

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**MIAMI METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended December 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Miami Metropolitan Housing Authority, Miami County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2007 through December 31, 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 Miami Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 3, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Miami Metropolitan Housing Authority
Lancaster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Miami Metropolitan Housing Authority, as of and for the year ended December 31, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Miami Metropolitan Housing Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Miami Metropolitan Housing Authority, as of December 31, 2007, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008 on our consideration of Miami Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Jones, Cochenour & Co.
June 13, 2008

much more than an accounting firm

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007**

Unaudited

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

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

FINANCIAL HIGHLIGHTS

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

- The revenue increased by \$428,844 (or 8.35%) during 2007, and was \$5,564,380 and \$5,135,536 for 2007 and 2006, respectively.
- The total expenses decreased by \$260,996 (4.85%). Total expenses were \$5,115,768 and \$5,376,764 for 2007 and 2006, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of these financial statements:

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

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

MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2007

Unaudited

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

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

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2007**

Unaudited

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

**TABLE 1
STATEMENT OF NET ASSETS**

	2007	Restated 2006
Current and Other Assets	\$ 1,104,620	\$ 423,561
Capital Assets	3,932,893	4,174,340
TOTAL ASSETS	5,037,513	4,597,901
Other Liabilities	132,521	148,128
Long-Term Liabilities	24,806	18,199
TOTAL LIABILITIES	157,327	166,327
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,932,893	4,174,340
Restricted	570,907	-
Unrestricted	376,386	257,234
TOTAL NET ASSETS	\$ 4,880,186	\$ 4,431,574

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Restricted Net Assets is primarily due to the late funding of the Voucher program which left us with a very high carry over figure (Net Equity HAP).

Capital Assets increase annually due to the Capital Fund Program for capital improvements.

Unrestricted Net Assets is primarily due to decreased expenditures, especially utility cost.

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2007**

Unaudited

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

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

	2007	Restated 2006
Revenues		
Tenant Revenue - Rents and Other	\$ 470,323	\$ 468,132
Operating Subsidies and Grants	4,989,903	4,539,217
Capital Grants	81,226	93,768
Investment Income/Other Revenues	22,928	34,419
TOTAL REVENUE	5,564,380	5,135,536
Expenses		
Administration	614,428	585,183
Utilities	164,054	187,209
Tenant services	3,060	4,320
Maintenance	202,876	218,389
General	22,768	20,468
PILOT	26,778	28,282
Housing Assistance Payments	3,752,557	3,997,398
Depreciation	322,673	324,227
Bad Debt	6,574	11,288
TOTAL EXPENSES	5,115,768	5,376,764
NET INCOME (LOSS)	\$ 448,612	\$ (241,228)

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

Revenues:

- Voucher program received \$481,783 more in 2007 than 2006.
- Public Housing operating subsidies went up by \$46,254.
- Tenant Revenue remains fairly constant and high, probably due to working families.

Expenses:

- Utilities were less than expected by \$23,155.
- Administrative cost (increase of \$29,245) is due to an extra part time inspector for the Voucher Program.
- HAP payments are due to late funding preventing full utilization of the program.
- Bad debt-collection losses are unpredictable and depend on evictions which were fewer in 2007.

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2007**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$3,932,893 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$241,447.

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

	2007	Restated 2006
Land and Land Rights	\$ 357,350	\$ 357,350
Buildings	8,999,817	8,999,817
Equipment - Administrative	4,367	4,367
Equipment - Dwellings	77,642	77,642
Construction in progress	174,994	93,768
Accumulated Depreciation	(5,681,277)	(5,358,604)
TOTAL	\$ 3,932,893	\$ 4,174,340

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 4,174,340
Additions	81,226
Depreciation Expense	(322,673)
ENDING BALANCE	\$ 3,932,893

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2007**

Unaudited

ECONOMIC FACTORS

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

IN CONCLUSION

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

FINANCIAL CONTACT

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

MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

ASSETS

Cash and cash equivalents	\$	438,186
Cash and cash equivalents - restricted		570,907
Receivables - net of allowance		35,281
Inventories - net of allowance		23,521
Prepaid expenses and other assets		35,735
TOTAL CURRENT ASSETS		<u>1,103,630</u>

CAPITAL ASSETS

Land		357,350
Other capital assets - net		3,575,543
TOTAL CAPITAL ASSETS		<u>3,932,893</u>

