory		(75,598)
Increase in prepaid expenses		(23,925)
Increase in insurance deposits		(3,450)
Decrease in security deposits		(28,061)
Decrease in accounts payable		(1,144,842)
Increase in accrued wages and taxes payable		54,122
Increase in compensated absences		54,791
Increase in accrued liabilities		1,680,088
Increase in deferred revenue		(35,952)
Increase in other liabilities		<u>352,840</u>
Net cash provided by operating activities	\$	<u><u>21,853,929</u></u>

CINCINNATI METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2007

1. Summary of significant accounting policies

A. Organization

The Cincinnati Metropolitan Housing Authority (CHMA) is a public body corporate and politic created under the laws of the State of Ohio and was organized for the purposes of acquiring, developing, leasing, operating and administering low-rent housing programs for qualified individuals.

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 purpose 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 CMHA for low-rent operations.

B. Reporting entity

The governing body of CMHA is its Board of Commissioners, which is composed of five members. The members are appointed as follows: Two (2) by the Mayor of the City of Cincinnati, one (1) by the Hamilton County Commissioners, one (1) by the Court of Common Pleas, and one (1) by the Probate Court. The Board appoints a Chief Executive Officer to administer the business of CMHA. CMHA is not considered a component unit of the City of Cincinnati, as the Board independently oversees CMHA's operations.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that financial statements include all organizations, activities, and functions for which CMHA is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on CMHA. Based upon the application of these criteria, the reporting entity had no component units.

The financial statements of the CMHA include Low-Rent Public Housing under Annual Contributions Contract C-984, Section 8 Housing Assistance Programs under Annual Contributions Contract [C-5034], Local Initiatives Programs and the Hamilton County Affordable Housing Program.

C. Summary of HUD Programs

The accompanying financial statements include the activities of the Housing Programs subsidized by HUD. A summary of each of these programs and the related contracts with HUD is provided below.

1. Annual Contributions Contract

a. Low rent public housing

This type of housing consists of apartments and single-family dwellings owned and operated by CMHA. Funding is provided by tenant rent payments and subsidies provided by HUD.

b. Modernization and development

Substantially all additions to land, buildings, and equipment are accomplished through the HOPE VI Program or Capital Fund Program. These programs add to, replace or materially upgrade deteriorated portions of CMHA's housing units. Funding is provided through programs established by HUD.

2. Annual Contributions Contract – Housing Assistance Payments Programs

a. Housing choice vouchers and moderate rehabilitation

These are housing programs wherein low-income tenants lease housing units directly from private landlords rather than through CMHA. HUD contracts with private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

3. Resident opportunities and supportive services (ROSS)

ROSS links public housing residents with supportive services, resident empowerment activities and assistance in becoming economically self sufficient.

4. Service coordinator for public housing program

CMHA administers this public housing program to provide a service coordinator who is responsible for limited case management and referral services for elderly and disabled public housing residents. Funding for this program is provided by grants from HUD.

D. Basis of presentation of accounting

In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

CMHA 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. The transactions of each fund are reflected in self-balancing groups of accounts and accounting entities that are separate from the activities reported in other funds. Funds are classified into three categories: governmental, proprietary and fiduciary. CMHA uses the proprietary category for its programs.

Based on compelling reasons offered by HUD, CMHA reports under the proprietary fund type (enterprise fund), which uses the accrual basis of accounting. Proprietary funds are used to account for CMHA's ongoing activities, which are similar to those found in the private sector. The proprietary fund type which is used by CMHA is the enterprise fund.

The enterprise 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.

Pursuant to the election option made available by *GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, CMHA has the option of following subsequent FASB guidance for their business – type and enterprise funds issued prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. CMHA has elected not to apply those FASB statements and interpretations issued after November 30, 1989 to its enterprise funds.

E. Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The modernization and development budgets are adopted on a “project length” basis. This budget is submitted to the Department of Housing and Urban Development and once approved by HUD is approved by the Board of the Housing authority. Budgets are not, however, legally adopted nor required for financial statement presentation.

F. Revenue recognition

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

G. Cash equivalents

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

H. Restricted cash and cash equivalents

Cash and cash equivalents have been classified as restricted on the statement of net assets for family self-sufficiency escrows, resident security deposits and other HUD restricted funds that are to be used for HUD projects and development.

I. Receivables / bad debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectibility of outstanding tenant receivable balances at year end.

J. Interprogram receivables and payables

During the course of normal operations, CMHA has numerous transactions between funds. Interprogram receivables/payables are all current, and are the result of the use of the Low Rent Public Housing Program as the common paymaster for shared costs of CMHA. Cash settlements are made periodically and all interprogram balances net zero. Interprogram balances are eliminated for financial statement presentation.

K. Investments

Investments are recorded at fair value. Fair value generally represents quoted market prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as nonoperating revenue in the operating statements. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances. Investment instruments pertaining to HUD programs consist only of items specifically approved by both HUD requirements and the requirements of the State of Ohio.

L. Inventories

Inventories (consisting of materials and supplies) are valued at costs using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, CMHA establishes an allowance for obsolete inventory. CMHA relies upon its periodic (annual) inventory for financial reporting purposes. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

M. Prepaid items

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

N. Restricted assets

Certain assets may be classified as restricted assets on the statement of net assets because their use is restricted by contracts or agreements with outside third parties and lending institutions.

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.

It is CMHA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. Fair value of financial instruments

The carrying amount of CMHA's financial instruments at June 30, 2007, including cash, investments, accounts receivable and accounts payable closely approximate fair value.

Q. Fixed assets

1. Book value

All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.

Land values were derived from development closeout documentations.

Donated fixed assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

2. Depreciation

Pursuant to the enterprise GAAP method, the cost of the buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	40 years
Building modernization	10 years
Office and other equipment	5 years

3. Maintenance and repairs expenditures

Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.

R. Compensated absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and sick leave are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of year end, and on various percentages, based on their respective bargaining units, of the leave balances accumulated by employees who have completed ample service time with CMHA. These employees are expected to become eligible in the future to receive such payments.

S. Equity transfers

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

T. Annual contribution contracts

Annual contribution contracts provide that HUD shall have CMHA to audit and examine the records of public housing authorities. Accordingly, final determination of CMHA's financing and contribution status for the Annual contribution contracts is the responsibility of HUD based upon financial reports submitted by CMHA.

2. Deposits and investments

The provisions of the Ohio Revised Code and CMHA's written investment policy and HUD regulations govern the investment and deposit of CMHA monies. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments. CMHA is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAR Ohio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within three years of their purchase. CMHA may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Any public depository in which CMHA places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Obligations furnished as security must be held by CMHA or with an unaffiliated bank or trust company for the account of CMHA.

Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in CMHA's name.

A. Deposits

At year-end, the carrying amount of CMHA's deposits was \$40,729,880 (including \$38,912,226 of unrestricted funds, \$1,810,489 of restricted funds and \$7,165 of petty cash) and the bank balance was \$41,585,354. Of the bank balance, \$153,836 was covered by federal depository insurance and \$41,431,518 was covered by collateral held by third party trustees pursuant to section 135.181 of the Ohio Revised Code, in collateral pools serving all public funds on deposit with specific depository institutions.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, CMHA's deposits may not be returned to it. CMHA does not have a custodial credit risk policy.

B. Investments

CMHA's investments at June 30, 2007 are summarized below:

<u>Investment</u>	<u>Maturity Year</u>	0-1 Years Before <u>Maturity</u>	Credit Rating <u>Moody's / S&P</u>
Federal Home Loan Mortgage	09/13/07	\$ 980,417	N/A
Federal Home Loan Mortgage	12/07/07	484,650	N/A
Federal Home Loan Mortgage	03/03/08	1,475,148	N/A
Total		\$ <u>2,940,215</u>	

Custodial Credit Risk:

The risk that, in the event of a failure of a counter party, CMHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. CMHA employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

Interest Rate Risk:

The risk that CMHA will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of three years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the "prudent investor" rule to attempt to limit such risk.

The three credit risk categories for investments are defined as follows:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

	<u>Credit Risk Category</u>			<u>Fair value</u>
	1	2	3	
U.S. Government Securities		\$ 2,940,215		\$ <u>2,940,215</u>
3. Accounts receivable				
Tenants (net of allowance for doubtful accounts of \$17,265)				\$ 160,253
The Affiliates/Project Monitoring; Other receivables				<u>4,458,326</u>
				\$ <u>4,618,579</u>

4. Interprogram transfers

CMHA will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by CMHA's Board of Commissioners. Interprogram balances are eliminated for financial statement presentation.

<u>Fund</u>	<u>Due from other fund</u>	<u>Due to other fund</u>
Local Business Initiatives	\$ -	\$ 3,872,552
Low Rent Public Housing	7,805,048	-
Housing Choice Vouchers	-	1,805,377
Affordable Housing HOME Investment Partnership Program	-	189,183
Section 8 Moderate Rehabilitation M0002SR0001	-	940
Section 8 Moderate Rehabilitation M0004MRO002	-	6,074
Section 8 Moderate Rehabilitation M0004MRO004	-	7,141
Section 8 Moderate Rehabilitation M0004MRO005	-	28,482
Section 8 Moderate Rehabilitation M0004MRO006	24,788	-
Section 8 Moderate Rehabilitation M0002SCO002	-	940
Revitalization of Severely Distressed Public Housing	52,332	-
Resident Opportunity and Supportive Services	-	23,653
Public Housing Capital Fund Program	<u>-</u>	<u>1,947,826</u>
Totals	<u>\$ 7,882,168</u>	<u>\$ 7,882,168</u>

5. Due from other governments

U.S. Department of Housing and Urban Development \$ 5,366,651

6. Notes receivable

All notes receivable are the result of financing for Lincoln and Laurel HOPE VI revitalization projects. The majority of these receivables are to be paid 40 years from the date of the note. The first \$50,000 is forgiven at 10% per year over 10 years, and any amount over \$50,000 will be due on the sale of the homes or 30 years from the date of the note. No portion of the notes receivable are to be paid within the next year. The following schedule summarizes the details pertaining to the notes receivable:

<u>Amount</u>	<u>Maker</u>	<u>Date of Note</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Term</u>
\$ 10,984,643	Lincoln	LCI-3/20/01	AFR	40 years	Long
	Court	LCII-3/20/01			
	Partnerships	LCIII-2/28/02			
		LCIV-10/18/01			
<u>14,472,917</u>	Laurel Home Partnerships	LHI-10/24/02	AFR	40 years	Long
		LHII-7/24/03			
		LHII-6/30/07			
		LHIV-11/22/02			
		LHIV-11/01/04			
<u>\$ 25,457,560</u>		LHV-9/30/06			

7. Ground lease

In regards to the above notes receivable, the Partnerships entered into a 75 year ground lease in the total amount of \$837,000. A ground lease payment of \$297,000 was made upon execution of the agreement. The remaining \$540,000 is evidenced by notes receivable from the developer.

