

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**MIAMI METROPOLITAN
HOUSING AUTHORITY**

Year Ended December 31, 2013



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Miami Metropolitan Housing Authority, Miami County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2013 through December 31, 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 Miami 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

July 10, 2014

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**MIAMI METROPOLITAN HOUSING AUTHORITY
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125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel
614.837.2921 tel
740.653.0983 fax

Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Miami Metropolitan Housing Authority
Troy, 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 business-type activities of Miami Metropolitan Housing Authority, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Miami Metropolitan Housing 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Miami Metropolitan Housing Authority, as of December 31, 2013, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 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 of Miami Metropolitan Housing Authority. The Financial Data Schedule (FDS), cost certification and schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The FDS, cost certification, and schedule of federal awards expenditures 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 FDS, cost certification, and schedule of expenditures of federal awards is 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 June 18, 2014 on our consideration of the Miami Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Miami Metropolitan Housing Authority's internal control over financial reporting and compliance.



JC & Co.
Lancaster, Ohio
June 18, 2014

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended December 31, 2013**

Unaudited

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

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

FINANCIAL HIGHLIGHTS

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

- The revenue increased by \$45,582 (or 0.77%) during 2013, and was \$5,950,763 and \$5,905,181 for 2013 and 2012, respectively.
- The total expenses decreased by \$158,925 (or 2.51%). Total expenses were \$6,168,580 and \$6,327,505 for 2013 and 2012, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of these financial statements:

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information ~

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

MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2013

Unaudited

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

Unrestricted: This component of Net Position consists of assets that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted”. This account resembles the old operating reserves account.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (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 grant revenue, investment income and interest expense.

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

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

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

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidies to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority’s physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority’s units.

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

Business Activities – Represents the rental of office space to be used for future capital improvements on the building.

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2013**

Unaudited

BASIC FINANCIAL STATEMENTS

**TABLE 1
STATEMENT OF NET POSITION**

The following table compares the condensed Statement of Net Position for the current and previous fiscal year.

	2013	2012
Current and Other Assets	\$ 838,564	\$ 1,180,222
Capital Assets	3,634,855	3,587,937
TOTAL ASSETS	4,473,419	4,768,159
Current Liabilities	225,369	255,162
Long-Term Liabilities	55,934	103,064
TOTAL LIABILITIES	281,303	358,226
Net Position		
Net Investment in Capital Assets	3,546,855	3,451,937
Restricted - HAP	311,279	547,357
Unrestricted	333,982	410,639
TOTAL NET POSITION	\$ 4,192,116	\$ 4,409,933

For more detailed information, see the statement of Net Position in the financial statements.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets fluctuate with the ups and downs of federal funding, forcing the use of reserve funds to offset decreased funding.

Capital assets are affected by fluctuations in capital grant funding and expenses. Restricted (HAP) funds decreased due to HAP payments were being than HAP Funding. Unrestricted funds decreased due to congressional cuts and proration.

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2013**

Unaudited

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

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

	2013	2012
Revenues		
Tenant Revenue - Rents and Other	\$ 574,450	\$ 539,097
Operating Subsidies and Grants	4,869,237	5,192,542
Capital Grants	351,212	22,987
Investment Income/Other Revenues	148,348	150,555
Gain on sale of assets	7,516	-
TOTAL REVENUE	5,950,763	5,905,181
Expenses		
Administration	738,409	725,033
Tenant services	2,923	3,413
Utilities	239,241	210,730
Maintenance	334,793	385,500
Insurance	29,513	31,003
General	51,105	52,294
PILOT	36,962	36,084
Bad Debt	312	9,391
Housing Assistance Payments	4,429,656	4,458,783
Depreciation	305,666	415,274
TOTAL EXPENSES	6,168,580	6,327,505
CHANGE IN NET POSITION	\$ (217,817)	\$ (422,324)

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

The major factors increasing the overall revenue was the additional monies for capital grant project work and higher tenant revenues. However, Operating Subsidies and grants were decreased in 2013 due to congressional cuts (offset and proration).

The major factors affecting why expenses decreased: maintenance (\$99,674) due to work on the office in 2012; and HAP expenses (\$29,127) due to decreased funding. Extraordinary maintenance increased by \$53,327 due to driveway resurfacing, concrete work, and Morris House bath renovation.

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2013**

Unaudited

CAPITAL ASSETS

At year-end, the Authority had \$3,634,855 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$46,918.

