

**DAYTON METROPOLITAN
HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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



Dave Yost • Auditor of State

Board of Commissioners
Dayton Metropolitan Housing Authority
400 Wayne Avenue
Dayton, Ohio 45401

We have reviewed the *Independent Auditor's Report* of the Dayton Metropolitan Housing Authority, Montgomery County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 30, 2014

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DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Dayton Metropolitan Housing Authority, Montgomery County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Metropolitan Housing Authority, as of June 30, 2013, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Dayton Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the Dayton Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dayton Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

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

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G.
Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2013.12.30 18:35:49 -05'00'

December 18, 2013

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Total assets of the Authority exceeded its liabilities as of June 30, 2013, by \$58,640,249 (an increase of \$189,612, or 0.3 percent, from June 30, 2012).
- Net investment in capital assets totaled \$42,769,172 as of June 30, 2013 (a decrease of \$2,644,686, or 5.8 percent, from June 30, 2012). Unrestricted net position totaled \$14,123,826 as of June 30, 2013 (an increase of \$4,983,786, or 54.5 percent, from June 30, 2012).
- The Authority had total operating revenue of \$43,085,330 (a decrease of \$1,355,524, or 3.1 percent, from June 30, 2012). The Authority had total operating expenses of \$43,998,674 (a \$2,472,340 decrease, or 5.3 percent, from June 30, 2012) resulting in a net operating loss of \$913,344 for the year ended June 30, 2013, and had other non-operating expenses and losses in a net amount of \$682,126 and \$1,785,082 in capital contributions, resulting in an increase in total net position of \$189,613 for the year.
- The Authority's capital additions for the year were \$1,841,854.

USING THIS ANNUAL REPORT

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

MD&A

Management Discussion and Analysis

Financial Statements

Statement of Net Position,
Statement of Revenues, Expenses, and Changes in Net Position,
Statements of Cash Flows,
Notes to the Financial Statements

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

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

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

The focus of the *Statement of Net Position* represents the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories.

Net Investment in Capital Assets: This component of net position consists of 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 Position: This component of net position consists of restricted assets, which have constraints placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The *Statement of Revenues, Expenses, and Changes in Net Position* is similar to an income statement. This Statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as capital grant revenue, investment income, gains and losses on capital assets disposals, and interest expense.

The focus of the *Statement of Revenues, Expenses, and Changes in Net Position* is the "Changes in Net Position", which is similar to Net Income or Loss.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The Statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities.

The *Notes to the Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

Capital Fund Financing Program (CFFP) - Under the CFFP, a PHA may borrow private capital to make improvements and pledge, subject to the availability of appropriations, a portion of its future year annual capital funds to make debt service payments for either a bond or conventional bank loan transaction. The loans or bonds are obligations of the PHA. HUD does not guarantee or insure these loans or bonds. The PHA's obligation is subject to the availability of appropriations by Congress and compliance with statutory and regulatory requirements.

American Recovery and Reinvestment Act of 2009 (ARRA) Neighborhood Stabilization Program (NSP) – NSP grantees have the opportunity to develop programs responsive to local real estate market conditions by choosing among the five eligible uses of NSP funds. Those uses are: (1) establishment of financing mechanisms for purchase of foreclosed homes; (2) purchase and rehabilitation of abandoned or foreclosed homes; (3) land banking of foreclosed homes; (4) demolition of blighted structures; and (5) redevelopment of vacant or demolished property. As NSP2 is a new competitive program open to states, local governments, and non-profit organizations, HUD cannot estimate the nature and scope of programs that applicants may propose or that may ultimately be selected for funding. HUD will manage NSP technical assistance under a demand-response system that will direct individual grantee and group technical assistance as requested by HUD or grantees to address risk and/or capacity issues in implementing NSP1 and NSP2.

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

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

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

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

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

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

Business Activities Programs - The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established three component units to operate and develop mixed financing and/or tax credit housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM), as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The following table represents condensed Statements of Net Position.

	2013 (in thousands)	2012 (in thousands)
<u>Assets</u>		
Current Assets	\$ 15,101	\$ 16,342
Capital Assets	54,117	58,110
Other Non-Current Assets	3,347	193
Total Assets	<u>72,565</u>	<u>74,645</u>
<u>Liabilities</u>		
Current Liabilities	2,779	3,938
Non-Current Liabilities	11,146	12,256
Total Liabilities	<u>13,925</u>	<u>16,194</u>
<u>Net Position</u>		
Net Investment in Capital Assets	42,769	45,414
Restricted	1,747	3,897
Unrestricted	14,124	9,140
Total Net Position	<u>\$ 58,640</u>	<u>\$ 58,451</u>

By far the largest portion of the Authority's net position (72.9 percent) reflects its net investment in capital assets. The decrease from 2012 was primarily the result of annual depreciation expense and the approved sale of excess property. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

Statements of Revenues, Expenses, and Changes in Net Position

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

	2013 (in thousands)	2012 (in thousands)
<u>Revenue</u>		
Tenant Rental Revenue	\$ 3,715	\$ 3,042
Government Operating Grants	38,214	39,977
Other Revenue	1,156	1,422
Total Operating Revenue	43,085	44,441
<u>Expenses</u>		
<u>Operating Expenses</u>		
Operating Expenses	18,757	21,469
Depreciation Expense	5,087	4,816
Housing Assistance Payments	20,154	20,186
Total Operating Expenses	43,998	46,471
Net Operating Loss	(913)	(2,030)
Non-Operating Revenue (Expenses)	(682)	(1,747)
Income Before Contributions	(1,595)	(3,777)
Capital Contributions	1,785	4,652
Change in Net Position	190	875
Total Net Position, Beginning of Year	58,450	57,575
Total Net Position, End of Year	\$ 58,640	\$ 58,450

During 2013, the net position of the Authority increased by a total of \$189,613.

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

The Authority's operating grants decreased by \$1,762,644 and operating expenses decreased by \$2,711,970. Section 8 Housing Assistance payments decreased by \$31,938 from the previous year as a result of program reserve spending.

Capital contributions decreased by \$2,857,035 to \$1,785,082 during 2013 due primarily to reduced Capital Fund Financing Program (CFFP) spending and reduced Capital Fund Program funding. Total net non-operating expenses decreased by \$1,064,919.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the Authority's capital assets totaled \$54,115,766 (capital assets net of accumulated depreciation) as reflected in the following schedule.

	2013 (in thousands)	2012 (in thousands)
Land	\$ 8,933	\$ 9,127
Buildings and Improvements	117,924	112,882
Equipment and Vehicles	4,956	4,768
Construction-in-Progress	710	4,950
Accumulated Depreciation	(78,406)	(73,617)
Total	<u>\$ 54,117</u>	<u>\$ 58,110</u>

The increase in buildings and improvement is a result of the completion of HUD approved capital improvements and acquisitions funded by CFFP and capital grants awarded to the Authority. Additional information on the Authority's capital assets can be found on page 25 of this report.