The term commences November 8, 2000 and ends November 8, 2075. In addition, the Partnership is required to pay an annual rent payment equal to 10% of the project's net income. Other than real estate taxes, for which CMHA has responsibility, the Partnership is responsible for paying all charges associated with the property. The ground lease contains other restrictive covenants relating to the use of the property as more fully described in the agreement.

Pursuant to the ground lease the Partnership is to make a PILOT payment each year equal to 10% of rental income, as defined in the agreement.

8. Property and equipment

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Land	\$ 26,998,554	\$ -	\$ -	\$ 26,998,554
Buildings and building improvement	243,883,338	25,768	4,197,418	239,711,688
Furniture, equipment and machinery	3,242,000	30,638	12,384	3,260,254
Construction in progress	<u>91,935,932</u>	<u>14,452,819</u>	-	<u>106,388,751</u>
Total	<u>366,059,824</u>	<u>14,509,225</u>	<u>4,209,802</u>	<u>376,359,247</u>
Accumulated depreciation – buildings and building improvement	(154,900,651)	(11,582,919)	(3,616,031)	(162,867,539)
Accumulated depreciation – furniture, equipment and machinery	<u>(2,526,292)</u>	<u>(119,002)</u>	<u>(4,332)</u>	<u>(2,640,962)</u>
Total accumulated depreciation	<u>(157,426,943)</u>	<u>(11,701,921)</u>	<u>(3,620,363)</u>	<u>(165,508,501)</u>
Total	<u>\$ 208,632,881</u>	<u>\$ 2,807,304</u>	<u>\$ 589,439</u>	<u>\$ 210,850,746</u>

9. Compensated absences payable

CMHA follows GASB Statement No.16 "Accounting for Compensated Absences" to account for compensated absences. Accrued vacation is paid upon termination. Sick leave is paid to exempt employees who have at least 10 years service and voluntarily resign, retire or are laid off from CMHA, at the level of 50% of their unused leave balance up to a maximum payment of 1,000 hours less two times the amount of sick usage over the prior three (3) years. For the AFSCME and Building Trade unions, sick leave shall be forfeited upon employee's separation for any reason except retirement in which the payout will be 50% up to a maximum of 600 hours. For the IOUE union, sick leave shall be forfeited upon the employee's separation for any reason except retirement in which the level of payout will be the following: 1) employees hired before January 1, 1986 shall be paid at 50% of their balance in excess of 600 hours; 2) employees hired on or after January 1, 1986 shall be paid at 50% of their balance up to 800 hours; or 3) employees hired after July 1, 2003 shall be paid at 50% of their balances up to a maximum of 600 hours.

At June 30, 2007 total leave to be paid upon termination is \$1,364,283. \$281,955 is current and \$1,082,328 is long-term.

Schedule of Changes in Compensated Absences:

<u>June 30, 2006</u>		<u>Additions</u>	<u>Payments</u>	<u>June 30, 2007</u>	
<u>Current Portion</u>	<u>Long-term Portion</u>			<u>Current Portion</u>	<u>Long-term Portion</u>
\$ <u>153,936</u>	\$ <u>1,155,529</u>	\$ <u>172,061</u>	\$ <u>117,270</u>	\$ <u>281,933</u>	\$ <u>1,082,323</u>

10. Other accrued liabilities

Accrued worker's compensation – current portion	\$	357,590
Contract retainages		801,489
Other		<u>1,221,044</u>
	\$	<u>2,380,123</u>

11. Due to other governments

U.S. Department of Housing and Urban Development	\$	721,793
City of Cincinnati – Payment in Lieu of Taxes (PILOT)		<u>300,000</u>
	\$	<u>1,021,793</u>

12. Notes payable – Fannie Mae

These notes were acquired on behalf of the development partner. The notes are comparative to a line of credit. The proceeds are drawn from Fannie Mae by CMHA. CMHA then re-loans these funds to the developer. Interest rates and terms with the developer are approximately equal to CMHA's interest rates with Fannie Mae.

At June 30, 2007, CMHA has the following outstanding Fannie Mae notes:

	<u>Amount</u>	<u>Terms</u>
Fannie Mae Note #791	\$ 1,659,480	LIBOR + 1.3%
Fannie Mae Note #755	<u>2,310,795</u>	LIBOR + 1.1%
	\$ <u>3,970,275</u>	

Both notes expire on June 30, 2009 and carry \$4,000,000 maximum amounts. Interest expense for these notes was \$187,966 for the year ended June 30, 2007.

13. Notes payable

Item	Authority Program	Principal Balance	Current Portion	Long-term Portion	Interest Expense	Payee	Interest Rate	Note Date
1	Hamilton Cnty	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	HOME	2.00%	Jan 1996
2	Hamilton Cnty	1,018,676	-	1,018,676	-	CDBG	2.00%	Mar 1998
3	Hamilton Cnty	1,200,000	-	1,200,000	-	HOME	2.00%	Nov 1998
4	Hamilton Cnty	900,000	-	900,000	-	HOME	2.00%	Oct 1999
5	Hamilton Cnty	1,150,000	-	1,150,000	-	HOME	2.00%	Jun 2002
6	Hamilton Cnty	1,216,836	38,947	1,177,889	51,036	Fifth/Third Bank - 158	4.95%	Dec 2001
7	Hamilton Cnty	<u>869,958</u>	<u>51,998</u>	<u>817,960</u>	<u>45,191</u>	US Bank	5.25%	Dec 1998
Total Hamilton County		7,355,470	90,945	7,264,525	96,227			
8	Low Rent Public Housing	4,183,788	608,638	3,575,150	196,904	CitiCapital	5.10%	Aug 2001
9	Capital Fund Financing	<u>19,683,665</u>	<u>647,241</u>	<u>19,036,424</u>	<u>680,298</u>	Fifth/Third Bank - 943	4.55%	Nov 2006
All Programs		<u>\$31,222,923</u>	<u>\$ 1,346,824</u>	<u>\$29,876,099</u>	<u>\$973,429</u>			

Hamilton County (HOME & CDBG) loans (Items 1-5):

Hamilton County provided Home and CDBG funds for the development of low-rent housing units in Hamilton County. These loans (and interest of 2% per annum) will be forgiven at the rate of 10% annually commencing in the sixteenth year, provided the units are preserved as low-income housing throughout the entire twenty-five year duration. CMHA therefore does not record interest expense or accruals on these loans, since CMHA's mission is to provide low-income housing, and has no plans to convert the units to market rate.

Bank loans (Items 6-7):

These loans were acquired to expand the affordable housing program using locally available funds. There is no capitalized interest.

CitiCapital loan (Item 8):

This loan is in the form of a lease-purchase agreement between CMHA and CitiCapital. Proceeds of the loan were used to purchase equipment which will reduce energy costs to the savings from the conservation will exceed the cost of the loan.

Capital Fund Financing (Item 9):

This loan was acquired as part of a Capital Fund Financing Program, used to fund capital improvements to existing public housing. This loan is repaid through the use of Capital Fund grants.

The following is a summary of CMHA's future annual debt service requirements for the notes payable:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2008	\$ 1,346,825	\$ 1,135,264	\$ 2,482,089
2009	1,406,658	1,075,089	2,481,747
2010	1,469,415	1,011,974	2,481,389
2011	1,534,854	946,157	2,481,011
2012	1,703,223	877,395	2,580,618
2013 - 2017	7,413,272	3,482,075	10,895,347
2018 - 2022	8,665,320	2,155,497	10,820,817
2023 - 2027	7,630,243	652,365	8,282,608
2028 - 2028	53,113	660	53,773
Total	<u>\$ 31,222,923</u>	<u>\$ 11,336,476</u>	<u>\$ 42,559,399</u>

14. Changes in long-term liabilities

	<u>Balance June 30, 2006</u>		<u>Total</u>	<u>Payments</u>	<u>Additions</u>	<u>Total</u>	<u>Balance June 30, 2007</u>	
	<u>Current</u>	<u>Noncurrent</u>					<u>Current</u>	<u>Noncurrent</u>
Notes payable	\$ 6,999,303	\$ 11,526,596	\$ 18,525,899	\$ 10,022,758	\$ 26,690,057	\$ 35,193,198	\$ 5,317,099	\$ 29,876,099
Workers comp contingency	153,809	556,181	709,990	-	184,588	894,578	357,590	536,988
Compensated absences	153,936	1,155,529	1,309,465	117,270	172,061	1,364,256	281,933	1,082,323
Family self-sufficiency funds	-	436,643	436,643	-	372,033	808,676	-	808,676
	<u>\$ 7,307,048</u>	<u>\$ 13,674,949</u>	<u>\$ 20,981,997</u>	<u>\$ 10,140,028</u>	<u>\$ 27,418,739</u>	<u>\$ 38,260,708</u>	<u>\$ 5,956,622</u>	<u>\$ 32,304,086</u>

15. Defined benefit pension plan

The following information was provided by the PERS of Ohio to assist CMHA in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

CMHA contributes to the Public Employees' Retirement System of Ohio (PERS), a cost sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. 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 (PERS).

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. The member contribution rates are 9.5% for members other than law enforcement and public safety. The 2007 employer contribution rate for local government employer units was 13.85% of covered payroll, 9.35% to fund the pension and 4.50% to fund health care. The contribution requirements of plan members and CMHA are established and may be amended by the Public Employees Retirement Board. CMHA's contributions to the PERS of Ohio are listed in the schedule below:

	Percentage of Covered Payroll		Total Payroll	Payroll Covered	Authority Contributions	Employee Contributions
	Employer	Employee				
2004	13.55%	8.50%	14,939,767	14,596,789	1,977,801	1,240,701
2005	13.55%	8.50%	14,569,766	14,206,280	1,924,951	1,207,514
2006	13.55%	8.50%	14,607,544	14,013,085	1,898,773	1,191,112
2007	13.85%	9.50%	14,920,979	14,858,756	1,990,913	1,337,288

The amounts contributed were equal to the required contributions for each year.