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

	2013	2012
Land and Land Rights	\$ 357,350	\$ 357,350
Buildings	10,317,705	10,317,705
Equipment - Administrative	80,530	121,470
Equipment - Dwellings	20,143	18,771
Construction in progress	592,829	241,617
Accumulated Depreciation	(7,733,702)	(7,468,976)
TOTAL	\$ 3,634,855	\$ 3,587,937

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 3,587,937
Additions - Capital fund	351,212
Additions	1,372
Disposal	(40,940)
Accumulated depreciation - disposal	40,940
Depreciation Expense	(305,666)
ENDING BALANCE	\$ 3,634,855

DEBT ADMINISTRATION

At December 31, 2013, the Authority had a capital lease on the building where the administration offices are located. The following table represents the future minimum lease payments.

**TABLE 5
FUTURE MINIMUM LEASE PAYMENTS**

Year Ending December 31	Amount
2014	\$ 48,000
2015	40,000
Total minimum lease payments	\$ 88,000

**MIAMI METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended December 31, 2013**

Unaudited

ECONOMIC FACTORS

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

IN CONCLUSION

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

FINANCIAL CONTACT

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

MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

ASSETS

Cash and cash equivalents	\$	301,344
Cash and cash equivalents - restricted		358,548
Receivables - net of allowance		106,971
Inventories - net of allowance		37,071
Prepaid expenses and other assets		33,640
TOTAL CURRENT ASSETS		837,574

CAPITAL ASSETS

Land		357,350
Other capital assets - net		3,277,505
TOTAL CAPITAL ASSETS		3,634,855

OTHER ASSETS

		990
--	--	-----

TOTAL ASSETS **4,473,419**

LIABILITIES

CURRENT LIABILITIES

Accounts payable		43,200
Accounts payable - other government		1,851
Intergovernmental payables		36,962
Accrued wages/payroll taxes		14,993
Accrued compensated absences - current		34,945
Tenant security deposits		45,418
Current portion of capital lease payable		48,000
TOTAL CURRENT LIABILITIES		225,369

LONG-TERM LIABILITIES

Accrued compensated absences - non-current		15,934
Capital lease payable		40,000
TOTAL LONG-TERM LIABILITIES		55,934

TOTAL LIABILITIES **281,303**

NET POSITION

Net investment in capital assets		3,546,855
Restricted - HAP		311,279
Unrestricted		333,982
NET POSITION		\$ 4,192,116

See accompanying notes to the basic financial statements

MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2013

OPERATING REVENUES	
Tenant revenue	\$ 574,450
Operating subsidies	4,869,237
Other revenues	<u>147,816</u>
TOTAL OPERATING REVENUES	5,591,503
 OPERATING EXPENSES	
Administrative	738,409
Tenant services	2,923
Utilities	239,241
Maintenance	334,793
Insurance	29,513
General	51,105
PILOT	36,962
Bad debts	312
Housing assistance payments	4,429,656
Depreciation	<u>305,666</u>
TOTAL OPERATING EXPENSES	<u>6,168,580</u>
OPERATING LOSS	(577,077)
 NON-OPERATING REVENUES	
Gain on sale of assets	7,516
Interest revenue	532
Capital grants	<u>351,212</u>
TOTAL NON-OPERATING REVENUES	<u>359,260</u>
CHANGE IN NET POSITION	(217,817)
 NET POSITION, BEGINNING OF YEAR	 <u>4,409,933</u>
NET POSITION, END OF YEAR	<u><u>\$ 4,192,116</u></u>

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 4,765,523
Cash received from tenants	574,604
Cash received from other revenue	191,316
Cash payments for housing assistance payments	(4,429,656)
Cash payments for other operating expenses	(1,414,980)
Cash payments to HUD and other government	<u>(35,379)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	(348,572)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grants received	351,212
Acquisition of capital assets	(352,584)
Proceeds on sale of capital assets	<u>7,516</u>
NET CASH PROVIDED BY CAPITAL AND FINANCING ACTIVITIES	6,144
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment activity	532
Payments on capital lease	<u>(48,000)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	(47,468)
CHANGE IN CASH AND CASH EQUIVALENTS	(389,896)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,049,788</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ 659,892
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Operating loss	\$ (577,077)
Adjustments to reconcile operating loss to net cash (used) by operating activities	
Depreciation	305,666
(Increase) decrease in:	
Receivables - net of allowance	(60,060)
Inventories - net of allowance	2,167
Prepaid expenses	9,655
Increase (decrease) in:	
Accounts payable	(9,676)
Accrued wages/payroll taxes	(24,609)
Accrued compensated absences	2,641
Accounts payable - other government	1,583
Tenant security deposits	<u>1,138</u>
NET CASH (USED) BY OPERATING ACTIVITIES	\$ (348,572)

See accompanying notes to the basic financial statements

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Miami Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

Oversight of the Miami Metropolitan Housing Authority is provided by a five (5) member board called the Board of Commissioners representing one (1) appointee of the Common Pleas Court, one (1) appointee of the County commissioners, one (1) appointee of the Probate Court and two (2) appointees of the largest municipality of the county, including one (1) appointee resident member nominated by the Resident Advisory Council.