OTHER ASSETS

		<u>990</u>
TOTAL ASSETS		<u>5,037,513</u>

LIABILITIES

Accounts payable		13,205
Intergovernmental payables		26,778
Accrued wages/payroll taxes		21,033
Accrued compensated absences - current		34,256
Tenant security deposits		37,249
TOTAL CURRENT LIABILITIES		<u>132,521</u>
Accrued compensated absences - non current		24,806
TOTAL LIABILITIES		<u>157,327</u>

NET ASSETS

Invested in capital assets - net of related debt		3,932,893
Restricted net assets		570,907
Unrestricted net assets		376,386
NET ASSETS	\$	<u><u>4,880,186</u></u>

See accompanying notes to the basic financial statements

MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2007

OPERATING REVENUES	
Tenant revenue	\$ 470,323
Operating Subsidies and Grants	4,989,903
Other revenues	<u>8,926</u>
TOTAL OPERATING REVENUES	5,469,152
 OPERATING EXPENSES	
Administrative	614,428
Tenant services	3,060
Utilities	164,054
Maintenance	202,876
General	22,768
PILOT	26,778
Bad debts	6,574
Housing assistance payments	3,752,557
Depreciation	<u>322,673</u>
TOTAL OPERATING EXPENSES	<u>5,115,768</u>
OPERATING LOSS	<u>353,384</u>
 NONOPERATING REVENUES	
Interest revenue	14,002
 CAPITAL GRANTS	 <u>81,226</u>
CHANGE IN NET ASSETS	448,612
Net assets beginning of year	4,413,616
Prior period adjustments	<u>17,958</u>
NET ASSETS BEGINNING OF YEAR - RESTATED	<u>4,431,574</u>
NET ASSETS END OF YEAR	<u><u>\$ 4,880,186</u></u>

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$	4,988,985
Cash received from tenants		470,738
Cash payments for housing assistance payments		(3,752,557)
Cash payments for administrative/operations		(1,010,845)
Cash payments to HUD and other government		(28,282)

		668,039
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received for capital assets		81,226
Acquisition of capital assets		(81,226)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income		14,002
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INCREASE IN CASH AND CASH EQUIVALENTS		682,041
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CASH AND CASH EQUIVALENTS, BEGINNING		327,052
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CASH AND CASH EQUIVALENTS, ENDING	\$	1,009,093
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**RECONCILIATION OF OPERATING INCOME TO
NET CASH USED BY OPERATING ACTIVITIES:**

Operating income	\$	353,384
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		322,673
Prior period adjustment		17,478
(Increase) decrease in:		
Intergovernmental receivables		(918)
Receivables - net of allowance		2,625
Inventories - net of allowance		(643)
Prepaid expenses and other assets		(17,560)
Increase (decrease) in:		
Accounts payable		(26,286)
Intergovernmental payables		(1,504)
Accrued wages/payroll taxes		9,666
Accrued compensated absences		7,067
Tenant security deposits		2,057

		668,039
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	668,039

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Miami Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

Oversight of the Miami Metropolitan Housing Authority is provided by a six (6) member board called the Board of Commissioners representing one (1) appointee of the Common Pleas Court, one (1) appointee of the County commissioners, one (1) appointee of the Probate Court, one (1) appointee resident member appointed by the Resident Advisory Committee and two (2) appointees of the largest municipality of the county.

The accompanying Basic Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds for the Authority over which the Authority is financially accountable.

Basis of Presentation

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

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

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

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus

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

Enterprise Fund

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

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

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

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

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

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

Accounting and Reporting for Nonexchange Transactions

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

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

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

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

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

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

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

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

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

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

Accrued Liabilities

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

Net Assets

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

Operating Revenues and Expenses

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

Cash and Cash Equivalents

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

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

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

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

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

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

Budgetary Accounting

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

Estimates

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for receivables was \$0 at December 31, 2007.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2007.

Due to/Due From Programs

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

2. CASH AND INVESTMENTS

Cash

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

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

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

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007**

2. CASH AND INVESTMENTS - CONTINUED

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

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

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

Deposits: The carrying amount of the Authority's deposits totaled \$1,009,093 (includes tenant security deposits of \$37,249). The corresponding bank balances totaled \$1,051,581.