Debt

As of June 30, 2013, the Authority had \$11,347,594 of debt, a decrease of \$1,348,198 from the prior year. The decrease was due to payments made during the year.

Debt consists of New Vision Program mortgages, the Energy Performance Contract capital lease, Fannie Mae note, and note to County Corp.

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

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

During 2010, the Authority obtained a modernization note from Fannie Mae for \$9,235,000 for the purpose of modernizing public housing units at four AMP locations. The note is twenty (20) years with an interest rate of 6.0 percent *per annum*. Repayment will be through a portion of future capital grant funds.

During 2010, the Authority obtained a note from County Corp. for \$250,092, for the purpose of real estate acquisition in Germantown, Ohio. The note term is twenty (20) years with an interest rate of 0.0 percent *per annum*.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

During 2012, the Authority obtained two notes from the Ohio Affordable Housing Fund to facilitate pre-development costs for the Windcliff Village II Project located in Germantown, Ohio. The notes have an interest rate of 5.0 percent with full payment due at closing of the pre-development phase of the Project. The balances of the two notes were paid off during 2013.

Additional information on the Authority's long-term debt can be found on pages 25 through 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority's budget for the 2014 fiscal year.

The Authority has continued to implement site-specific budgeting and accounting. Both FY2013 and FY2014 budgets were prepared using the site-specific format as directed by HUD. Under site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC will be derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs will have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services will be provided on a fee basis by the Authority's COCC. Additional revenue for the COCC will be from the service fees charged to the Voucher programs and other smaller programs. Failure to operate within revenues received will result in lower operating revenue for both the AMPs and the COCC. Failing to maintain occupancy rates of 95 percent or higher for the AMPs will also reduce operating subsidy transfers from HUD.

Public housing operating subsidy revenue from HUD for FY2014 is expected to remain at its current low level (82 percent) of calculated amounts. With this projection in subsidy revenue and the recent uncertainties in the Federal budgeting process, it is likely the Authority will spend a sizeable portion of its public housing reserves to meet budget requirements.

The Housing Choice Voucher (HCV) Program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COCC as fees for supportive services. At this time the COCC does not charge the HCV Program the maximum rate for administrative fees so the HCV Program can balance its administrative budget. In FY2014, the COCC will continue to give a discount to the HCV Program, if required. HCV revenues for FY2014 are expected to be consistent with or slightly lower than previous levels. The Authority expects HUD to continue withholds in the Administrative Fee schedule further reducing resources to administer the Voucher programs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 11,568,756
Restricted Cash and Cash Equivalents	2,219,234
Accounts Receivable, Net:	
Tenants, Net of Allowance for Doubtful Accounts of \$40,720	17,450
HUD and Other Grants	433,770
Other Receivables	133,766
Inventory, Net of Allowance for Obsolete Inventory of \$16,034	521,466
Prepaid Expenses	206,290
Total Current Assets	<u>15,100,732</u>

Non-Current Assets

Capital Assets	
Capital Assets, Not Depreciated	9,642,912
Capital Assets, Being Depreciated, Net of Accumulated Depreciation	44,473,854
Total Capital Assets	<u>54,116,766</u>
Notes, Loans, & Mortgages Receivable Non-Current	3,154,507
Other Non-Current Assets	193,080
Total Non-Current Assets	<u>57,464,353</u>
TOTAL ASSETS	<u>72,565,085</u>

LIABILITIES

Current Liabilities

Accounts Payable	702,355
Accrued Wages and Benefits	322,960
Accrued Liabilities - Other	4,388
Accrued Compensated Absences - Current Portion	37,258
Tenants' Security Deposits	275,548
Prepaid Rents	173,631
Other Current Liabilities	125,299
Current Portion of Mortgages Payable	18,575
Current Portion of Note Payable	320,041
Current Portion of Capital Lease Payable	743,148
Contractor Retentions	55,802
Total Current Liabilities	<u>2,779,005</u>

Non-Current Liabilities

Mortgages Payable, Net of Current Portion	467,409
Notes Payable, Net of Current Portion	8,215,303
Capital Lease Payable, Net of Current Portion	1,583,118
Compensated Absences, Net of Current Portion	757,994
Other Non-Current Liabilities	122,007
Total Non-Current Liabilities	<u>11,145,831</u>
TOTAL LIABILITIES	<u>13,924,836</u>

NET POSITION

Net Investment in Capital Assets	42,769,172
Restricted	1,747,251
Unrestricted	14,123,826
TOTAL NET POSITION	<u>\$ 58,640,249</u>

See accompanying notes to the financial statements.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Operating Revenues</u>	
Rental Revenue	\$ 3,715,749
Governmental Revenue	38,213,824
Other Revenue	<u>1,155,757</u>
Total Operating Revenues	<u>43,085,330</u>
<u>Operating Expenses</u>	
Administrative Expense	6,833,796
Tenant Services	342,854
Utilities Expense	2,664,215
Ordinary Maintenance and Operations	6,955,793
Protective Services	480,345
General Expenses	1,480,233
Housing Assistance Payments	20,154,208
Depreciation	<u>5,087,229</u>
Total Operating Expenses	<u>43,998,673</u>
Operating Loss	<u>(913,343)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest and Investment Income	12,734
Interest Expense	(635,735)
Insurance Proceeds/(Caualty Losses)	27,645
Prior Period Adjustments/Reclassifications	191,099
Gain/(Loss) on Disposal of Capital Assets	<u>(277,869)</u>
Total Nonoperating Revenues (Expenses)	<u>(682,126)</u>
Income Before Contributions	(1,595,469)
Capital Contributions	<u>1,785,082</u>
Net Change in Net Position	189,613
Net Position - Beginning of Year	<u>58,450,636</u>
Net Position - End of Year	<u>\$ 58,640,249</u>