16. Other post-employment benefits

The following information was provided by the PERS of Ohio to assist CMHA in complying with GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Governmental Employers."

The PERS of Ohio provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No.12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the PERS of Ohio. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care for the year 2007 was 4.50% of covered payroll, which amounted to \$668,644.

The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of 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. The investment assumption rate for 2005 was 6.50%. An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5% to 6.0% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants in the traditional and combined plans was 358,804. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Member and employer contribution rates were increased as of January 1, 2007 in order to allocate additional funds to the health care plan.

17. Risk management

CMHA 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. CMHA 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. CMHA also maintains employee major medical coverage with private carriers. Employee dental coverage is provided through self-insurance.

Effective December 1, 1998, CMHA entered into a joint insurance pool, Ohio Housing Authority Property and Casualty, Inc. (OHAPCI), with other Ohio housing authorities. The pool covers property, general liability, law enforcement liability, automobile liability, crime liability, boiler and machinery and public officials' liability up to limits stated below. It is intended for the public purpose of enabling housing authorities to obtain insurance coverage, to provide methods for paying claims, and to provide for a formalized, jointly administered self-insurance fund for its members.

Effective December 1, 2005, OHAPCI joined the Public Entity Risk Consortium (PERC), a risk consortium composed of OHAPCI and four other public entity risk pools and public entities. The other four members are: 1) the Small Housing Authority Risk Pool (SHARP), composed of 36 Ohio public housing authorities; 2) Buckeye Ohio Risk Management Association, Inc. (BORMA), composed of the cities of Bowling Green, Defiance, Napoleon, Sandusky and Willard Ohio; 3) Midwest Pool Risk Management Agency, Inc. (MPRMA), composed of the counties of Auglaize, Hancock, Mercer, Shelby and Van Wert, Ohio; and 4) Wayne County, Ohio. Other members will be added as they are approved by the existing members.

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 book of account. Budgeting and financing of OHAPCI is subject to the approval of the board. Currently, the participating housing authorities are Cincinnati, Dayton, Akron, and Youngstown. The following is a summary of insurance coverage at year-end:

Primary Property	\$5 Million/occurrence
Excess Property	\$5 Million to \$50 Million
Casualty/General Liability	\$1 Million/occurrence
Excess Crime	\$500,000
Excess Liability	\$1 Million to \$4 Million
Boiler/Machinery	\$50 Million
Pollution	\$500,000/occurrence/\$2 Million (aggregate)

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

18. Self insurance

CMHA has entered into a joint insurance pool with other Ohio housing authorities. The Ohio Housing Authority Property and Casualty, Inc. (OHAPCI) pool covers property, general liability, law enforcement liability, automobile liability, crime liability, boiler and machinery and public officials' liability up to established limits. OHAPCI assesses the members of the pool and annual premium to fund estimated amounts needed to pay prior and current year claims. As of June 30, 2007, the pool maintained a reserve in excess of actual and estimated claims relative to CMHA.

CMHA makes payments to the Plan Trustee based on estimated amounts needed to pay prior and current year claims. The June 30, 2007 claims liability is based on the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CMHA also has a self-insured dental and vision plan that covers all employees electing to participate. A reconciliation of claims liabilities is shown below for the year ended June 30, 2007:

<u>Description</u>	
Unpaid claims and claim adjustment expenses at beginning of the year	\$ 12,346
Provision for insured events of the current year	<u>130,644</u>
Total incurred claims and claim adjustment expenses	142,990
Claims and claim adjustment expenses attributable to insured events	<u>(139,858)</u>
Total unpaid claims and claim adjustment expenses at end of year	\$ <u>3,132</u>

The \$3,132 liability is recorded in current accrued liabilities on the statement of net assets.

CMHA makes payments to the Plan Administrator for claims paid during the previous operating month.

19. Commitments

CMHA is engaged in modernization programs funded by HUD. In this regard, CMHA has entered into construction-type contracts, with approximately \$1,650,000 remaining until completion.

20. Economic dependency

HUD provides approximately 85% of CMHA's operating and modernization revenues. If the amount of revenues received from HUD falls below critical levels, CMHA reserves could be adversely affected.

21. Contingencies

CMHA is a defendant in several lawsuits arising from its normal course of business. Where possible, estimates have been made and reflected in the financial statements for the effect, if any, of such contingencies. Although the outcome of these lawsuits is not presently determinable, it is the opinion of CMHA's attorney that resolution of these matters will not have a materially adverse effect on the financial condition of CMHA.

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 CMHA expects such amounts, if any, to be immaterial.

22. Conduit type debt

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of CMHA. Accordingly, this debt has not been recorded in the financial statements of CMHA. Additionally, HUD no longer provides debt service to CMHA.

23. Schedule of changes to net assets

	Investments In Capital Assets – Net of Related Debt	Unrestricted Net Assets	Total
Balance beginning of year	\$ 196,436,248	\$ 33,558,499	\$ 229,994,747
Adjustments to restate beginning balance	<u>-</u>	<u>(18,107)</u>	<u>(18,107)</u>
Adjusted balance, beginning of year	196,436,248	33,540,392	229,976,640
Change in net assets	<u>2,227,999</u>	<u>18,726,533</u>	<u>20,954,532</u>
Balance at end of year	<u>\$ 198,664,247</u>	<u>\$ 52,266,925</u>	<u>\$ 250,931,172</u>

24. Leasing activities (as lessor)

CMHA is the lessor of dwelling units mainly to low-income residents. The rents under the lease are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. CMHA may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental revenue." Rental revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, which impact personal income and local job availability.

SUPPLEMENTAL INFORMATION

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2007

	Local Initiatives Business Activities	Affordable Housing HOME Investment Partnership Program	Section 8 Moderate Rehabilitation M0004SRO001	Low Rent Public Housing	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006
ASSETS								
Current assets:								
Cash and cash equivalents - unrestricted	\$ 21,071,909	\$ 5,149	\$ 22,874	\$ 10,179	\$ 176	\$ 5,180	\$ 2,109	\$ 425,027
Cash and cash equivalents - restricted Investments, at fair value	14,910	46,328	-	942,789	-	-	-	-
Accounts receivable, net of allowance for doubtful accounts	-	-	-	2,940,215	-	-	-	-
Due from other governments	1,382,399	68,036	-	142,523	-	-	-	-
Due from other programs	2,237,474	-	-	-	6,309	205,351	57,897	-
Inventory, net of allowance for obsolescence	-	-	-	7,805,048	-	-	-	24,788
Prepaid expenses	-	-	-	293,847	-	-	-	-
	2,164	-	37	339,764	60	280	15	309
Total current assets	24,708,856	119,513	22,911	12,474,365	6,545	210,811	60,021	450,124
Property and equipment:								
Land	-	-	-	-	-	-	-	-
Buildings and building improvements	-	1,578,043	-	25,420,511	-	-	-	-
Furniture, equipment and machinery	-	6,340,833	-	233,055,328	-	-	-	-
Construction in progress	30,866	-	-	2,759,729	-	-	-	-
	6,961,520	-	-	-	-	-	-	-
Less: accumulated depreciation	6,992,186	7,918,876	-	261,235,568	-	-	-	-
	27,588	1,074,749	-	163,942,060	-	-	-	-
	6,964,598	6,844,127	-	97,293,508	-	-	-	-
Other assets:								
Notes and mortgages receivable	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Insurance deposits	-	-	-	175,223	-	-	-	-
Total other assets	-	-	-	175,223	-	-	-	-
Total assets	\$ 31,673,454	\$ 6,963,640	\$ 22,911	\$ 109,943,096	\$ 6,545	\$ 210,811	\$ 60,021	\$ 450,124

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2007

	Local Initiatives Business Activities	Affordable Housing HOME Investment Partnership Program	Section 8 Moderate Rehabilitation M0002SR0001	Low Rent Public Housing	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable	\$ 570,144	\$ 55,056	\$ 457	\$ 2,227,344	\$ 731	\$ 3,471	\$ 183	\$ 3,836
Accrued wages and taxes payable	3,933	-	82	267,848	132	625	33	691
Accrued compensated absences	745	-	58	135,277	93	439	23	486
Other accrued liabilities	1,474,613	-	1	559,177	3	12	1	15
Due to other programs	3,872,552	189,183	940	-	6,074	7,141	28,482	-
Due to other governments	-	-	10,458	904,581	-	-	-	83,545
Notes and bonds payable - Fannie Mae	2,039,009	-	-	608,638	-	-	-	-
Notes and bonds payable - current portion	647,241	90,945	-	12,332	-	-	-	-
Prepaid rents	62	5,219	-	-	-	-	-	-
Payable from restricted assets:								
Resident security deposits	14,910	46,328	-	982,270	-	-	-	-
Total current liabilities	8,623,209	386,731	11,996	5,697,467	7,033	11,688	28,722	88,573
Noncurrent liabilities:								
Notes payable, net of current portion	19,036,424	7,264,525	-	3,575,150	-	-	-	-
Workers' compensation contingency	-	-	-	536,988	-	-	-	-
Accrued compensated absences	-	-	394	877,455	630	2,994	154	3,309
Payable from restricted assets:								
Family self sufficiency escrows	11,313	-	-	-	-	-	-	-
Total noncurrent liabilities	19,047,737	7,264,525	394	4,989,593	630	2,994	154	3,309
Total liabilities	27,670,946	7,651,256	12,390	10,687,060	7,663	14,682	28,876	91,882
Net assets:								
Investment in property and equipment, net of related debt	6,317,357	(511,343)	-	93,109,720	-	-	-	-
Unrestricted net assets	(2,314,849)	(176,273)	10,521	6,146,316	(1,118)	196,129	31,145	358,242
	4,002,508	(687,616)	10,521	99,256,036	(1,118)	196,129	31,145	358,242
Total liabilities and net assets	\$ 31,673,454	\$ 6,963,640	\$ 22,911	\$ 109,943,096	\$ 6,545	\$ 210,811	\$ 60,021	\$ 450,124