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

Category 1:	\$100,000 was covered by federal depository insurance
Category 2:	\$951,581 was covered by specific collateral pledged by the financial institution in the name of the Authority.

The Authority did not have any investments at December 31, 2007.

3. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

4. RISK MANAGEMENT

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

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007**

5. CAPITAL ASSETS

The following is a summary of capital assets:

	<u>Restated Balance 12/31/2006</u>	<u>Net Additions / Deletions/ Corrections</u>	<u>Balance 12/31/2007</u>
CAPITAL ASSETS, NOT BEING DEPRECIATED			
Land	\$ 357,350	\$ -	\$ 357,350
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>\$ 357,350</u>	<u>\$ -</u>	<u>\$ 357,350</u>
CAPITAL ASSETS BEING DEPRECIATED			
Building and Improvements	\$ 8,999,817	\$ -	\$ 8,999,817
Furniture and equipment	82,009	-	82,009
Construction in progress	93,768	81,226	174,994
Totals at Historical Costs	<u>9,175,594</u>	<u>81,226</u>	<u>9,256,820</u>
Less: Accumulated Depreciation	<u>(5,358,604)</u>	<u>(322,673)</u>	<u>(5,681,277)</u>
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	<u>\$ 3,816,990</u>	<u>\$ (241,447)</u>	<u>\$ 3,575,543</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 4,174,340</u>	<u>\$ (241,447)</u>	<u>\$ 3,932,893</u>

Depreciation expense for 2007 was \$322,673.

6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board.

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

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 9.0 percent of their annual covered payroll to fund pension obligations and the Authority was required to contribute 13.70 percent of covered payroll during 2006. The Authority's required contributions, including the pick up portion for certain employees for the years ended December 31, 2007 and 2006 was \$98,570 and \$94,690. All required payments of contributions have been made through December 31, 2007.

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007**

7. POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Plan or Combined Plan. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for postemployment health care coverage. The health care coverage provided by the retirement system is considered another postemployment benefit as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the Traditional Plan or Combined Plan is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 contribution rate for local government employers was 13.7% of covered payroll and increased to 13.85% of covered payroll effective January 1, 2007. Of the employer contribution rate, 4.5% was the portion that was used to fund health care until January 1, 2007, at which time 5.0% was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions based on OPER's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 40% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .50% and 6.0% annually for the next nine years and 4.0% annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2007, the number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$5,914. The actual contribution and the actuarially required contribution amounts were the same. OPERS' net assets available for payment of benefits at December 31, 2007 (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2005, 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 increasing health care costs.

8. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2007, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

9. RELATED PARTY TRANSACTION

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

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2007

10. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

	<u>Total</u>	<u>Invested in Capital Assets - Net of Debt</u>	<u>Unrestricted Net Assets</u>
Net Assets, Beginning of Year	\$ 4,413,616	\$ 4,173,860	\$ 239,756
Prior period adjustments:			
Correction of prepaid insurance for 2006	13,028	-	13,028
Correction of capital assets	1,200	1,200	-
Correction of depreciation	(720)	(720)	-
Miscellaneous	4,450	-	4,450
Net Assets, Beginning of Year, Restated	<u>\$ 4,431,574</u>	<u>\$ 4,174,340</u>	<u>\$ 257,234</u>

**MIAMI METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
December 31, 2007**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
ASSETS					
111	Cash - unrestricted	\$ 362,314	\$ 38,623	\$ -	\$ 400,937
113	Cash - other restricted	-	570,907	-	570,907
114	Cash - tenant security deposits	37,249	-	-	37,249
100	TOTAL CASH	<u>399,563</u>	<u>609,530</u>	-	<u>1,009,093</u>
121	Accounts receivable - PHA projects	-	918	-	918
122	Accounts receivable - HUD other proj	-	-	-	-
125	Accounts receivable - miscellaneous	32,181	-	-	32,181
126	A/R tenants - dwelling rents	2,182	-	-	2,182
120	TOTAL ACCOUNTS RECEIVABLE	<u>34,363</u>	<u>918</u>	-	<u>35,281</u>
142	Prepaid expenses and other assets	33,491	2,244	-	35,735
143	Inventories	23,521	-	-	23,521
150	TOTAL CURRENT ASSETS	<u>490,938</u>	<u>612,692</u>	-	<u>1,103,630</u>
161	Land	357,350	-	-	357,350
162	Buildings	8,999,817	-	-	8,999,817
163	Furniture and equipment - dwellings	77,642	-	-	77,642
164	Furniture and equipment - admin	4,367	-	-	4,367
167	Construction in progress	-	-	174,994	174,994
166	Accumulated depreciation	(5,681,277)	-	-	(5,681,277)
160	TOTAL FIXED ASSETS, NET	<u>3,757,899</u>	<u>-</u>	<u>174,994</u>	<u>3,932,893</u>
174	Other assets	990	-	-	990
180	TOTAL NON-CURRENT ASSETS	<u>3,758,889</u>	<u>-</u>	<u>174,994</u>	<u>3,933,883</u>
190	TOTAL ASSETS	<u>\$ 4,249,827</u>	<u>\$ 612,692</u>	<u>\$ 174,994</u>	<u>\$ 5,037,513</u>