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Cash Flows from Operating Activities</u>	
Receipts from Residents and Other Deposits	\$ 3,718,326
Governmental Operating Revenues	39,208,299
Other Receipts	1,411,147
Administrative Expenses	(7,046,011)
Other Operating Expenses	(12,591,858)
Housing Assistance Payments	(20,154,208)
Net Cash Provided by Operating Activities	<u>4,545,695</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Assets Additions	(1,841,854)
Insurance Proceeds	27,645
Principal Paid on Debt	(1,348,193)
Cash from Disposal of Assets	105,280
Interest Paid on Debt	(635,735)
Capital Grants	1,785,082
Net Cash Used in Capital and Related Financing Activities	<u>(1,907,775)</u>
 <u>Cash Flows from Investing Activities</u>	
Investment Income	12,734
Investment in Notes Receivable	(2,790,151)
Net Cash Used in Accounting Activities	<u>(2,777,417)</u>
Net (Decrease) in Cash and Cash Equivalents	(139,497)
 Cash and Cash Equivalents - Beginning of Year	 <u>13,927,487</u>
Cash and Cash Equivalents - End of Year	<u>\$ 13,787,990</u>
 <u>Reconciliation of Net Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Loss	\$ (913,343)
Adjustments to Reconcile Net Income to Net	
Cash Provided by Operating Activities:	
Depreciation	5,087,229
Prior Period Adjustment	191,099
Decrease in Tenant Receivables	1,882
Decrease in HUD Receivables	1,008,586
Decrease in Other Assets/Receivables	46,068
Decrease in Inventory	68,397
Increase in Prepaid Expenses	(23,101)
Decrease in Wages and Benefits	(144,877)
Increase in Security Deposits	695
Decrease in Accounts Payable	(100,082)
Decrease in Compensated Absences	(67,338)
Decrease in Accrued Liabilities	(432,522)
Decrease in Prepaid Rent	(14,111)
Decrease in Other Liabilities	(162,887)
Net Cash Provided by Operating Activities	<u>\$ 4,545,695</u>

A non-cash transaction of \$364,356 was made decreasing capital assets and increasing notes receivable.

See accompanying notes to the financial statements.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

A. Description of the Entity and Programs

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

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

Reporting Entity – The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s government board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Authority itself is included in the financial reporting entity.

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

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority’s Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

A. **Description of the Entity and Programs** (Continued)

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

Capital Fund Financing Program (CFFP) - Under the CFFP, a PHA may borrow private capital to make improvements and pledge, subject to the availability of appropriations, a portion of its future year annual capital funds to make debt service payments for either a bond or conventional bank loan transaction. The loans or bonds are obligations of the PHA. HUD does not guarantee or insure these loans or bonds. The PHA obligation is subject to the availability of appropriations by Congress and compliance with statutory and regulatory requirements.

American Recovery and Reinvestment Act of 2009 (ARRA) Neighborhood Stabilization Program (NSP) - NSP grantees have the opportunity to develop programs responsive to local real estate market conditions by choosing among the five eligible uses of NSP funds. Those uses are: (1) establishment of financing mechanisms for purchase of foreclosed homes; (2) purchase and rehabilitation of abandoned or foreclosed homes; (3) land banking of foreclosed homes; (4) demolition of blighted structures; and (5) redevelopment of vacant or demolished property. As NSP2 is a new competitive program open to states, local governments, and non-profit organizations, HUD cannot estimate the nature and scope of programs that applicants may propose or that may ultimately be selected for funding. HUD will manage NSP technical assistance under a demand-response system that will direct individual grantee and group technical assistance as requested by HUD or grantees to address risk and/or capacity issues in implementing NSP1 and 2.

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

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

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

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

A. **Description of the Entity and Programs** (Continued)

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

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

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

Business Activities Programs - The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established three component units to operate and develop mixed financing and/or tax credit housing. Each of the organizations listed below act as an affiliate unit as defined in HUD’s PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority’s component units include:

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

A. **Description of the Entity and Programs** (Continued)

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC dba Premier Asset Management (PAM) as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II, LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

B. **Summary of Significant Accounting Policies**

The financial statements of 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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. Summary of Significant Accounting Policies (Continued)

Basis of Accounting – The Authority’s activities are financed and operated as a single enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges. The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability. The Authority’s financial transactions are recorded on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized as incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

Cash and Cash Equivalents – During fiscal year 2013, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio) and STAR Plus. Both STAR Ohio and STAR Plus investment programs are very liquid investments and are reported as a cash equivalent in the basic financial statements.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investment instruments with original maturities of three months or less.

Restricted Cash and Cash Equivalents and Investments – Cash and cash equivalents and investments have been classified as restricted on the balance sheet for funds held for public housing residents’ security deposits, amounts held in escrow under the HCV Family Self-Sufficiency (FSS) Program, and funds on deposit under the Fannie Mae Modernization Program.

Investments – The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year 2013 totaled \$12,734.

Receivables/Bad Debts – Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

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

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. Summary of Significant Accounting Policies (Continued)

Capital Assets – Land, structures, and equipment are recorded at historical cost. Donated land, structures, and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes all assets with a cost of \$1,000 or more, excluding software purchases. Software purchases are capitalized if the cost exceeds \$5,000. The estimated useful lives are as follows:

Equipment and Vehicles	3-7 years
Building and Site Improvements	15 years
Buildings	40 years

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

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

Compensated absences are expensed when earned with the amount reported as a fund liability.

Debt Obligations – Debt obligations of the Authority consist of mortgages for a homeownership program, capital projects, property acquisition, and a capital lease to finance the installment of energy saving devices.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. Summary of Significant Accounting Policies (Continued)

Net Position – Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants, and other miscellaneous revenue. Non-operating revenues are HUD capital grants, interest income, and gains on disposal of capital assets. Operating expenses are those that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance and operation, protective services, general expenses, housing assistance payments, depreciation, and amortization. Non-operating expenses include interest expense and losses on disposal of capital assets.

Capital Contributions – Contributions of capital arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Budgetary Accounting – The Authority annually prepares its budget as prescribed by HUD. The Authority's budgets are adopted by the Board of the Authority and submitted to HUD when applicable.

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

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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

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

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

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

At fiscal year end, the carrying amount of the Authority's deposits totaled \$12,942,599, of which \$2,400 was held in petty cash. The corresponding bank balances totaled \$13,106,597. Based on criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2013, \$9,052,022 was exposed to custodial risk as discussed below, while \$4,054,575 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of a bank failure the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks or a member bank of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority. At June 30, 2013, \$9,052,022 was covered by pooled collateral.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

B. Investments

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

The Authority's investments at June 30, 2013 were as follows:

<u>Uncategorized Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
STAROhio	\$ 845,391	60 days	AAAm*

* Standard & Poor's

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

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments in STAR Ohio are rated AAAM by Standards and Poor's.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

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

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

B. **Investments** (Continued)

A reconciliation of cash, cash equivalents, and investments is as follows:

	Cash and Cash Equivalents *	Investments
Per Statement of Net Position	\$ 13,787,990	\$ 0
STAR Ohio	(845,391)	845,391
Per GASB Statement No. 3	\$ 12,942,599	\$ 845,391

* Includes restricted cash and cash equivalents.