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

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

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

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

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

Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows.

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus

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

Enterprise Fund

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

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

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

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidies to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on the size and age of the Authority's units.

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

Business Activities – Represents the rental of office space to be used for future capital improvements on the building.

Accounting and Reporting for Nonexchange Transactions

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

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

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

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

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

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

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

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

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

Cash and Cash Equivalents

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

Prepaid expenses

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

Capital Assets

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

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

Accrued Liabilities

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

Net Position

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

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

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

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

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

The following is a summary of changes in compensated absences for the year ended December 31, 2013:

	Balance 12/31/12	Increases	Decreases	Balance 12/31/13	Due Within One Year
Compensated Absences Payable	\$ 48,238	\$ 52,763	\$ (50,122)	\$ 50,879	\$ 34,945

Operating Revenues and Expenses

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

Operating expenses are those expenses that are generated from the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Contributions

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

Budgetary Accounting

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

Estimates

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

Tenant Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$0 at December 31, 2013.

Inventories

Inventories are comprised of maintenance materials and supplies and are stated at cost. The allowance for obsolete inventory was \$4,119 at December 31, 2013.

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

2. DEPOSITS AND INVESTMENTS

Deposits

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

1. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. 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.
3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

The carrying amount of the Authority's deposits was \$659,892 at December 31, 2013. The corresponding bank balances were \$730,239. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," at December 31, 2013, \$250,000 was covered by federal depository insurance, while \$480,239 was exposed to custodial risk.

Custodial credit risk is the risk that in the event of 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% 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 the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer.

At December 31, 2013, the Authority did not have any investments.

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

3. RESTRICTED CASH

Restricted cash balance at December 31, 2013 of \$358,548 represents cash on hand for the following:

Tenant Security Deposits	\$ 45,418
Cash on hand for tenants' Housing Assistance Payments	311,279
Cash restricted for payment of current liabilities	<u>1,851</u>
Total Restricted Cash	<u><u>\$ 358,548</u></u>

4. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 12/31/2012	Additions	Deletions/ Transfers	Balance 12/31/2013
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 357,350	\$ -	\$ -	\$ 357,350
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>\$ 357,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,350</u>
CAPITAL ASSETS BEING DEPRECIATED				
Building and Improvements	\$ 10,317,705	\$ -	\$ -	\$ 10,317,705
Furniture and equipment	140,241	1,372	(40,940)	100,673
Construction in progress	241,617	351,212	-	592,829
Totals at Historical Costs	<u>10,699,563</u>	<u>352,584</u>	<u>(40,940)</u>	<u>11,011,207</u>
Accumulated Depreciation	<u>(7,468,976)</u>	<u>(305,666)</u>	<u>40,940</u>	<u>(7,733,702)</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>\$ 3,230,587</u>	<u>\$ 46,918</u>	<u>\$ -</u>	<u>\$ 3,277,505</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 3,587,937</u>	<u>\$ 46,918</u>	<u>\$ -</u>	<u>\$ 3,634,855</u>
Accumulated Depreciation by Class:				
Buildings				\$ 7,681,990
Furniture and Equipment				<u>51,712</u>
TOTAL ACCUMULATED DEPRECIATION				<u>\$ 7,733,702</u>

5. CAPITAL LEASE

The Authority leases a building from Miami County, Ohio under an agreement that is classified as a capital lease. The cost of the building under the capital lease is included on the balance sheet. Amortization of the building is included in depreciation expense. The interest rate on the lease is 0%. The lease states that the Authority may purchase the building at any time during the lease for \$15,000. The Authority paid this amount and will own the building when the lease expires. Final lease payment is due October 31, 2015.