See independent auditors' report

**MIAMI METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
December 31, 2007**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
	LIABILITIES				
312	Accounts payable <=90 days	\$ 9,238	\$ 3,967	\$ -	\$ 13,205
321	Accrued wages/payroll taxes	13,731	7,302	-	21,033
322	Accrued compensated absences - current	15,929	18,327	-	34,256
333	Accounts payable - other govt	26,778	-	-	26,778
341	Tenant security deposits	37,249	-	-	37,249
310	TOTAL CURRENT LIABILITIES	102,925	29,596	-	132,521
354	Accrued compensated absences - long term	11,534	13,272	-	24,806
350	TOTAL NONCURRENT LIABILITIES	11,534	13,272	-	24,806
300	TOTAL LIABILITIES	114,459	42,868	-	157,327
508.1	Capital assets net of related debt	3,756,699	-	174,994	3,931,693
	UNRESTRICTED NET ASSETS	377,469	(1,083)	-	376,386
511.1	RESTRICTED NET ASSETS	-	570,907	-	570,907
513	TOTAL EQUITY	4,135,368	569,824	174,994	4,880,186
300	TOTAL LIABILITIES AND EQUITY	\$ 4,249,827	\$ 612,692	\$ 174,994	\$ 5,037,513

See independent auditors' report

MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2007

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.871 Sect. 8 Hsg Choice VO	14.872 PH Capital Fund	TOTAL
	REVENUE				
703	Net tenant revenue	\$ 460,688	\$ -	\$ -	\$ 460,688
704	Other revenue	9,635	-	-	9,635
705	TOTAL TENANT REVENUE	<u>470,323</u>	<u>-</u>	<u>-</u>	<u>470,323</u>
706	HUD PHA grants	189,140	4,795,049	5,714	4,989,903
706.1	HUD PHA capital grants	-	-	81,226	81,226
711	Investment income - unrestricted	7,421	-	-	7,421
715	Other revenue	8,926	-	-	8,926
720	Investment income - unrestricted	<u>-</u>	<u>6,581</u>	<u>-</u>	<u>6,581</u>
700	TOTAL REVENUE	<u>675,810</u>	<u>4,801,630</u>	<u>86,940</u>	<u>5,564,380</u>
	EXPENSES				
911	Administrative salaries	83,886	286,113	-	369,999
912	Auditing fees	1,116	6,671	-	7,787
914	Compensated absences	1,858	5,208	-	7,066
915	Employee benefit contribution - admin	29,402	100,679	-	130,081
916	Other operating - administrative	40,059	53,722	5,714	99,495
924	Tenant services - other	3,060	-	-	3,060
931	Water	17,702	-	-	17,702
932	Electricity	108,984	-	-	108,984
933	Gas	37,368	-	-	37,368
941	Ord maintenance/op - labor	79,807	-	-	79,807
942	Ord maintenance/op - materials	43,298	-	-	43,298
943	Ord maintenance/op - cont costs	51,992	-	-	51,992
945	Emp benefit contrib - ord main	27,779	-	-	27,779
961	Insurance premiums	18,009	2,507	-	20,516
962	Other general expenses	-	2,252	-	2,252
963	PILOT	26,778	-	-	26,778
964	Bad debts - tenant rents	6,574	-	-	6,574
969	TOTAL OPERATING EXPENSES	<u>577,672</u>	<u>457,152</u>	<u>5,714</u>	<u>1,040,538</u>
970	EXCESS OPERATING REVENUE OVER EXPENSES	98,138	4,344,478	81,226	4,523,842
973	Housing Assistance Payments	-	3,752,557	-	3,752,557
974	Depreciation expense	322,673	-	-	322,673
900	TOTAL EXPENSES	<u>900,345</u>	<u>4,209,709</u>	<u>5,714</u>	<u>5,115,768</u>
1000	EXCESS OF REVENUE OVER EXPENSES	(224,535)	591,921	81,226	448,612
	Beginning equity	4,341,945	(22,097)	93,768	4,413,616
1104	Prior period adj	17,958	-	-	17,958
	ENDING EQUITY	<u>4,135,368</u>	<u>569,824</u>	<u>174,994</u>	<u>4,880,186</u>