Restricted cash consists of the following:

Payment of Current Liabilities	\$ 3,444
Unspent Debt Proceeds	672,086
Security Deposits and FSS Escrow	367,260
HCV and Other Section 8 Programs	265,546
Proceeds from Public Housing Dispositions	802,209
Unspent EPC Debt Proceeds	108,689
	\$ 2,219,234

Restricted equity consists of the following:

Debt Reserve Funds	\$ 780,775
Proceeds from Public Housing Disposition	795,659
Unspent Housing Choice Voucher HAP Funding	169,903
Other Section 8 Program Funds	914
	\$ 1,747,251

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 3: CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended June 30, 2013 follows:

	Balance June 30, 2013	Additions	Deletions	Reclasses	Balance June 30, 2013
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 9,127,096	\$ 6,770	\$ (212,053)	\$ 11,250	\$ 8,933,063
Construction in Progress	4,348,320	1,400,867	0	(5,223,491)	525,696
Software Under Development	183,059	142,660	(625)	(140,941)	184,153
Pre-Development	125,000	0	(125,000)	0	0
Capitalized Interest	293,759	0	0	(293,759)	0
Total Capital Assets Not Being Depreciated	14,077,234	1,550,297	(337,678)	(5,646,941)	9,642,912
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	112,881,871	206,095	(670,066)	5,506,000	117,923,900
Equipment and Vehicles	4,767,433	85,462	(37,673)	140,941	4,956,163
Subtotal Capital Assets Being Depreciated	117,649,304	291,557	(707,739)	5,646,941	122,880,063
Total Cost	131,726,538	1,841,854	(1,045,417)	0	132,522,975
Accumulated Depreciation -					
Buildings and Improvements	(70,174,364)	(4,694,339)	260,239	0	(74,608,464)
Equipment and Vehicles	(3,442,528)	(392,890)	37,673	0	(3,797,745)
Total Accumulated Depreciation	(73,616,892)	(5,087,229)	297,912	0	(78,406,209)
Total Capital Assets, Net	\$ 58,109,646	\$ (3,245,375)	\$ (747,505)	\$ 0	\$ 54,116,766

During the year, the Authority continued with HUD approved sales and demolition of various projects.

NOTE 4: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2013 are as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
New Visions Mortgage	\$ 503,924	\$ 0	\$ 17,940	\$ 485,984	\$ 18,575
Fannie Mae Note	8,622,861	0	289,674	8,333,187	307,536
County Corp. Note	214,662	0	12,505	202,157	12,505
EPC Capital Lease	3,038,900	0	712,634	2,326,266	743,148
Ohio Affordable Housing Fund	315,440	0	315,440	0	0
Compensated Absences	862,590	556,102	623,440	795,252	37,258
Total Long-Term Obligations	\$ 13,558,377	\$ 556,102	\$ 1,971,633	\$ 12,142,846	\$ 1,119,022

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 4: **LONG-TERM OBLIGATIONS** (Continued)

The Authority issued \$720,000 of mortgages payable under the New Visions Program with an outstanding balance at June 30, 2013 of \$485,984. Under the Program, the Authority purchases property, refurbishes, or builds a modular home on a lot. The Authority then obtains a commercially available low-interest mortgage on the property. Qualified tenants initially lease the property for a specified period. Once the tenant meets pre-determined home ownership criteria, the tenant may apply to assume the existing mortgage on the property. Once approved, the property and mortgage are transferred to the new homeowner. The mortgages have interest rates between 5 and 6 percent and are collateralized by real property and are payable in monthly installments.

During fiscal year 2010, the Authority entered into a note agreement with Fannie Mae for \$9,235,000 for the purpose of property modernization with Fannie Mae Corp. The note balance at June 30, 2013 was \$8,333,189. The note payment is due monthly for 20 years, with an interest rate of 6.0 percent, and matures December 1, 2029.

During fiscal year 2010, the Authority entered into a note agreement for \$250,092 for the purpose of acquiring real property in Germantown, Ohio with County Corp. The balance at June 30, 2013 was \$202,157. The note is interest free and payable over 20 years maturing August 6, 2029.

During fiscal year 2012, the Authority entered into two note agreements with Ohio Capital Finance Corporation for the Windcliff Village Phase II Project. The notes were due within 24 months, but are due sooner if the Authority had permanent financing in place which was achieved in November 2012. The Authority paid off both notes in November 2012. Permanent financing was a construction loan entered into by Windcliff Village II LP. The financial transactions for Windcliff Village II, LP are not included in the Authority's annual financial statements.

The New Vision mortgages mature as follows:

Year Ended June 30	Principal Amount	Interest Amount	Total
2014	\$ 18,575	\$ 25,297	\$ 43,872
2015	19,572	24,300	43,872
2016	20,622	23,250	43,872
2017	21,730	22,142	43,872
2018	22,898	20,974	43,872
2019-2023	134,336	85,024	219,360
2024-2028	166,790	44,932	211,722
2029-2033	81,461	7,129	88,590
Total	\$ 485,984	\$ 253,048	\$ 739,032

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MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 4: **LONG-TERM OBLIGATIONS** (Continued)

The Fannie Mae Modernization note matures as follows:

Year Ended June 30	Principal Amount	Interest Amount	Total
2014	\$ 307,536	\$ 491,628	\$ 799,164
2015	326,507	472,657	799,164
2016	346,645	452,519	799,164
2017	368,025	431,139	799,164
2018	390,724	408,440	799,164
2019-2023	2,346,243	1,649,576	3,995,819
2024-2028	3,164,730	831,089	3,995,819
2029-2030	1,082,777	749,373	1,832,150
Total	\$ 8,333,187	\$ 5,486,421	\$ 13,819,608

The County Corp. note matures as follows:

Year Ended June 30	Principal Amount	Interest Amount	Total
2014	\$ 12,505	\$ 0	\$ 12,505
2015	12,505	0	12,505
2016	12,505	0	12,505
2017	12,505	0	12,505
2018	12,505	0	12,505
2019-2023	62,525	0	62,525
2024-2028	62,525	0	62,525
2029-2030	14,582	0	14,582
Total	\$ 202,157	\$ 0	\$ 202,157

NOTE 5: **CAPITAL LEASE PAYABLE**

On May 15, 2003, the Authority entered into a long-term lease to finance the installment of energy saving devices. The Energy Performance Contract is a HUD funded program that, in effect, rewards housing authorities who install energy efficient measures into their housing units. Funds for the payment of the debt service will be provided by the amount of savings realized from conserving energy while HUD reimburses the Authority for utilities at a rate set prior to installation of the energy saving devices. The lease includes an interest factor of 4.2 percent. Assets constructed under the lease total \$8,911,155.