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2007

	Section 8 Moderate Rehabilitation M0004SC0002	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Public Housing Capital Fund Program	Congregate Housing Service Program	Interprogram Elimination	Total
ASSETS								
Current assets:								
Cash and cash equivalents - unrestricted	\$ 21,839	\$ 16,544,459	\$ 810,490	\$ -	\$ -	\$ -	\$ -	\$ 38,919,391
Cash and cash equivalents - restricted	-	806,462	-	-	-	-	-	1,810,489
Investments, at fair value	-	-	-	-	-	-	-	2,940,215
Accounts receivable, net of allowance for doubtful accounts	-	1,153,581	201,878	-	1,670,162	-	-	4,618,579
Due from other governments	-	-	282,926	-	2,576,694	-	-	5,366,651
Due from other programs	-	-	52,332	-	-	-	(7,882,168)	293,847
Inventory, net of allowance for obsolescence	-	-	-	-	-	-	-	394,524
Prepaid expenses	37	51,857	-	-	1	-	-	-
Total current assets	21,876	18,556,359	1,347,626	-	4,246,857	-	(7,882,168)	54,343,696
Property and equipment:								
Land	-	-	-	-	-	-	-	26,998,554
Buildings and building improvements	-	315,527	-	-	-	-	-	239,711,688
Furniture, equipment and machinery	-	469,859	-	-	-	-	-	3,260,254
Construction in progress	-	-	30,284,017	-	69,143,214	-	-	106,388,751
Less: accumulated depreciation	-	785,386	30,284,017	-	69,143,214	-	-	376,359,247
	-	416,858	-	-	47,246	-	-	165,508,501
	-	368,528	30,284,017	-	69,095,968	-	-	210,850,746
Other assets:								
Notes and mortgages receivable	-	-	25,457,560	-	-	-	-	25,457,560
Interest receivable	-	-	6,197,502	-	-	-	-	6,197,502
Insurance deposits	-	-	-	-	-	-	-	175,223
Total other assets	-	-	31,655,062	-	-	-	-	31,830,285
Total assets	21,876	18,924,887	63,286,705	-	73,342,825	-	(7,882,168)	297,024,727

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2007

	Section 8 Moderate Rehabilitation M0002SC0002	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Public Housing Capital Fund Program	Congregate Housing Service Program	Interprogram Elimination	Total
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable	\$ 457	\$ 156,588	\$ 92,004	\$ -	\$ 254,308	\$ -	\$ -	\$ 3,364,579
Accrued wages and taxes payable	82	71,893	435	-	16,867	-	-	362,621
Accrued compensated absences	58	21,667	122,745	-	342	-	-	281,933
Other accrued liabilities	1	4,776	-	-	341,524	-	-	2,380,123
Due to other programs	940	1,805,377	-	23,653	1,947,826	-	(7,882,168)	-
Due to other governments	23,209	-	-	-	-	-	-	1,021,793
Notes and bonds payable - Fannie Mae	-	-	1,931,266	-	-	-	-	3,970,275
Notes and bonds payable - current portion	-	-	-	-	-	-	-	1,346,824
Prepaid rents	-	-	-	-	-	-	-	17,613
Payable from restricted assets:								
Resident security deposits	-	200	-	-	-	-	-	1,043,708
Total current liabilities	24,747	2,060,501	2,146,450	23,653	2,560,867	-	(7,882,168)	13,789,469
Noncurrent liabilities:								
Notes payable, net of current portion	-	-	-	-	-	-	-	29,876,099
Workers' compensation contingency	-	-	-	-	-	-	-	536,988
Accrued compensated absences	394	185,680	-	-	-	-	-	1,082,323
Payable from restricted assets:								
Family self sufficiency escrows	-	808,676	-	-	-	-	-	808,676
Total noncurrent liabilities	394	994,356	-	-	-	-	-	32,304,086
Total liabilities	25,141	3,054,857	2,146,450	23,653	2,560,867	-	(7,882,168)	46,093,555
Net assets:								
Investment in property and equipment, net of related debt	-	368,528	30,284,017	-	69,095,968	-	-	198,664,247
Unrestricted net assets	(3,265)	15,501,502	30,856,238	(23,653)	1,685,990	-	-	52,266,925
	(3,265)	15,870,030	61,140,255	(23,653)	70,781,958	-	-	250,931,172
Total liabilities and net assets	21,876	\$ 18,924,887	\$ 63,286,705	\$ -	\$ 73,342,825	\$ -	(7,882,168)	\$ 297,024,727

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	Local Initiatives Business Activities	Affordable Housing HOME Investment Partnership Program	Section 8 Moderate Rehabilitation M0004SR0001	Low Rent Public Housing	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006
Operating revenues:	\$ 143,000	\$ 693,688	\$ -	\$ 9,604,910	\$ -	\$ -	\$ -	\$ -
Rental revenue	575,409	-	50,068	23,563,869	65,365	576,252	103,278	298,213
Governmental revenue	863,963	3,771	-	667,752	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total operating revenues	1,582,372	697,459	50,068	33,836,531	65,365	576,252	103,278	298,213
Operating expenses:								
Administrative	464,634	117,273	7,017	8,993,997	11,228	53,332	2,806	58,946
Tenant services	2,772	-	-	1,121,888	-	-	-	-
Utilities	451	-	-	8,747,875	-	-	-	-
Ordinary maintenance and operations	(496,504)	433,476	662	11,543,524	1,059	5,031	265	5,561
Protective services	-	-	-	694,248	-	-	-	-
General expenses	71,459	8,026	15	1,634,625	20	19,684	3	36,872
Housing assistance payments	-	-	33,333	-	96,266	453,261	36,965	223,799
Depreciation	1,636	154,512	-	11,486,557	-	-	-	-
Total operating expenses	44,448	819,527	41,027	44,222,714	108,573	531,308	40,039	325,178
Operating income (loss)	1,537,924	(122,068)	9,041	(10,386,183)	(43,208)	44,944	63,239	(26,965)
Nonoperating revenues (expenses):								
Interest revenue	186,636	889	1,742	428,479	2,787	13,239	697	14,633
Interest expense	(868,265)	(97,027)	-	(196,104)	-	-	-	-
Loss on disposition of fixed assets	-	-	-	(582,387)	-	-	-	-
Casualty losses	-	-	-	(84,780)	-	-	-	-
Total nonoperating revenues (expenses)	(681,629)	(96,138)	1,742	(434,792)	2,787	13,239	697	14,633
Change in net assets before capital contributions	856,295	(218,206)	10,783	(10,820,975)	(40,421)	58,183	63,936	(12,332)
Capital contributions	-	-	-	-	-	-	-	-
Net change in net assets	856,295	(218,206)	10,783	(10,820,975)	(40,421)	58,183	63,936	(12,332)
Net assets, beginning of year as reported	2,984,974	(574,439)	(319)	110,085,092	39,211	137,509	(32,814)	370,092
Prior year adjustments and correction of errors	-	(10,487)	57	(8,081)	92	437	23	482
Net assets, beginning of the year as restated	2,984,974	(594,936)	(262)	110,077,011	39,303	137,946	(32,791)	370,574
Operating transfer	768,349	-	-	-	-	-	-	-
Equity transfer	(607,110)	115,526	-	-	-	-	-	-
Net assets, end of year	4,002,506	(687,616)	10,521	99,256,036	(1,118)	196,129	31,145	358,242

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	Section 8 Moderate Rehabilitation M0004SC0002	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Public Housing Capital Fund Program	Congregate Housing Service Program	Interprogram Elimination	Total
Operating revenues:								
Rental revenue	\$ 45,059	\$ 69,576,839	\$ 1,038,905	\$ -	\$ -	\$ 111,300	\$ -	\$ 10,441,598
Governmental revenue	-	404,123	-	-	15,333,679	-	-	111,338,236
Other revenue	-	-	-	-	177	-	-	1,939,786
Total operating revenues	45,059	69,980,962	1,038,905	-	15,333,856	111,300	-	123,719,620
Operating expenses:								
Administrative	7,017	5,146,076	889,044	23,653	1,705,918	-	-	17,480,941
Tenant services	-	4,481	-	-	-	111,300	-	1,240,441
Utilities	-	-	-	-	-	-	-	8,854,566
Ordinary maintenance and operations	682	252,923	-	-	-	-	-	11,746,659
Protective services	-	10,318	-	-	-	-	-	704,566
General expenses	11,387	114,324	858,424	-	-	-	-	2,754,839
Housing assistance payments	28,348	55,282,087	-	-	-	-	-	56,164,059
Depreciation	-	59,216	-	-	-	-	-	11,701,921
Total operating expenses	47,414	60,879,425	1,747,468	23,653	1,705,918	111,300	-	110,647,992
Operating income (loss)	(2,355)	9,101,537	(708,563)	(23,653)	13,627,938	-	-	13,071,628
Nonoperating revenues (expenses):								
Interest revenue	1,742	682,001	1,576,480	-	-	-	-	2,919,325
Interest expense	-	-	-	-	-	-	-	(1,161,396)
Gain (loss) on disposition of fixed assets	-	-	-	-	-	-	-	(582,387)
Casualty losses	-	-	-	-	-	-	-	(84,780)
Total nonoperating revenues (expenses)	1,742	682,001	1,576,480	-	-	-	-	1,090,762
Change in net assets before capital contributions	(613)	9,793,538	867,917	(23,653)	13,627,938	-	-	14,162,990
Capital contributions	-	-	5,098,806	-	1,693,336	-	-	6,792,142
Net change in net assets	(613)	9,793,538	5,966,723	(23,653)	15,321,274	-	-	20,954,532
Net assets, beginning of year as reported	(2,709)	5,584,908	55,174,209	-	56,229,033	-	-	229,994,747
Prior year adjustments and correction of errors	57	-	(677)	-	-	-	-	(18,107)
Net assets, beginning of the year as restated	(2,652)	5,584,908	55,173,532	-	56,229,033	-	-	229,976,640
Operating transfer	-	-	-	-	(768,349)	-	-	-
Equity transfer	-	491,584	-	-	-	-	-	-
Net assets, end of year	(3,265)	15,870,030	61,140,255	(23,653)	70,781,958	-	-	250,931,172