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

5. CAPITAL LEASE - CONTINUED

The future minimum lease payments required under the capital lease at December 31, 2013 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2014	\$ 48,000
2015	40,000
Total minimum lease payments	<u>\$ 88,000</u>

The building was capitalized for \$100,760. At December 31, 2013 the building had accumulated depreciation of \$7,557, with a net book value of \$93,203.

6. DEFINED BENEFIT PENSION PLAN

The Authority participates in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS administers three separate pension plans as described below:

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.html> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer rates were consistent across all three plans. The 2013 member contribution rate was 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended December 31, 2013, 2012, and 2011 amounted to \$106,004, \$113,191, and \$132,265, respectively. All required contributions have been made through December 31, 2013.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (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 and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

7. 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.html> or by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013 and 2012, the employer contributions allocated to the health care plan was one percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2013, 2012 and 2011, which were used to fund post-employment benefits, were \$106,004, \$113,191 and \$132,265, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board 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.

8. CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2013.

Commitments and Contingencies

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

The Authority carried commercial insurance for risk of loss for employee health and accident insurance. There has been no significant reduction in coverage from last year. Settled claims have not exceeded this coverage in any of the last three years.

9. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2013 totaled \$36,962.

**MIAMI METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013**

10. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2013, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and change in net asset and other data to HUD as required on the GAAP basis.

11. RELATED PARTY TRANSACTION

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

12. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

13. GASB STATEMENT IMPLEMENTATIONS

For fiscal year 2013, the Authority implemented Government Auditing Standards Board (GASB) *Statement No. 65, “Items Previously Reported as Assets and Liabilities,”* and *Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”*

GASB Statement No. 65 properly classified certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of this statement did not result in any change in the Authority’s financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Authority’s financial statements.

14. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

15. SUBSEQUENT EVENTS

There were no subsequent events through June 18, 2014, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

MIAMI METROPOLITAN HOUSING AUTHORITY

Balance Sheet

FDS Schedule Submitted to HUD

Proprietary Fund Type

Enterprise Fund

December 31, 2013

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	\$126,961	\$40,764	\$133,619	\$301,344	\$301,344
113 Cash - Other Restricted		\$311,279		\$311,279	\$311,279
114 Cash - Tenant Security Deposits	\$45,418			\$45,418	\$45,418
115 Cash - Restricted for Payment of Current Liabilities		\$1,851		\$1,851	\$1,851
100 Total Cash	\$172,379	\$353,894	\$133,619	\$659,892	\$659,892
122 Accounts Receivable - HUD Other Projects	\$103,714			\$103,714	\$103,714
124 Accounts Receivable - Other Government	\$113		\$600	\$713	\$713
126 Accounts Receivable - Tenants	\$2,544			\$2,544	\$2,544
126.1 Allow ance for Doubtful Accounts -Tenants	\$0			\$0	\$0
126.2 Allow ance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0
120 Total Receivables, Net of Allow ances for Doubtful Accounts	\$106,371	\$0	\$600	\$106,971	\$106,971
142 Prepaid Expenses and Other Assets	\$28,592	\$3,534	\$1,514	\$33,640	\$33,640
143 Inventories	\$41,190			\$41,190	\$41,190
150 Total Current Assets	\$344,413	\$357,428	\$135,733	\$837,574	\$837,574
161 Land	\$357,350			\$357,350	\$357,350
162 Buildings	\$10,317,705			\$10,317,705	\$10,317,705
163 Furniture, Equipment & Machinery - Dw ellings	\$20,143			\$20,143	\$20,143
164 Furniture, Equipment & Machinery - Administration	\$80,530			\$80,530	\$80,530
166 Accumulated Depreciation	-\$7,733,702			-\$7,733,702	-\$7,733,702
167 Construction in Progress	\$360,829		\$232,000	\$592,829	\$592,829
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,402,855	\$0	\$232,000	\$3,634,855	\$3,634,855
174 Other Assets			\$990	\$990	\$990
180 Total Non-Current Assets	\$3,402,855	\$0	\$232,990	\$3,635,845	\$3,635,845

See independent auditors' report

MIAMI METROPOLITAN HOUSING AUTHORITY
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2013

			Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
190	Total Assets		\$3,747,268	\$357,428	\$368,723	\$4,473,419	\$4,473,419
290	Total Assets and Deferred Outflow of Resources		\$3,747,268	\$357,428	\$368,723	\$4,473,419	\$4,473,419
311	Bank Overdraft						
312	Accounts Payable <= 90 Days		\$36,923	\$3,176	\$3,101	\$43,200	\$43,200
321	Accrued Wage/Payroll Taxes Payable		\$2,354	\$3,011	\$9,628	\$14,993	\$14,993
322	Accrued Compensated Absences - Current Portion		\$15,988	\$18,957		\$34,945	\$34,945
331	Accounts Payable - HUD PHA Programs			\$1,851		\$1,851	\$1,851
333	Accounts Payable - Other Government		\$36,962			\$36,962	\$36,962
341	Tenant Security Deposits		\$45,418			\$45,418	\$45,418
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$48,000	\$48,000	\$48,000
310	Total Current Liabilities		\$137,645	\$26,995	\$60,729	\$225,369	\$225,369
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$40,000	\$40,000	\$40,000
354	Accrued Compensated Absences - Non Current		\$4,520	\$11,414		\$15,934	\$15,934
350	Total Non-Current Liabilities		\$4,520	\$11,414	\$40,000	\$55,934	\$55,934
300	Total Liabilities		\$142,165	\$38,409	\$100,729	\$281,303	\$281,303
508.4	Net Investment in Capital Assets		\$3,402,855		\$144,000	\$3,546,855	\$3,546,855
511.4	Restricted Net Position			\$311,279		\$311,279	\$311,279
512.4	Unrestricted Net Position		\$202,248	\$7,740	\$123,994	\$333,928	\$333,982
513	Total Equity - Net Assets / Position		\$3,600,743	\$319,019	\$267,994	\$4,192,116	\$4,192,116
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position		\$3,747,268	\$357,428	\$368,723	\$4,473,419	\$4,473,419

See independent auditors' report

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2013

			Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
70300	Net Tenant Rental Revenue		\$566,170			\$566,170	\$566,170
70400	Tenant Revenue - Other		\$8,280			\$8,280	\$8,280
70500	Total Tenant Revenue		\$574,450	\$0	\$0	\$574,450	\$574,450
70600	HUD PHA Operating Grants		\$224,133	\$4,645,104		\$4,869,237	\$4,869,237
70610	Capital Grants		\$351,212			\$351,212	\$351,212
71100	Investment Income - Unrestricted		\$395	\$61	\$76	\$532	\$532
71400	Fraud Recovery			\$936		\$936	\$936
71500	Other Revenue		\$6,822		\$140,058	\$146,880	\$146,880
71600	Gain or Loss on Sale of Capital Assets		\$7,516			\$7,516	\$7,516
70000	Total Revenue		\$1,164,528	\$4,646,101	\$140,134	\$5,950,763	\$5,950,763
91100	Administrative Salaries		\$111,949	\$277,731		\$389,680	\$389,680
91200	Auditing Fees		\$830	\$6,714		\$7,544	\$7,544
91500	Employee Benefit contributions - Administrative		\$49,641	\$105,802		\$155,443	\$155,443
91600	Office Expenses		\$86,231	\$46,470		\$132,701	\$132,701
91700	Legal Expense		\$510	\$22,559		\$23,069	\$23,069
91800	Travel		\$1,328	\$3,675		\$5,003	\$5,003
91900	Other		\$11,698	\$13,160	\$111	\$24,969	\$24,969
91000	Total Operating - Administrative		\$262,187	\$476,111	\$111	\$738,409	\$738,409
92400	Tenant Services - Other		\$2,923			\$2,923	\$2,923
92500	Total Tenant Services		\$2,923	\$0	\$0	\$2,923	\$2,923
93100	Water		\$33,520		\$1,667	\$35,187	\$35,187
93200	Electricity		\$127,386		\$17,050	\$144,436	\$144,436
93300	Gas		\$23,743		\$10,119	\$33,862	\$33,862