The Authority's future minimum payments under the capital lease obligation as of June 30, 2013 are as follows:

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MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 5: **CAPITAL LEASE PAYABLE** (Continued)

Year Ended <u>June 30</u>	<u>Amount</u>
2014	\$ 826,654
2015	826,654
2016	<u>826,654</u>
Total Minimum Lease Payments	2,479,962
Less: Amount Representing Interest	<u>(153,696)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 2,326,266</u></u>

NOTE 6: **RISK MANAGEMENT**

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

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

OHAPCI is a corporation governed by a Board of Trustees, consisting of a representative appointed by each of the member housing authorities. The Board of Trustees elects the officers of the Corporation, with each Trustee having a single vote. The Board is responsible for its own financial matters, and the Corporation maintains its own books of account. Budgeting and financing of OHAPCI is subject to the approval of the Board. The following is a summary of insurance coverage in effect as of June 30, 2013:

<u>Coverage</u>	<u>Limit</u>
Real and Personal Property	\$ 250,000,000
General Liability	8,000,000
Automobile	8,000,000
Public Officials	8,000,000
Crime	1,000,000
Pollution	1,000,000
Boiler and Machinery	100,000,000

As of June 30, 2013, the pool maintained a reserve in excess of actual and estimated claims relative to the Authority. During the year, settled claims for the Authority did not exceed the coverage provided by OHAPCI.

The Authority also maintains employee bonding and employee major medical, dental, and vision coverage with private carriers.

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 7: DEFINED BENEFIT PENSION PLAN

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that can be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-800-222-7377, or by using the OPERS website at www.OPERS.org.

Employee and employer contributions to OPERS are established under the Ohio Revised Code and are based upon percentages of covered employees' gross salaries, with the contribution rate percentages being calculated annually by the Retirement Board's actuaries. For calendar years 2013 and 2012, the employee and the employer contribution rates were 10 percent and 14 percent, respectively, for all Authority employees.

The Authority's contributions to the OPERS for the years ending June 30, 2013, 2012, and 2011, were \$857,797, \$943,804, and \$961,582, respectively, which were equal to the required contributions for each year.

NOTE 8: POST-EMPLOYMENT BENEFITS

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age and service retirees under the Traditional Pension Plan and Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plans are presented separately in the OPERS financial report, which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 800-222-7377, or by using the OPERS website at www.OPERS.org.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. OPERS' Post-Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the previously mentioned employer contribution rates that will be set aside for funding post-employment health care benefits. For the period ended June 30, 2013, the amount of the employer contribution that was allocated to fund post-employment health care was 4.0 of covered payroll from July 1, 2012 through December 31, 2012, and 1.0 percent from January 1, 2013 through June 30, 2013.

The Authority's actual contributions that were used to fund OPEB for the years ending June 30, 2013, 2012, and 2011, were \$153,178, \$269,658, and \$309,766, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 9: UNCOMPLETED CONTRACTS

At June 30, 2013, the Authority had uncompleted contracts under the Capital Fund Program, Hope VI, Home Ownership, Public Housing, CFFP, NSP, and ROSS of approximately \$2,502,407.

NOTE 10: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments consist of the following:

Adjustment for Transfer of Capital Assets	
Net of Debt to Limited Partnership	\$ 250,684
Write-off of Prior Year Accounts Receivable from Insurance Proceeds Received	(64,135)
Payroll Correction from Fiscal Year 2012	4,550
Total	<u>\$ 191,099</u>

DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 11: GASB STATEMENT IMPLEMENTATION

For 2013, the Authority implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

The objective of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements Nos. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the Authority; however, there was no effect on beginning net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority; however, there was no effect on the financial statements of the Authority.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

111 Cash - Unrestricted	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	Component Units	State/Local	Business Activities	14.182 N/C S/R Section 8 Programs
113 Cash - Other Restricted	5,991,445	-	210,624	-	183,709	2,241,725	1,635,449	79,441
114 Cash - Tenant Security Deposits	1,474,295		317,089		4,500		6,475	20,699
115 Cash - Restricted for Payment of Current Liabilities	264,573		3,444					
100 Total Cash	7,730,313	-	531,157	-	188,209	2,241,725	1,641,924	100,140
122 Accounts Receivable - HUD Other Projects	264,891	14,525		150,239	1,158			2,957
125 Accounts Receivable - Miscellaneous	87,504		85		30,170		-	
126 Accounts Receivable - Tenants	56,063				785		1,322	
126.1 Allowance for Doubtful Accounts - Tenants	-39,245				-550		-925	
128 Fraud Recovery			21,696					
128.1 Allowance for Doubtful Accounts - Fraud			-13,620					
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	369,213	14,525	8,161	150,239	31,563	-	397	2,957
131 Investments - Unrestricted								
132 Investments - Restricted								
142 Prepaid Expenses and Other Assets	193,976				2,929	2,310	2,207	
143 Inventories	535,085				2,415			
143.1 Allowance for Obsolete Inventories	-15,962				-72			
144 Inter Program Due From								
150 Total Current Assets	8,812,625	14,525	539,318	150,239	225,044	2,244,035	1,644,528	103,097
161 Land	7,699,734			586,714	64,000	462,087	61,814	
162 Buildings	109,345,126			2,168,842	1,754,623	3,341,472	1,312,663	
163 Furniture, Equipment & Machinery - Dwellings	332,668			9,934				
164 Furniture, Equipment & Machinery - Administration	2,978,284		150,958		6,203	142,301	20,589	
166 Accumulated Depreciation	-73,195,147		-71,850	-852,346	-362,760	-1,999,920	-613,190	
167 Construction in Progress	631,385		74,852		3,612			
160 Total Capital Assets, Net of Accumulated Depreciation	47,792,050	-	153,960	1,913,144	1,465,678	1,945,940	781,876	-
171 Notes, Loans and Mortgages Receivable - Non-Current						100,000		
174 Other Assets	3,154,507			193,080				
180 Total Non-Current Assets	50,946,557	-	153,960	2,106,224	1,465,678	2,045,940	781,876	-
190 Total Assets	59,759,182	14,525	693,278	2,256,463	1,690,722	4,289,975	2,426,404	103,097