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2007

Line Item #	Account Description	Affordable Housing HOME Investment Partnership Program	Local Initiatives Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004
111	Cash - Unrestricted	\$ 5,149	\$ 21,071,909	\$ 10,179	\$ 16,544,459	\$ 810,490	\$	\$ 176	\$ 5,180
112	Cash - Restricted for Modernization and Development	-	-	-	-	-	-	-	-
113	Cash - Other restricted	-	-	-	806,462	-	-	-	-
114	Cash - Security Deposits	46,328	14,910	942,789	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100	Total Cash	51,477	21,086,819	952,968	17,350,921	810,490	-	176	5,180
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	2,237,474	-	-	282,926	-	6,309	205,351
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125	Accounts Receivable - Misc	50,306	1,382,399	-	1,153,581	201,878	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	17,730	-	159,788	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	(17,265)	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
127	Notes, Loans & Mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - fraud	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-
120	Total Accounts Receivable	68,036	3,619,873	142,523	1,153,581	484,804	-	6,309	205,351
131	Investments - Unrestricted	-	-	2,940,215	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liab	-	-	-	-	-	-	-	-
142	Prepaid Expenses	-	2,164	-	-	-	-	-	-
143	Inventories	-	-	339,764	51,857	-	-	60	280
143.1	Allowance for Obsolete Inventories	-	-	(379,847)	-	-	-	-	-
144	Interprogram Due From	-	-	(86,000)	-	-	-	-	-
145	Assets held for Sale	-	-	7,805,048	-	52,332	-	-	-
146	Amounts to be provided	-	-	-	-	-	-	-	-
150	Total Current Assets	119,513	24,708,856	12,474,365	18,556,359	1,347,626	-	6,545	210,811
161	Land	1,578,043	-	25,420,511	-	-	-	-	-
162	Building	6,940,833	-	233,055,328	-	-	-	-	-
163	Furniture, Equipment & machinery - Dwellings	-	-	-	-	-	-	-	-
164	Furniture, Equipment & machinery - Admin	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	30,666	2,759,729	469,859	-	-	-	-
168	Infrastructure	-	-	-	315,527	-	-	-	-
166	Accumulated Depreciation	(1,074,749)	(27,588)	(163,942,050)	(416,858)	-	-	-	-
167	Construction in Progress	-	6,961,520	-	-	-	-	-	-
160	Total Fixed Assets, Net of Depreciation	6,844,127	6,964,598	97,293,508	368,528	30,284,017	-	-	-
171	Notes, Loans & Mortgages Recble - Non Current	-	-	-	-	-	-	-	-
172	Notes, Loans & Mortgages Recble - Non Current-Past Due	-	-	-	-	25,457,560	-	-	-
173	Grants Receivable - non current	-	-	-	-	-	-	-	-
174	Other Assets	-	-	175,223	-	6,197,502	-	-	-
180	Total Non-Current Assets	6,844,127	6,964,598	97,468,731	368,528	61,939,079	-	-	-
190	Total Assets	\$ 6,963,640	\$ 31,673,454	\$ 109,943,096	\$ 18,924,887	\$ 63,286,705	\$	\$ 6,545	\$ 210,811

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2007

Line Item #	Account Description	Affordable Housing HOME Investment Partnership Program	Local Initiatives Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004
311	Bank Overdraft	\$ 55,056	\$ 570,144	\$ 2,227,344	\$ 156,588	\$ 92,004	\$ -	\$ 731	\$ 3,471
312	Accounts Payable <= 90 Days	-	-	-	-	-	-	-	-
313	Accounts Payable > 90 days	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes payable	-	3,933	267,848	71,893	435	-	132	625
322	Accrued Compensated Balances	-	745	135,277	21,667	122,745	-	93	439
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	-
342	Deferred Revenues	46,328	14,910	200	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects	5,219	62	12,332	-	-	-	-	-
344	Other Current Liabilities	90,945	647,241	608,638	-	-	-	-	-
345	Accrued Liabilities - Other	-	455,730	-	-	-	-	-	-
346	Interprogram Due to	189,183	1,018,883	559,177	4,776	-	-	3	12
347	Loan Liability - Current	-	3,872,552	1,805,377	-	-	23,653	6,074	7,141
348	Loan Liability - Non-current	-	2,039,009	-	-	-	-	-	-
310	Total Current Liabilities	388,731	8,623,209	5,697,467	2,060,501	1,931,266	23,653	7,033	11,688
351	Long-term Debt, Net of Current-Capital Projects	7,264,525	-	3,575,150	-	-	-	-	-
352	Long-term Debt, Net of Current-operating borrowings	-	-	-	-	-	-	-	-
353	Non-Current Liabilities - Other	-	-	536,988	808,676	-	-	-	-
354	Accrued Compensated Balances - Non-Current	-	11,313	877,455	185,680	-	-	630	2,994
355	Loan Liability - non-current	-	19,036,424	-	-	-	-	-	-
350	Total Non-Current Liabilities	7,264,525	19,047,737	4,989,593	994,356	-	-	630	2,994
300	Total Liabilities	7,651,256	27,670,946	10,687,060	3,054,857	2,146,450	23,653	7,663	14,682
Equity									
501	Investment in general fixed assets	-	-	-	-	-	-	-	-
Contributed Capital									
502	Project Notes (HUD)	-	-	-	-	-	-	-	-
503	Long-term Debt - HUD Guaranteed	-	-	-	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-	-	-	-
507	Other Contributions	-	-	-	-	-	-	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	(511,343)	6,317,357	93,109,720	368,528	30,284,017	-	-	-
509	Reserved Fund Balance	-	-	-	-	-	-	-	-
510	Reserved for operating activities	-	-	-	-	-	-	-	-
511	Reserved for Capital activities	-	-	-	-	-	-	-	-
511.1	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-
512	Unrestricted Net Assets	(176,273)	(2,314,849)	6,146,316	806,462	30,856,238	(23,653)	(1,118)	196,129
512.1	Unrestricted Net Assets	(687,616)	4,002,508	99,256,036	15,870,030	61,140,255	(23,653)	(1,118)	196,129
513	Total Equity	6,963,640	31,673,454	109,943,096	18,924,887	63,286,705	6,545	6,545	210,811
600	Total Liabilities and Equity								

See report of independent auditors.

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CINCINNATI, OHIO
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JUNE 30, 2007

Line Item #	Account Description	Affordable Housing HOME Investment Partnership Program	Local Initiatives Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004
703	Net Tenant Rental Revenue	\$ 679,429	\$ 143,000	\$ 9,190,861					
704	Tenant Revenue - Other	14,259		414,049					
705	Total Tenant Revenue	693,688	143,000	9,604,910					
706	HUD PHA Grants - soft cost revenue				69,576,839	1,038,905		65,365	576,252
706.1	Capital Grants					5,098,806			
708	Other Government Grants								
711	Investment Income - Unrestricted	889	186,636	428,479	692,001	1,576,480		2,787	13,239
712	Mortgage Interest Income								
713	Proceeds from disposition of assets held for sale								
713.1	Cost of Sale of Assets								
714	Fraud Recovery								
715	Other Revenue	3,771	1,439,372	667,752	404,123				
716	Gain/Loss on Sale of Fixed Assets			(582,387)					
720	Investment Income - Restricted								
700	Total Revenue	698,348	1,769,008	33,682,623	70,672,963	7,714,191		68,152	589,491
911	Administrative Salaries	48,824	198,798	4,293,520	3,118,804	(404)		7,649	36,331
912	Auditing Fees			45,792	11,367				
913	Outside Management Fees	39,621		118,308					
914	Compensated Balances		7,036	(36,137)	59,509	122,769		634	3,011
915	Employee Benefit Contributions - Admin	16,208	55,800	1,687,309	805,337	(924)		1,353	6,428
916	Other Operating - Administrative	12,620	203,000	2,885,205	1,151,059	767,803		1,592	7,562
921	Tenant Services - Salaries			430,367					
922	Relocation Costs		2,016	51,728	4,481				
923	Employee Benefit Contributions - Tenant Serv			160,564					
924	Tenant Services - Other		756	479,229			23,653		
931	Water		143	2,103,026					
932	Electricity		308	2,746,447					
933	Gas			3,071,332					
934	Fuel								
935	labor			592,315					
937	Employee Benefit Contributions - Utilities			234,755					
938	Other Utility Expense	106,240							
941	Ordinary Maintenance & Operations - Labor	83,198							
942	Ordinary Maintenance & Operations - Materials and Other	75,010	16,385	5,234,650					
943	Ordinary Maintenance & Operations - Contract Costs	247,787	(512,889)	1,516,517	4,916			853	4,052
945	Employee Benefit contributions - Ordinary Maintenance	27,481		2,712,751	248,007			206	979
951	Protective Service - Labor			2,079,606					
952	Protective Service - Other Contract Costs			373,308					
953	Protective Services - Other			182,781	10,318				
955	Employee Benefit contributions - Protective Services			7,805					
961	Insurance Premiums		5,510	130,354					
962	Other General Expense	1,783	63,006	857,576	27,256			7	
963	Payments in Lieu of Taxes			126,217	83,150	858,424			19,621
964	Bad Debt - Tenant Rents	6,243		368,661					
965	Bad Debt - Mortgages			197,642	(664)				
966	Bad Debt - Other								
967	Interest Expense	97,027	973						
968	Severance Expense		868,265	196,104					
969	Total Operating Expenses	762,042	909,623	32,932,261	5,528,122	1,747,468	23,653	12,307	78,047

See report of independent auditors.