See independent auditors' report

**MIAMI METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 Year Ended December 31, 2007**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 189,140
Public Housing Capital Fund	14.872	86,940
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	4,795,049
Total - All Programs		\$ 5,071,129

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**MIAMI METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION**

	<u>OHIO-P062-501-06</u>
Administration	\$ 5,760
Fees and costs	13,205
Dwelling structures	<u>160,600</u>
TOTAL EXPENDITURES	<u><u>179,565</u></u>
TOTAL RECEIVED	<u><u>\$ 179,565</u></u>

1. The actual modernization cost certificate (HUD form 53001) was submitted to HUD.
2. All costs have been expended and no liabilities exist at December 31, 2007.
3. The funds were received as of December 31, 2007.

See independent auditors' report



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

Board of Directors
Miami Metropolitan Housing Authority
Troy, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements for Miami Metropolitan Housing Authority as of and for the year ended December 31, 2007 and have issued our report thereon dated June 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting (2007-0426-001).

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

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

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Compliance and Other Matters

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

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

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



Jones, Cochenour & Co.
June 13, 2008



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

Board of Directors
Miami Metropolitan Housing Authority
Troy, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of Miami Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Miami Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Miami Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Miami Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Miami Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

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

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A control deficiency in an Authority'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 Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a noncompliance with a type of compliance requirement of federal program will not be prevented or detected by the Authority's internal control.

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

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

A handwritten signature in cursive script that reads "Jones, Cochenour & Co." with a period at the end.

Jones, Cochenour & Co.
June 13, 2008

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

**Miami Metropolitan Housing Authority
December 31, 2007**

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

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

Miami Metropolitan Housing Authority
December 31, 2007

2. FINDINGS RELATED TO FINANCIAL STATEMENTS
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SIGNIFICANT DEFICIENCY

Criteria: The Authority needs to have the ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements will not be prevented by the authority's internal control.

Condition: The Authority had errors in the original financial statements and corrections for the prior year financial statements. The Authority had a conditional acceptance of its unaudited HUD REAC submission December 31, 2008.

Context: The deficiency was discovered during our audit procedures of the financial statement balances.

Effect: The original financial statements prepared by the Authority and the Financial Data Schedules (FDS) was not complete and could have been misleading to any users of the financial information. The following were the prior period adjustments noted:

	Total	Invested in Capital Assets - Net of Debt	Unrestricted Net Assets
Net Assets, Beginning of Year	\$ 4,413,616	\$ 4,173,860	\$ 239,756
Prior period adjustments:			
Correction of prepaid insurance for 2006	13,028	-	13,028
Correction of capital assets	1,200	1,200	-
Correction of depreciation	(720)	(720)	-
Miscellaneous	4,450	-	4,450
Net Assets, Beginning of Year, Restated	\$ 4,431,574	\$ 4,174,340	\$ 257,234

Cause: The cause for the misstatement was recording errors and lack of training.

Recommendation: We recommend that in future closings that more care is taken in the preparation of the financial statements and that the Authority have available all the appropriate documentation necessary for each of the significant balance sheet accounts. We also recommend that additional training be provided for the accounting/finance staff.

Views of the responsible officials and planned corrective actions: Management has reviewed the issues noted and will monitor closely the closing activities of the Authority and send the financial staff to training in the future. The Authority will address the conditional acceptance issues in the audited submission to HUD.

3. FINDINGS RELATED TO FEDERAL AWARDS
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There are no findings for the year ended December 31, 2007.



Mary Taylor, CPA
Auditor of State

MIAMI METROPOLITAN HOUSING AUTHORITY

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 16, 2008**