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELJIM	Total
111 Cash - Unrestricted			118,570	1,107,793	11,568,756		11,568,756
113 Cash - Other Restricted			19,470	108,689	1,940,242		1,940,242
114 Cash - Tenant Security Deposits			-		275,548		275,548
115 Cash - Restricted for Payment of Current Liabilities			-		3,444		3,444
100 Total Cash	-	-	138,040	1,216,482	13,787,990	-	13,787,990
122 Accounts Receivable - HUD Other Projects			-		433,770		433,770
125 Accounts Receivable - Miscellaneous			-	5,125	122,884		122,884
126 Accounts Receivable - Tenants			-		58,170		58,170
126.1 Allowance for Doubtful Accounts - Tenants			-		-40,720		-40,720
128 Fraud Recovery			-		21,696		21,696
128.1 Allowance for Doubtful Accounts - Fraud			-		-13,620		-13,620
129 Accrued Interest Receivable			-	2,806	2,806		2,806
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	7,931	584,986	-	584,986
131 Investments - Unrestricted			-				
132 Investments - Restricted			-				
142 Prepaid Expenses and Other Assets			-	4,868	206,290		206,290
143 Inventories			-		537,500		537,500
143.1 Allowance for Obsolete Inventories			-		-16,034		-16,034
144 Inter Program Due From			-	225,500	225,500	-225,500	-
150 Total Current Assets	-	-	138,040	1,454,781	15,326,232	-225,500	15,100,732
161 Land			-	58,714	8,933,063		8,933,063
162 Buildings			-	1,174	117,923,900		117,923,900
163 Furniture, Equipment & Machinery - Dwellings			-	14,069	356,671		356,671
164 Furniture, Equipment & Machinery - Administration			-	1,301,157	4,599,492		4,599,492
166 Accumulated Depreciation			-	-1,310,996	-78,406,209		-78,406,209
167 Construction in Progress			-		709,849		709,849
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	-	64,118	54,116,766	-	54,116,766
171 Notes, Loans and Mortgages Receivable - Non-Current			-		3,254,507	-100,000	3,154,507
174 Other Assets			-		193,080		193,080
180 Total Non-Current Assets	-	-	-	64,118	57,564,353	-100,000	57,464,353
190 Total Assets	-	-	138,040	1,518,899	72,890,585	-325,500	72,565,085

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	Component Units	State/Local	Business Activities	14.182 N/C S/R Section 8 Programs
312 Accounts Payable <= 90 Days	507,445	790	10,326		1,770	1,789	157	359
321 Accrued Wage/Payroll Taxes Payable	202,696	9,971	46,912		1,755			
322 Accrued Compensated Absences - Current Portion	19,080		6,274		65			
331 Accounts Payable - HUD PHA Programs	-		3,444					22,911
332 Account Payable - PHA Projects			410					
341 Tenant Security Deposits	264,573				4,500		6,475	
342 Deferred Revenues	173,631							
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	1,027,672				12,505	17,749	18,575	
Bonds								
344 Current Portion of Long-term Debt - Operating Borrowings					20,000			
345 Other Current Liabilities	55,802		65,273					
346 Accrued Liabilities - Other								
347 Inter Program - Due To	43,594	3,690	6,298	150,239	849	14,762	1,322	3,873
310 Total Current Liabilities	2,294,493	14,451	138,937	150,239	41,444	34,300	26,529	27,143
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	9,559,746				189,653	37,810	467,409	
352 Long-term Debt, Net of Current - Operating Borrowings					80,000			
353 Non-current Liabilities - Other	27,953		94,054					
354 Accrued Compensated Absences - Non Current	388,184		127,641		1,314			
350 Total Non-Current Liabilities	9,975,883	-	221,695	-	270,967	37,810	467,409	-
300 Total Liabilities	12,270,376	14,451	360,632	150,239	312,411	72,110	493,938	27,143
508.1 Invested In Capital Assets, Net of Related Debt	37,204,632		153,960	1,913,144	1,263,520	1,890,381	295,892	745
511.1 Restricted Net Assets	1,467,745		169,903		-			
512.1 Unrestricted Net Assets	8,816,429	74	8,783	193,080	114,791	2,327,484	1,636,574	75,209
513 Total Equity/Net Assets	47,488,806	74	332,646	2,106,224	1,378,311	4,217,865	1,932,466	75,954
600 Total Liabilities and Equity/Net Assets	59,759,182	14,525	693,278	2,256,463	1,690,722	4,289,975	2,426,404	103,097

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	14,239 HOME Investment Partnerships Program	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days			81	133,572	656,289		656,289
321 Accrued Wage/Payroll Taxes Payable			-	61,626	322,960		322,960
322 Accrued Compensated Absences - Current Portion			-	11,839	37,258		37,258
331 Accounts Payable - HUD PHA Programs			19,301		45,656		45,656
332 Account Payable - PHA Projects			-		410		410
341 Tenant Security Deposits			-		275,548		275,548
342 Deferred Revenues			-		173,631		173,631
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			-	5,263	1,081,764		1,081,764
344 Current Portion of Long-term Debt - Operating Borrowings			-		20,000	-20,000	-
345 Other Current Liabilities			-	60,026	181,101		181,101
346 Accrued Liabilities - Other			-	4,388	4,388		4,388
347 Inter Program - Due To			873		225,500	-225,500	-
310 Total Current Liabilities	-	-	20,255	276,714	3,024,505	-245,500	2,779,005
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			-	11,212	10,265,830		10,265,830
352 Long-term Debt, Net of Current - Operating Borrowings			-		80,000	-80,000	-
353 Non-current Liabilities - Other			-		122,007		122,007
354 Accrued Compensated Absences - Non Current			-	240,855	757,994		757,994
350 Total Non-Current Liabilities	-	-	-	252,067	11,225,831	-80,000	11,145,831
300 Total Liabilities	-	-	20,255	528,781	14,250,336	-325,500	13,924,836
508.1 Invested In Capital Assets, Net of Related Debt			-	47,643	42,769,172		42,769,172
511.1 Restricted Net Assets			169	108,689	1,747,251		1,747,251
512.1 Unrestricted Net Assets			117,616	833,786	14,123,826		14,123,826
513 Total Equity/Net Assets	-	-	117,785	990,118	58,640,249	-	58,640,249
600 Total Liabilities and Equity/Net Assets	-	-	138,040	1,518,899	72,890,585	-325,500	72,565,085