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CINCINNATI, OHIO
FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2007

Line Item #	Account Description	Affordable Housing HOME Investment Partnership Program	Local Initiatives Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation M0004MR0002	Section 8 Moderate Rehabilitation M0004MR0004
970	Excess Operating Revenue over Operating Expenses	\$ (63,694)	\$ 859,385	\$ 750,362	\$ 65,144,841	\$ 5,966,723	\$ (23,653)	\$ 55,845	\$ 511,444
971	Extraordinary Maintenance	-	1,454	-	-	-	-	-	-
972	Causality Losses - Non-Capitalized	-	-	84,780	-	-	-	-	-
973	Housing Assistance Payments	-	-	-	55,292,087	-	-	96,266	453,261
974	Depreciation Expense	154,512	1,636	11,486,557	59,216	-	-	-	-
975	Fraud Losses	-	-	-	-	-	-	-	-
976	Capital Outlays - governmental funds	-	-	-	-	-	-	-	-
977	Debt principal payment - governmental funds	-	-	-	-	-	-	-	-
978	Dwelling units rent expense	-	-	-	-	-	-	-	-
900	Total Expenses	916,554	912,713	44,503,598	60,879,425	1,747,468	23,653	108,573	531,308
1000	Excess(Deficiency) of Operating Revenue over (Under) Expenses	\$ (218,206)	\$ 856,295	\$ (10,820,975)	\$ 9,793,538	\$ 5,966,723	\$ (23,653)	\$ (40,421)	\$ 58,183

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FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
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Line Item #	Account Description	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006	Section 8 Moderate Rehabilitation M0004SC0002	Section 8 Moderate Rehabilitation M0004SR0001	Public Housing Capital Fund Program	Congregate Housing Service Program	Total
111	Cash - Unrestricted	2,109						
112	Cash - Restricted for Modernization and Development							
113	Cash - Other restricted							
114	Cash - Security Deposits							806,462
115	Cash - Restricted for Payment of Current Liabilities							1,004,027
100	Total Cash	2,109	425,027	21,839	22,874			40,729,880
121	Accounts Receivable - PHA Projects	57,897						57,897
122	Accounts Receivable - HUD Other Projects					2,576,694		5,308,754
124	Accounts Receivable - Other Government							
125	Accounts Receivable - Misc							
126	Accounts Receivable - Tenants - Dwelling Rents					1,670,162		4,458,326
126.1	Allowance for Doubtful Accounts - Dwelling Rents							177,518
126.2	Allowance for Doubtful Accounts - Other							(17,265)
127	Notes, Loans & Mortgages receivable - current							
128	Fraud Recovery							
128.1	Allowance for Doubtful Accounts - fraud							
129	Accrued Interest Receivable							
120	Total Accounts Receivable	57,897				4,246,856		9,985,230
131	Investments - Unrestricted							
132	Investments - Restricted							
135	Investments - Restricted for Payment of Current Liab							
142	Prepaid Expenses	15	309	37	37	1		394,524
143	Inventories							379,847
143.1	Allowance for Obsolete Inventories							(86,000)
144	Interprogram Due From		24,788					7,882,168
145	Assets held for Sale							
146	Amounts to be provided							
150	Total Current Assets	60,021	450,124	21,876	22,911	4,246,857		62,225,864
161	Land							
162	Building							26,998,554
163	Furniture, Equipment & machinery - Dwellings							239,396,161
164	Furniture, Equipment & machinery - Admin							
165	Leasehold Improvements							3,260,254
166	Infrastructure							315,527
166	Accumulated Depreciation							
167	Construction in Progress					(47,246)		(165,508,501)
160	Total Fixed Assets, Net of Depreciation					69,143,214		106,388,751
171	Notes, Loans & Mortgages Rec'ble - Non Current							210,850,746
172	Notes, Loans & Mortgages Rec'ble - Non Current-Past Due							
173	Grants Receivable - non current							25,457,560
174	Other Assets							
180	Total Non-Current Assets					69,095,968		6,372,725
190	Total Assets	60,021	450,124	21,876	22,911	73,342,825		304,906,895

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CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
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JUNE 30, 2007

Line Item #	Account Description	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006	Section 8 Moderate Rehabilitation M0004SC0002	Section 8 Moderate Rehabilitation M0004SR0001	Public Housing Capital Fund Program	Congregate Housing Service Program	Total
311	Bank Overdraft	183						
312	Accounts Payable <= 90 Days		3,836	457	457	254,308		3,364,579
313	Accounts Payable > 90 days							
321	Accrued Wage/Payroll Taxes payable	33	691	82	82	16,867		362,621
322	Accrued Compensated Balances	23	486	58	58	342		281,933
324	Accrued Contingency Liability							
325	Accrued Interest Payable							
331	Accounts Payable - HUD PHA Programs		83,645	23,209	10,458			117,212
332	Accounts Payable - PHA Projects							
333	Accounts Payable - Other Government							
341	Tenant Security Deposits							904,581
342	Deferred Revenues							1,043,708
343	Current Portion of Long-term Debt - Capital Projects							17,613
345	Other Current Liabilities					341,524		1,346,824
346	Accrued Liabilities - Other	1	15	1	1			797,254
347	Interprogram Due to	28,482		940	940	1,947,826		1,582,869
348	Loan Liability - Current							7,882,168
310	Total Current Liabilities	28,722	88,573	24,747	11,996	2,560,867		3,970,275
351	Long-term Debt, Net of Current-Capital Projects							21,671,637
352	Long-term Debt, Net of Current-operating borrowings							10,839,675
353	Non-Current Liabilities - Other							
354	Accrued Compensated Balances - Non-Current	154	3,309	394	394			1,345,664
355	Loan Liability - non-current							1,082,323
350	Total Non-Current Liabilities	154	3,309	394	394			19,036,424
300	Total Liabilities	28,876	91,882	25,141	12,390	2,560,867		32,304,086
	Equity							
501	Investment in general fixed assets							53,975,723
	Contributed Capital							
502	Project Notes (HUD)							
503	Long-term Debt - HUD Guaranteed							
504	Net HUD PHA Contributions							
505	Other HUD Contributions							
507	Other Contributions							
508	Total Contributed Capital							
508.1	Invested in Capital Assets, Net of Related Debt							
	Reserved Fund Balance					69,095,968		198,664,247
509	Reserved for operating activities							
510	Reserved for Capital activities							
511	Total Reserved Fund Balance							
511.1	Restricted Net Assets							
512	Undesignated Fund Balance/Retained Earnings							806,462
512.1	Unrestricted Net Assets	31,145	358,242	(3,265)	10,521	1,685,990		51,460,463
513	Total Equity	31,145	358,242	(3,265)	10,521	70,781,958		250,931,172
600	Total Liabilities and Equity	60,021	450,124	21,876	22,911	73,342,825		304,906,895

See report of independent auditors.

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CINCINNATI, OHIO
FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
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Line Item #	Account Description	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006	Section 8 Moderate Rehabilitation M0004SC0002	Section 8 Moderate Rehabilitation M0004SR0001	Public Housing Capital Fund Program	Congregate Housing Service Program	Total
703	Net Tenant Rental Revenue							10,013,290
704	Tenant Revenue - Other							428,308
705	Total Tenant Revenue							10,441,598
706	HUD PHA Grants - soft cost revenue	103,278	298,213	45,059	50,068	15,333,679	111,300	110,762,827
706.1	Capital Grants					1,693,336		6,792,142
708	Other Government Grants							
711	Investment Income - Unrestricted	697	14,633	1,742	1,742			2,919,325
712	Mortgage Interest Income							
713	Proceeds from disposition of assets held for sale							
713.1	Cost of Sale of Assets							
714	Fraud Recovery							
715	Other Revenue							
716	Gain/Loss on Sale of Fixed Assets					177		2,515,195
720	Investment Income - Restricted							(582,387)
700	Total Revenue	103,975	312,846	46,801	51,810	17,027,192	111,300	132,848,700
911	Administrative Salaries	1,912	40,155	4,780	4,780			7,755,149
912	Auditing Fees							57,159
913	Outside Management Fees							157,929
914	Compensated Balances	158	3,328	396	396	342		161,442
915	Employee Benefit Contributions - Admin	338	7,105	846	846			2,580,646
916	Other Operating - Administrative	398	8,358	995	995	1,705,576		6,744,963
921	Tenant Services - Salaries							430,367
922	Relocation Costs							58,225
923	Employee Benefit Contributions - Tenant Serv							160,564
924	Tenant Services - Other						111,300	614,938
931	Water							2,103,169
932	Electricity							2,746,755
933	Gas							3,071,332
934	Fuel							
935	labor							
937	Employee Benefit Contributions - Utilities							592,315
938	Other Utility Expense							234,755
941	Ordinary Maintenance & Operations - labor							106,240
942	Ordinary Maintenance & Operations - Materials and Other	213	4,479	533	533			5,317,848
943	Ordinary Maintenance & Operations - Contract Costs	52	1,082	129	129			1,623,491
945	Employee Benefit contributions - Ordinary Maintenance							2,698,233
951	Protective Service - Labor							2,107,087
952	Protective Service - Other Contract Costs							373,308
953	Protective Services - Other							193,099
955	Employee Benefit contributions - Protective Services							7,805
961	Insurance Premiums							130,354
962	Other General Expense							890,349
963	Payments in Lieu of Taxes				7			1,200,390
964	Bad Debt - Tenant Rents							368,661
965	Bad Debt - Mortgages							203,221
966	Bad Debt - Other							
967	Interest Expense							973
968	Severance Expense							1,161,396
969	Total Operating Expenses	3,074	101,379	19,066	7,694	1,705,918	111,300	43,941,954

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FINANCIAL DATA SCHEDULE (FDS) ELECTRONIC SUBMISSION OF ANNUAL FINANCIAL STATEMENTS
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Line Item #	Account Description	Section 8 Moderate Rehabilitation M0004MR0005	Section 8 Moderate Rehabilitation M0004MR0006	Section 8 Moderate Rehabilitation M0004SC0002	Section 8 Moderate Rehabilitation M0004SR0001	Public Housing Capital Fund Program	Congregate Housing Service Program	Total
970	Excess Operating Revenue over Operating Expenses	\$ 100,901	\$ 211,467	\$ 27,735	\$ 44,116	\$ 15,321,274	\$ -	\$ 88,906,746
971	Extraordinary Maintenance	-	-	-	-	-	-	1,454
972	Causality Losses - Non-Capitalized	-	-	-	-	-	-	84,780
973	Housing Assistance Payments	36,965	223,799	28,348	33,333	-	-	56,164,059
974	Depreciation Expense	-	-	-	-	-	-	11,701,921
975	Fraud Losses	-	-	-	-	-	-	-
976	Capital Outlays - governmental funds	-	-	-	-	-	-	-
977	Debt principal payment - governmental funds	-	-	-	-	-	-	-
978	Dwelling units rent expense	-	-	-	-	-	-	-
900	Total Expenses	40,039	325,178	47,414	41,027	1,705,918	111,300	111,894,168
1000	Excess(Deficiency) of Operating Revenue over (Under) Expenses	\$ 63,936	\$ (12,332)	\$ (613)	\$ 10,783	\$ 15,321,274	\$ -	\$ 20,954,532

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM
COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Program	<u>CFP 501-01</u>	<u>CFP 501-02</u>	<u>CFP 501-03</u>
Budget	\$ <u>16,472,068</u>	\$ <u>14,371,877</u>	\$ <u>11,651,861</u>
Advances:			
Cash receipts - prior years	\$ 16,742,068	\$ 14,371,877	\$ 11,651,861
Cash receipts - current year	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2007	\$ <u>16,742,068</u>	\$ <u>14,371,877</u>	\$ <u>11,651,861</u>
Costs:			
Prior years	\$ 16,742,068	\$ 14,371,877	\$ 11,651,861
Current year	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2007	\$ <u>16,742,068</u>	\$ <u>14,371,877</u>	\$ <u>11,651,861</u>
Excess/(deficiency) of advances due to/(from) HUD	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The Actual Modernization Cost Certificates are in agreement with Authority records.