See independent auditors' report

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2013

			Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
93600	Sewer		\$24,085		\$1,671	\$25,756	\$25,756
93000	Total Utilities		\$208,734	\$0	\$30,507	\$239,241	\$239,241
94100	Ordinary Maintenance and Operations - Labor		\$80,768		\$5,499	\$86,267	\$86,267
94200	Ordinary Maintenance and Operations - Materials and Other		\$58,508		\$5,421	\$63,929	\$63,929
94300	Ordinary Maintenance and Operations Contracts		\$90,051		\$16,200	\$106,251	\$106,251
94500	Employee Benefit Contributions - Ordinary Maintenance		\$24,719		\$300	\$25,019	\$25,019
94000	Total Maintenance		\$254,046	\$0	\$27,420	\$281,466	\$281,466
96140	All Other Insurance		\$26,267	\$3,246		\$29,513	\$29,513
96100	Total insurance Premiums		\$26,267	\$3,246	\$0	\$29,513	\$29,513
96200	Other General Expenses			\$982		\$982	\$982
96210	Compensated Absences		\$15,717	\$34,406		\$50,123	\$50,123
96300	Payments in Lieu of Taxes		\$36,962			\$36,962	\$36,962
96400	Bad debt - Tenant Rents		\$312			\$312	\$312
96000	Total Other General Expenses		\$52,991	\$35,388	\$0	\$88,379	\$88,379
96900	Total Operating Expenses		\$807,148	\$514,745	\$58,038	\$1,379,931	\$1,379,931
97000	Excess of Operating Revenue over Operating Expenses		\$357,380	\$4,131,356	\$82,096	\$4,570,832	\$4,570,832
97100	Extraordinary Maintenance		\$53,327			\$53,327	\$53,327
97300	Housing Assistance Payments			\$4,429,656		\$4,429,656	\$4,429,656
97400	Depreciation Expense		\$305,666			\$305,666	\$305,666
90000	Total Expenses		\$1,166,141	\$4,944,401	\$58,038	\$6,168,580	\$6,168,580

See independent auditors' report

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2013

			Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses		-\$1,973	-\$298,300	\$82,096	-\$217,817	-\$217,817
11020	Required Annual Debt Principal Payments		\$0	\$0	\$48,000	\$48,000	\$48,000
11030	Beginning Equity		\$3,637,059	\$653,188	\$119,686	\$4,409,933	\$4,409,933
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$30,343	-\$35,869	\$66,212	\$0	\$0
11170	Administrative Fee Equity			\$7,740		\$7,740	\$7,740
11180	Housing Assistance Payments Equity			\$311,279		\$311,279	\$311,279
11190	Unit Months Available		1524	11820		13344	13344
11210	Number of Unit Months Leased		1521	11779		13300	13300
11270	Excess Cash		\$80,984			\$80,984	\$80,984
11620	Building Purchases		\$351,212			\$351,212	\$351,212

See independent auditors' report

**MIAMI METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
Year Ended December 31, 2013**

	<u>OHIO-P062-501-12</u>
TOTAL EXPENDITURES	\$ <u>139,183</u>
TOTAL RECEIVED	\$ <u>139,183</u>

1. The grant cost certificate was approved by HUD.
2. The Authority records agree to the above total expenditures.
3. There are no outstanding liabilities at year end.

See independent auditors' report

**MIAMI METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended December 31, 2013**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 224,133
Public Housing Capital Fund	14.872	351,212
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	4,645,104
Total - All Programs		\$ 5,220,449

See independent auditors' report



Just Ask

125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel
614.837.2921 tel
740.653.0983 fax

Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

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

Board of Directors
Miami Metropolitan Housing Authority
Troy, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, 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 business-type activities of Miami Metropolitan Housing Authority as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated June 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Miami Metropolitan Housing Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Miami Metropolitan Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Miami Metropolitan Housing Authority'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 entity'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 over financial reporting 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 financial reporting 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 Miami Metropolitan Housing Authority'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "JC & Co." with a stylized flourish under the "J".

JC & Co.
Lancaster, Ohio
June 18, 2014



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Miami Metropolitan Housing Authority
Troy, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited Miami Metropolitan Housing Authority'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 Miami Metropolitan Housing Authority's major federal programs for the year ended December 31, 2013. Miami Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Miami Metropolitan Housing Authority'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 Miami Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Miami Metropolitan Housing Authority's compliance.

Opinion on Each Major Federal program

In our opinion, Miami Metropolitan Housing Authority 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 its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Miami Metropolitan Housing Authority 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 Miami Metropolitan Housing Authority'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 Miami Metropolitan Housing Authority'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.

A handwritten signature in black ink that reads "JC & Co." with a stylized flourish at the end of the "C".

JC & Co.
Lancaster, Ohio
June 18, 2014

Miami Metropolitan Housing Authority

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

December 31, 2013

1. SUMMARY OF AUDITORS' RESULTS
--

Type of Financial Statement Opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under § .510(a)?	No
Major Programs (list):	Section 8 Housing Choice Vouchers CFDA #14.871 Public Housing Capital Fund CFDA #14.872
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

Miami Metropolitan Housing Authority

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

December 31, 2013

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings for the year ended December 31, 2013.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings for the year ended December 31, 2013.

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Dave Yost • Auditor of State

MIAMI METROPOLITAN HOUSING AUTHORITY

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2014**