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	Component Units	State/Local	Business Activities	14.182 N/C S/R Section 8 Programs
70300 Net Tenant Rental Revenue	3,528,413				88,583		80,468	
70400 Tenant Revenue - Other	18,218						67	
70500 Total Tenant Revenue	3,546,631				88,583		80,535	
70600 HUD PHA Operating Grants	14,902,882	241,726	20,237,863	154,773	85,999		5,413	689,144
70610 Capital Grants	1,770,442				14,640			
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
70800 Other Government Grants								
71100 Investment Income - Unrestricted	10,374					958	963	85
71400 Fraud Recovery			774					
71500 Other Revenue	640,114		26,135		87,318	58,560	9,934	
71600 Gain or Loss on Sale of Capital Assets	93,133		-72,357			-284,038	-14,607	
72000 Investment Income - Restricted			3					
70000 Total Revenue	20,963,576	241,726	20,192,418	154,773	276,540	-224,520	82,238	689,229
91100 Administrative Salaries	1,386,815		713,385		9,758	50,343	868	29,977
91200 Auditing Fees	30,513		3,589		34			152
91300 Management Fee	1,982,948		149,383		23,818		9,589	6,947
91310 Book-keeping Fee	231,790		93,361		2,993		1,395	4,342
91500 Employee Benefit contributions - Administrative	487,123		260,096		2,016	19,158		10,954
91600 Office Expenses		1,000	1,535			9,263		
91900 Other	808,678	1,648	245,725	151,826	35,317	38,574	2,767	9,932
91000 Total Operating - Administrative	4,927,867	2,648	1,467,074	151,826	73,936	117,338	14,619	62,304
92000 Asset Management Fee	283,254				3,000		960	
92100 Tenant Services - Salaries		144,334	77,944					
92300 Employee Benefit Contributions - Tenant Services		46,267	16,542					
92400 Tenant Services - Other	18,733	35,075	-96	2,508				
92500 Total Tenant Services	18,733	225,676	94,390	2,508	-	-	-	-
93100 Water	423,715				3,714	842	966	
93200 Electricity	1,382,539				4,022	18,797	349	
93300 Gas	431,183				1,533	3,593	48	
93600 Sewer	332,133				8,714	1,253	425	
93000 Total Utilities	2,569,570	-	-	-	17,983	24,485	1,788	-

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELJIM	Total
70300 Net Tenant Rental Revenue			-		3,697,464		3,697,464
70400 Tenant Revenue - Other			-		18,285		18,285
70500 Total Tenant Revenue			-	-	3,715,749	-	3,715,749
70600 HUD PHA Operating Grants			297,480		36,615,280		36,615,280
70610 Capital Grants			-		1,785,082		1,785,082
70710 Management Fee			-	2,174,247	2,174,247	-2,174,247	-
70720 Asset Management Fee			-	287,214	287,214	-287,214	-
70730 Book Keeping Fee			-	334,857	334,857	-334,857	-
70700 Total Fee Revenue			-	2,796,318	2,796,318	-2,796,318	-
70800 Other Government Grants			-		1,598,544		1,598,544
71100 Investment Income - Unrestricted	340,000	1,258,544	19	262	12,661		12,661
71400 Fraud Recovery			-		774		774
71500 Other Revenue			-	332,922	1,154,983		1,154,983
71600 Gain or Loss on Sale of Capital Assets			-		-277,869		-277,869
72000 Investment Income - Restricted			-	70	73		73
70000 Total Revenue	340,000	1,258,544	297,499	3,129,572	47,401,595	-2,796,318	44,605,277
91100 Administrative Salaries			6,764	1,627,148	3,825,058		3,825,058
91200 Auditing Fees			34	349	34,671		34,671
91300 Management Fee			1,562		2,174,247	-2,174,247	-
91310 Book-keeping Fee			976		334,857	-334,857	-
91500 Employee Benefit contributions - Administrative			2,472	501,834	1,283,653		1,283,653
91600 Office Expenses			-		11,798		11,798
91900 Other			2,241	381,908	1,678,616		1,678,616
91000 Total Operating - Administrative			14,049	2,511,239	9,342,900	-2,509,104	6,833,796
92000 Asset Management Fee			-		287,214	-287,214	-
92100 Tenant Services - Salaries			-		222,278		222,278
92300 Employee Benefit Contributions - Tenant Services			-		62,809		62,809
92400 Tenant Services - Other			-	1,547	57,767		57,767
92500 Total Tenant Services			-	1,547	342,854	-	342,854
93100 Water			-	1,282	430,519		430,519
93200 Electricity			-	48,200	1,453,907		1,453,907
93300 Gas			-		436,357		436,357
93600 Sewer			-	907	343,432		343,432
93000 Total Utilities			-	50,389	2,664,215	-	2,664,215

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	6 Component Units	2 State/Local	1 Business Activities	14.182 N/C S/R Section 8 Programs
94100 Ordinary Maintenance and Operations - Labor	2,166,783		192		21,779			
94200 Ordinary Maintenance and Operations - Materials and Other	796,916		10,197		3,258	1,233		427
94300 Ordinary Maintenance and Operations Contracts	2,610,396	8,022	123,834	438	35,339	49,165	53,400	5,242
94500 Employee Benefit Contributions - Ordinary Maintenance	855,589				2,524			
94000 Total Maintenance	6,429,684	8,022	134,223	438	62,900	50,398	53,400	5,669
95100 Protective Services - Labor	40,657							
95200 Protective Services - Other Contract Costs	416,629		79					3
95300 Protective Services - Other	986							
95500 Employee Benefit Contributions - Protective Services	21,372							
95000 Total Protective Services	479,644	-	79	-	-	-	-	3
96110 Property Insurance	560,486				8,961	4,596	6,859	
96130 Workmen's Compensation	143,127	5,380	30,476		1,270	1,560		1,154
96140 All Other Insurance	62,188		10,829		10,609	133		442
96100 Total Insurance Premiums	765,801	5,380	41,305	-	20,840	6,289	6,859	1,596
96200 Other General Expenses	172,948		20,142					40
96210 Compensated Absences	-71,572		6,744		-3,178			
96300 Payments in Lieu of Taxes	24,866				388	698	131	
96400 Bad debt - Tenant Rents	98,662				2,856		-1,079	
96600 Bad debt - Other			-5,277					
96800 Severance Expense	104,927		5,596		364			229
96000 Total Other General Expenses	329,831	-	27,205	-	430	698	-948	269
96710 Interest of Mortgage (or Bonds) Payable	606,649					610	25,933	
96700 Total Interest Expense and Amortization Cost	606,649	-	-	-	-	610	25,933	-
96900 Total Operating Expenses	16,411,033	241,726	1,764,276	154,772	179,089	199,818	102,611	69,841
97000 Excess of Operating Revenue over Operating Expenses	4,552,543	-	18,428,142	1	97,451	-424,338	-20,373	619,388
97200 Casualty Losses - Non-capitalized	-32,645				5,000			
97300 Housing Assistance Payments			19,307,293					572,898
97350 HAP Portability-In			2,676					
97400 Depreciation Expense	4,615,718		22,370	125,694	95,616	190,490	32,383	
97800 Dwelling Units Rent Expense	135,723							
90000 Total Expenses	21,129,829	241,726	21,096,615	280,466	279,705	390,308	134,994	642,739