All modernization work in connection with the grants has been completed.

All liabilities have been paid and there are no undischarged mechanics', laborers', contractors' or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL HOPE VI
GRANT PROGRAM COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Program	<u>Lincoln</u>	<u>Laurel</u>	<u>Lincoln Demo</u>	<u>Total</u>
Budget	\$ 31,093,590	\$ 35,000,000	\$ 2,563,440	\$ 68,657,030
Advances:				
Cash receipts - prior years	\$ 30,870,183	\$ 27,375,460	\$ 2,563,440	\$ 60,809,083
Cash receipts - current year	6,086	5,855,983	-	5,862,069
Cumulative as of June 30, 2007	<u>\$ 30,876,269</u>	<u>\$ 33,231,443</u>	<u>\$ 2,563,440</u>	<u>\$ 66,671,152</u>
Costs and loans:				
Prior years	\$ 30,870,183	\$ 27,551,963	\$ 2,563,440	\$ 60,985,586
Current year	10,155	5,958,337	-	5,968,492
	<u>\$ 30,880,338</u>	<u>\$ 33,510,300</u>	<u>\$ 2,563,440</u>	<u>\$ 66,954,078</u>
Excess/(deficiency) of advances due to/(from) HUD	<u>\$ (4,069)</u>	<u>\$ (278,857)</u>	<u>\$ -</u>	<u>\$ (282,926)</u>
Actual Modernization Cost Certificate issued and agreed to Authority records?	<u>No</u>	<u>No</u>	<u>No</u>	
Soft costs - HUD				
Prior years	\$ 6,741,452	\$ 5,265,299	\$ 2,563,440	\$ 14,570,191
Current year	9,857	757,475	-	767,332
Cumulative as of June 30, 2007	<u>\$ 6,751,309</u>	<u>\$ 6,022,774</u>	<u>\$ 2,563,440</u>	<u>\$ 15,337,523</u>
Hard costs - HUD				
Prior years	\$ 15,639,685	\$ 14,399,375	\$ -	\$ 30,039,060
Current year	297	5,098,508	-	5,098,805
Cumulative as of June 30, 2007	<u>\$ 15,639,982</u>	<u>\$ 19,497,883</u>	<u>\$ -</u>	<u>\$ 35,137,865</u>
Loans to developer and others				
Prior years	\$ 8,489,044	\$ 8,346,449	\$ -	\$ 16,835,493
Current year	-	-	-	-
Cumulative as of June 30, 2007	<u>\$ 8,489,044</u>	<u>\$ 8,346,449</u>	<u>\$ -</u>	<u>\$ 16,835,493</u>
Cumulative costs and loans - HUD	<u>\$ 30,880,335</u>	<u>\$ 33,867,106</u>	<u>\$ 2,563,440</u>	<u>\$ 67,310,881</u>
CDBG loan expenditures				
Prior years	\$ 1,037,782	\$ 2,237,475	\$ -	\$ 3,275,257
Current year	-	-	-	-
Cumulative as of June 30, 2007	<u>\$ 1,037,782</u>	<u>\$ 2,237,475</u>	<u>\$ -</u>	<u>\$ 3,275,257</u>

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL DRUG ELIMINATION
COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Budget	\$ <u><u>1,606,085</u></u>
Advances:	
Cash receipts - prior years	\$ 1,606,085
Cash receipts - current year	<u>-</u>
Cumulative as of June 30, 2007	\$ <u><u>1,606,085</u></u>
Costs:	
Prior years	\$ 1,606,085
Current year	<u>-</u>
Cumulative as of June 30, 2007	\$ <u><u>1,606,085</u></u>
Excess/(deficiency) of advances due to/(from) HUD	\$ <u><u>-</u></u>
Final SF 269a issued and agreed to PHA records	<u>No</u>
Soft costs	
Prior years	\$ 1,606,085
Current year	<u>-</u>
Cumulative as of June 30, 2007	\$ <u><u>1,606,085</u></u>
Hard costs	
Prior years	\$ -
Current year	<u>-</u>
Cumulative as of June 30, 2007	\$ <u><u>-</u></u>
Cumulative hard and soft costs	\$ <u><u>1,606,085</u></u>

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL RESIDENT OPPORTUNITY AND SUPPORTIVE
SERVICES (ROSS) COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Program	<u>OH99RSE004P0197</u>	<u>OH99RSE004P0089</u>	<u>OH99RSE004P0099</u>	<u>Total</u>
Budget	\$ <u>150,000</u>	\$ <u>202,957</u>	\$ <u>300,000</u>	\$ <u>652,957</u>
Advances:				
Cash receipts - prior years	\$ 150,000	\$ 202,957	\$ 299,994	\$ 652,951
Cash receipts - current year	<u>-</u>	<u>-</u>	<u>23,459</u>	<u>23,459</u>
Cumulative as of June 30, 2007	<u>\$ 150,000</u>	<u>\$ 202,957</u>	<u>\$ 323,453</u>	<u>\$ 676,410</u>
Costs:				
Prior years	\$ 150,000	\$ 202,957	\$ 299,994	\$ 652,951
Current year	<u>-</u>	<u>-</u>	<u>23,459</u>	<u>23,459</u>
	<u>\$ 150,000</u>	<u>\$ 202,957</u>	<u>\$ 323,453</u>	<u>\$ 676,410</u>
Excess/(deficiency) of advances due to/(from) HUD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Final SF 269a issued and agreed to PHA records	<u>No</u>	<u>No</u>	<u>No</u>	
Soft costs				
Prior years	\$ 150,000	\$ 202,957	\$ 39,461	\$ 392,418
Current year	<u>-</u>	<u>-</u>	<u>260,533</u>	<u>260,533</u>
Cumulative as of June 30, 2007	<u>\$ 150,000</u>	<u>\$ 202,957</u>	<u>\$ 299,994</u>	<u>\$ 652,951</u>
Hard costs				
Prior years	\$ -	\$ -	\$ -	\$ -
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cumulative hard and soft costs	<u>\$ 150,000</u>	<u>\$ 202,957</u>	<u>\$ 299,994</u>	<u>\$ 652,951</u>

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL CONGREGATE
HOUSING SERVICES PROGRAM COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Budget	\$ <u><u>1,133,503</u></u>
Advances:	
Cash receipts - prior years	\$ 1,315,577
Cash receipts - current year	<u>111,300</u>
Cumulative as of June 30, 2007	\$ <u><u>1,426,877</u></u>
Costs:	
Prior years	\$ 1,315,577
Current year	<u>111,300</u>
Cumulative as of June 30, 2007	\$ <u><u>1,426,877</u></u>
Excess/(deficiency) of advances due to/(from) HUD	\$ <u><u>-</u></u>
Final SF 269a issued and agreed to PHA records	<u>No</u>
Soft costs	
Prior years	\$ 1,315,577
Current year	<u>111,300</u>
Cumulative as of June 30, 2007	\$ <u><u>1,426,877</u></u>
Hard costs	
Prior years	\$ -
Current year	<u>-</u>
Cumulative as of June 30, 2007	\$ <u><u>-</u></u>
Cumulative hard and soft costs	\$ <u><u>1,426,877</u></u>

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL CAPITAL FUND
PROGRAM COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Program	CFP 501-01	CFP 501-02	CFP 501-03	712 CFP 502-03	713 CFP 501-04	714 CFP 501-05	715 CFP 501-06	RHF CFP 701-99
Budget	\$ 16,472,068	\$ 14,371,877	\$ 11,651,861	\$ 2,799,457	\$ 12,817,841	\$ 11,678,793	\$ 12,319,032	\$ 131,041
Advances:								
Cash receipts - prior years	\$ 16,472,068	\$ 14,371,877	\$ 11,783,891	\$ 2,799,456	\$ 12,075,535	\$ 6,452,573	\$ 4,942,000	\$ 131,041
Cash receipts - current year	-	-	-	-	742,306	5,159,073	4,942,000	-
Cumulative as of June 30, 2007	\$ 16,472,068	\$ 14,371,877	\$ 11,783,891	\$ 2,799,456	\$ 12,817,841	\$ 11,611,646	\$ 4,942,000	\$ 131,041
Costs and loans:								
Prior years	\$ 16,472,068	\$ 14,371,877	\$ 11,783,891	\$ 2,799,456	\$ 12,468,092	\$ 7,509,205	\$ 5,407,773	\$ 131,041
Current year	-	-	-	-	349,749	4,104,141	5,407,773	-
Excess/(deficiency) of advances due to/(from) HUD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,700)	\$ (465,773)	\$ -
Actual Modernization Cost Certificate issued and agreed to Authority records?	Yes	Yes	Yes	No	No	No	No	Yes
Soft costs								
Prior years	\$ 1,783,563	\$ 1,545,920	\$ 1,346,114	\$ -	\$ 621,646	\$ 1,593,177	\$ 1,404,948	\$ -
Current year	-	-	-	-	-	300,628	1,404,948	-
Cumulative as of June 30, 2007	\$ 1,783,563	\$ 1,545,920	\$ 1,346,114	\$ -	\$ 621,646	\$ 1,893,805	\$ 1,404,948	\$ -
Hard costs								
Prior years	\$ 14,688,505	\$ 12,825,957	\$ 10,467,777	\$ 2,799,456	\$ 11,846,446	\$ 5,916,028	\$ 3,618,484	\$ 131,041
Current year	-	-	-	-	349,749	3,419,328	3,618,484	-
Cumulative as of June 30, 2007	\$ 14,688,505	\$ 12,825,957	\$ 10,467,777	\$ 2,799,456	\$ 12,196,195	\$ 9,335,356	\$ 3,618,484	\$ 131,041
Cumulative hard and soft costs	\$ 16,472,068	\$ 14,371,877	\$ 11,813,891	\$ 2,799,456	\$ 12,817,841	\$ 11,229,161	\$ 5,023,432	\$ 131,041

See report of independent auditors.

CINCINNATI METROPOLITAN HOUSING AUTHORITY
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL CAPITAL FUND
PROGRAM COSTS AND ADVANCES
YEAR ENDED JUNE 30, 2007**

Program	RHF CFP 501-99	RHF CFP 501-00	RHF CFP 501-01	RHF CFP 501-02	RHF CFP 501-03	RHF CFP 502-03	Total
Budget	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 1,957,302	\$ 89,727,656
Advances:							
Cash receipts - prior years	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 62,477	\$ 69,677,302
Cash receipts - current year	-	-	-	-	-	490,964	11,334,343
Cumulative as of June 30, 2007	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 553,441	\$ 81,011,645
Costs and loans:							
Prior years	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 62,477	\$ 71,126,491
Current year	-	-	-	-	-	621,432	10,483,095
Excess/(deficiency) of advances due to/(from) HUD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (130,468)	\$ (597,941)
Actual Modernization Cost Certificate issued and agreed to Authority records?	Yes	No	No	No	No	No	
Soft costs							
Prior years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,675,597
Current year	-	-	-	-	-	-	-
Cumulative as of June 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,675,597
Hard costs							
Prior years	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 62,477	\$ 64,266,071
Current year	-	-	-	-	-	621,432	8,008,993
Cumulative as of June 30, 2006	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 683,909	\$ 72,275,064
Cumulative hard and soft costs	\$ 233,663	\$ 453,486	\$ 1,658,739	\$ 2,744,946	\$ 437,550	\$ 683,909	\$ 76,950,661

See report of independent auditors.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
CINCINNATI, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/PROGRAM	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development			
Public and Indian Housing	14.850		\$ 23,563,869
Section 8 Moderate Rehabilitation	14.856	MO002MR0002	\$ 65,365
Section 8 Moderate Rehabilitation	14.856	MO002MR0004	576,252
Section 8 Moderate Rehabilitation	14.856	MO002MR0005	103,278
Section 8 Moderate Rehabilitation	14.856	MO002MR0006	<u>298,213</u>
Total Section 8 Moderate Rehabilitation	14.856		1,043,108
Section 8 Housing Choice Vouchers	14.871		69,576,839
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	MO004SRO001	50,068
Section 8 New Construction and Substantial Rehabilitation	14.182	MO004SC0002	45,059
Congregate Housing Service Program	14.170		111,300
Revitalization of Severely Distressed Public Housing	14.866		6,137,711
Public Housing Capital Fund Program	14.872		<u>17,027,015</u>
Total Expenditures of Federal Awards			\$ <u><u>117,554,969</u></u>

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cincinnati Metropolitan Housing Authority and is presented on the basis of accounting described in the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts were presented in, or used in the preparation of, the financial statements.

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



To the Board of Trustees
Cincinnati Metropolitan Housing Authority

We have audited the financial statements of the Cincinnati Metropolitan Housing Authority (a nonprofit organization) (CMHA), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 18, 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 CMHA'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 CMHA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CMHA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 CMHA'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 CMHA's financial statements that is more than inconsequential will not be prevented or detected by CMHA's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These deficiencies are described as items 2007-01 and 2007-02.

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 CMHA'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 that are also material weaknesses. However, of the significant deficiencies described above, we consider item 2007-02 to be a material weakness.

CERTIFIED PUBLIC ACCOUNTANTS

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether CMHA'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 Audit Standards*.

CMHA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CMHA's response and, accordingly, we express no opinion in it.

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

A handwritten signature in black ink, appearing to be the initials 'CSD'.

December 18, 2007

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

To the Board of Trustees
Cincinnati Metropolitan Housing Authority



Compliance

We have audited the compliance of Cincinnati Metropolitan Housing Authority (CMHA) 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. CMHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CMHA's management. Our responsibility is to express an opinion on CMHA'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 CMHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CMHA's compliance with those requirements.

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

Internal Control Over Compliance

The management of CMHA 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 CMHA'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 CMHA'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 allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

CERTIFIED PUBLIC ACCOUNTANTS

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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.

Reporting Requirements and Communication Considerations

CMHA's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit CMHA's response and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink, appearing to be the initials 'CSA'.

December 18, 2007

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Section I – Summary of auditors’ results

FINANCIAL STATEMENTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
FEDERAL AWARDS	
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs Compliance Opinion	Unqualified
Are there any reportable findings under Section 510?	No
Major Programs (list):	<i>14.872 Public Housing Capital Fund 14.850 Public and Indian Housing 14.871 Section 8 Housing Choice Vouchers 14.866 Revitalization of Severely Distressed Public Housing</i>
Dollar Threshold: Type A/B Programs	Type A: > \$3,000,000 Type B: all others
Low risk auditee?	Yes

Section II – Financial statement findings and questioned costs

2007-01 *Account Analyses Schedules and Post-Closing Correcting Journal Entries*

Condition: Some account analyses schedules were not prepared in accordance with the agreed upon timeline. Additionally, many post-closing correcting journal entries were prepared after receipt of the Agency's trial balances.

Criteria: Internal controls should be in place so that all account analyses schedules can be prepared in a timely manner and so that the need for post-closing correcting journal entries can be significantly reduced.

Effect: The failure to receive all account analyses schedules at the commencement of the audit and the numerous post-closing correcting journal entries contributed to the delay in the audit process.

Recommendation: A review of the entire year-end account analysis procedures should be performed to eliminate any unnecessary analysis. Additionally, we suggest controls be in place to eliminate the need for reclassification and correcting journal entries.

2007-02 *Bank Reconciliations*

Condition: Several bank accounts were not reconciled until several months past year-end.

Criteria: Internal controls should be in place so that all bank accounts are properly reconciled promptly and approved in a timely manner.

Effect: The failure to receive all reconciled bank accounts in a timely fashion contributed to the delay in the audit process.

Recommendation: We suggest that every effort be made to ensure all bank accounts are reconciled and approved in a timely manner.

CMHA management response:

Account Analyses Schedules and Post-Closing Correcting Journal Entries

The Audit team has issued a "significant deficiency" regarding certain analyses and correcting journal entries provided during CMHA's FY2007 audit. They have provided feedback that CMHA's accounting department did not prepare most of the year-end analyses for the audit in accordance with the established time schedule as agreed upon by both parties. They also state that this fact combined with the submission of excessive correcting journal entries contributed to the delay in the audit process. CMHA strongly disagrees with the Auditor's assessment.

The timeline established for CMHA's annual audit was set based on CMHA's goal of submitting the final audit report to the Board of Commissioners by the December 18th board meeting. This due date was established by CMHA's Finance Department. According to the GASB and HUD, OMB Circular A-133 audits are due for submission within 30 days of receipt from the auditor or within 9 months after the end of a fiscal year. CMHA's audit of FY2007 is technically due March 31, 2008. The delay in the audit process solely applied to CMHA's timeline and not any regulatory requirement as implied.

During pre-planning meetings with the Auditor, it was decided that the trial balance would need to be provided no later than October 15th in order to meet the timeline initiated by CMHA. It was explained to the Auditor at that point that there would be many client requested journal entries following their receipt of the trial balance due to additional scrutiny of the accounts handled by the many new accountants on staff. The Auditor assured CMHA that they would accept the client requested journal entries as long as copies were provided. With HUD issuing a mandatory requirement for stop-loss housing authorities to convert to asset management by the beginning of FY2008, CMHA, in preparation for this conversion, began a trial of asset management financials and budgets during FY2007. Nearly half of the client requested journal entries were utility re-classifications from one asset management property to another and were not materially relevant, nor would they impact the bottom line of CMHA's financial position since all property financials during 2007 were still consolidated. The individual property financials were not yet required for HUD or any other official reporting requirements, but were developed for CMHA's own review purposes.

CMHA's perspective is that the client requested journal entries clearly do not represent a breakdown of its internal controls. In fact, it shows the dedication, competence and desire of CMHA's Finance department to provide competent information at a high level of accuracy. At no time did the Auditor advise CMHA before or during the audit that even one client requested journal entry would automatically result in a "significant deficiency" under their interpretation of the new SAS 112 guidelines. CMHA was not told until after the audit draft report was completed and printed what the Auditor's interpretation of the SAS 112 guidelines would be. Had CMHA been aware of this fact when the audit began, the original December due date as set by CMHA would have been moved to a later date, but not later than 3-31-2008, to prevent the need for any client requested journal entries. We believe it is entirely out of place to characterize the need for journal entries as constituting a "significant deficiency" when all of them were submitted far in advance of the GASB and HUD deadline date of 3-31-2008.

The Auditor also states that it received "unnecessary account analyses" that increased the amount of fieldwork needed. CMHA provided the Auditor with only the items they requested on the Prepared By Client (PBC) list. The Auditor has not provided any specific detail as to which analyses were not needed, nor did they communicate this during the audit process. CMHA fails to understand how this can be considered a "significant deficiency."

CMHA does agree with the Auditor about reducing the amount of time for fieldwork to be completed during an audit and has its own concerns about the Auditor's performance during this audit. It was apparent during the audit that the Auditor's loss of its experienced A-133 audit manager from the prior year caused a notable amount of delay due to the time needed by CMHA to explain the many facets of its governmental accounting processes and grant programs to its audit team. There were many times during the audit process when CMHA requested information from the Auditor and received it past the promised date and/or it had to be requested more than once. For example, CMHA requested a PBC checklist from the Auditor in July and was told it would be received within a week. CMHA received it weeks later on August 28th, but only after several additional requests were made. These things also contributed to the delay in the audit process and did not permit an earlier delivery of the final report.

Bank Reconciliations

As stated by the Auditor in the SAS 112 letter, there was a delay in the completion of the bank reconciliations during FY2007. This process was recognized as a deficiency on the part of CMHA. Due to numerous changes within the Finance Department and loss of staffing during the first quarter of 2007, there was a lag time in the completion of the

bank reconciliations. CMHA recognized the importance of completing the reconciliations and started the process of catching up and completing all bank reconciliations prior to year-end and continued with the assistance of an accounting consultant. The process of reconciling the bank statements began prior to commencement of the audit and was finished prior to the completion of the audit. Appropriate personnel have been hired and trained to complete bank reconciliations on a timely basis. This deficiency was recognized and cured prior to completion of the audit.

Section III – Federal award findings and questioned costs

No matters to be reported.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007**

No matters were reported in the prior year.



Mary Taylor, CPA
Auditor of State

CINCINNATI METROPOLITAN HOUSING AUTHORITY
HAMILTON 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
AUGUST 14, 2008