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14,239 HOME Investment Partnerships Program	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	14,856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	COCC	Subtotal	ELJM	Total
94100 Ordinary Maintenance and Operations - Labor				10,954	2,199,708		2,199,708
94200 Ordinary Maintenance and Operations - Materials and Other			96	17,036	829,163		829,163
94300 Ordinary Maintenance and Operations Contracts			1,183	178,124	3,065,143		3,065,143
94500 Employee Benefit Contributions - Ordinary Maintenance			-	3,666	861,779		861,779
94000 Total Maintenance			1,279	209,780	6,955,793	-	6,955,793
95100 Protective Services - Labor					40,657		40,657
95200 Protective Services - Other Contract Costs			1	618	417,330		417,330
95300 Protective Services - Other			-		986		986
95500 Employee Benefit Contributions - Protective Services			-		21,372		21,372
95000 Total Protective Services			1	618	480,345	-	480,345
96110 Property Insurance				11,629	592,531		592,531
96130 Workmen's Compensation			260	65,814	249,041		249,041
96140 All Other Insurance			100	28,850	113,151		113,151
96100 Total Insurance Premiums			360	106,293	954,723	-	954,723
96200 Other General Expenses			9	623	193,762		193,762
96210 Compensated Absences			-	7,252	-60,754		-60,754
96300 Payments in Lieu of Taxes			-	635	26,718		26,718
96400 Bad debt - Tenant Rents			-		100,439		100,439
96600 Bad debt - Other			-		-5,277		-5,277
96800 Severance Expense			52	23,732	134,900		134,900
96000 Total Other General Expenses			61	32,242	389,788	-	389,788
96710 Interest of Mortgage (or Bonds) Payable			-	2,543	635,735		635,735
96700 Total Interest Expense and Amortization Cost			-	2,543	635,735	-	635,735
96900 Total Operating Expenses			15,750	2,914,651	22,053,567	-2,796,318	19,257,249
97000 Excess of Operating Revenue over Operating Expenses	340,000	1,258,544	281,749	214,921	25,348,028	-	25,348,028
97200 Casualty Losses - Non-capitalized			-		-27,645		-27,645
97300 Housing Assistance Payments			271,341		20,151,532		20,151,532
97350 HAP Portability-In			-		2,676		2,676
97400 Depreciation Expense			-	4,958	5,087,229		5,087,229
97800 Dwelling Units Rent Expense			-		135,723		135,723
90000 Total Expenses			287,091	2,919,609	47,403,082	-2,796,318	44,606,764

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	6 Component Units	2 State/Local	1 Business Activities	14,182 N/C S/R Section 8 Programs
10010 Operating Transfer In	2,135,602							
10020 Operating transfer Out	-2,135,602					-166,203		
10091 Inter Project Excess Cash Transfer In	654,110							
10092 Inter Project Excess Cash Transfer Out	-654,110							
10093 Transfers between Program and Project - In	1,600,335							
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	1,600,335	-	-	-	-	-166,203	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,434,082	-	-904,197	-125,693	-3,165	-781,031	-52,756	46,490
11020 Required Annual Debt Principal Payments	983,104							
11030 Beginning Equity	46,115,994							
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-61,270	74	1,237,477	2,231,917	1,130,792	4,998,896	1,985,222	29,464
11170 Administrative Fee Equity			-634		250,684			
11180 Housing Assistance Payments Equity			162,743					
11190 Unit Months Available	32,320		169,903					
11210 Number of Unit Months Leased	31,496		47,004		420		240	2,028
			43,944		398		183	1,791

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In			-	166,203	2,301,805		2,301,805
10020 Operating transfer Out			-		-2,301,805		-2,301,805
10091 Inter Project Excess Cash Transfer In			-		654,110		654,110
10092 Inter Project Excess Cash Transfer Out			-		-654,110		-654,110
10093 Transfers between Program and Project - In			-		1,600,335		1,600,335
10094 Transfers between Project and Program - Out	-340,000	-1,258,544	-	-1,791	-1,600,335		-1,600,335
10100 Total Other financing Sources (Uses)	-340,000	-1,258,544	-	164,412	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	10,408	374,375	-1,487	-	-1,487
11020 Required Annual Debt Principal Payments	-	-	-	-	1,030,517	-	1,030,517
11030 Beginning Equity	-	-	107,377	613,498	58,450,637		58,450,637
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-	2,245	191,099		191,099
11170 Administrative Fee Equity			-		162,743		162,743
11180 Housing Assistance Payments Equity			-		169,903		169,903
11190 Unit Months Available			456		82,468		82,468
11210 Number of Unit Months Leased			397		78,209		78,209

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor Program/Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Programs</u>		
<i>Section 8 Cluster:</i>		
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 689,144
Lower Income Housing Program - Section 8 Moderate Rehabilitation	14.856	297,480
<i>Total Section 8 Cluster</i>		<u>986,624</u>
Section 8 Housing Choice Vouchers	14.871	<u>20,237,863</u>
Public and Indian Housing	14.850	<u>11,526,644</u>
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	<u>154,773</u>
Resident Opportunities and Self-Sufficiency (ROSS)	14.870	<u>241,726</u>
Public Housing Capital Fund Program	14.872	<u>5,252,732</u>
<i>Total Direct Programs</i>		<u>38,400,362</u>
<u>Pass-Through Programs</u>		
<i>Passed Through Montgomery County</i>		
HOME Investment Partnership Program	14.239	<u>340,000</u>
ARRA - Neighborhood Stabilization Program - Recovery Act Funded	14.256	<u>165,944</u>
<i>Passed Through City of Dayton</i>		
ARRA - Neighborhood Stabilization Program - Recovery Act Funded	14.256	<u>1,092,600</u>
<i>Total Pass-Through Programs</i>		<u>1,598,544</u>
Total U.S. Department of Housing and Urban Development		<u>39,998,906</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 39,998,906</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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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 Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dayton Metropolitan Housing Authority, Montgomery County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
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Date: 2013.12.30 18:36:17 -05'00'

December 18, 2013

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5240 East 98th Street
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Dayton Metropolitan Housing Authority, Montgomery County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Dayton Metropolitan Housing Authority, Ohio's major federal programs for the year ended June 30, 2013. Dayton Metropolitan Housing Authority, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Dayton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Dayton Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Dayton Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Dayton Metropolitan Housing Authority, Ohio's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Digitally signed by James G. Zupka, CPA,
President
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December 18, 2013

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

2013(i) Type of Financial Statement Opinion	Unmodified
2013(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v) Type of Major Programs' Compliance Opinion	Unmodified
2013(vi) Are there any reportable findings under §.510(a)?	No
2013(vii) Major Programs (list): <div style="margin-left: 40px;">Section 8 Housing Choice Voucher Program - CFDA #14.871 ARRA - Neighborhood Stabilization Program - CFDA #14.256</div>	
2013(viii) Dollar Threshold: Type A\B Programs	\$1,199,967 Type B: All Others
2013(ix) Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**DAYTON METROPOLITAN HOUSING AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The prior audit report, as of June 30, 2012, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

DAYTON METROPOLITAN HOUSING AUTHORITY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2014**