

**Miami Metropolitan Housing Authority
Single Audit Report
For The Year Ended December 31, 2003**

Lightner & Stickel, CPA's, Inc.
Troy, Ohio



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Miami Metropolitan Housing Authority, Miami County, prepared by Lightner & Stickel, CPA's, Inc., for the audit period January 1, 2003 through December 31, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 30, 2004

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Independent Auditor's Report

To the Board of Commissioners
Miami Housing Authority
Troy, Ohio

We have audited the accompanying financial statements of the Miami Metropolitan Housing Authority, as listed in the Table of Contents, as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Miami Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Miami Metropolitan Housing Authority as of December 31, 2003, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2004, on our consideration of the Miami Housing Authority's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Miami Housing Authority taken as a whole. The accompanying Schedule of Expenditures and 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, the supplemental schedules combining: balance sheets, revenues, expenses and changes in equity and supplemental schedule on Actual Capital Fund Program incurred on projects closed and schedule of adjusting journal entries are also presented for the purpose of additional analysis and are not a required part of the basic financial statements. The aforementioned supplemental schedules and information are also the responsibility of management. Such supplemental schedules and information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole. Such supplemental schedules and information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lightner & Stickel, CPA's, Inc.
Sam Brown, CPA, CVA, Lead Auditor
May 21, 2004

Miami Metropolitan Housing Authority
Balance Sheet
December 31, 2003

Assets

Current Assets		
Cash	\$	661,552
Accounts Receivable		269,921
Accounts Receivable - PHA Projects		315
Accounts Receivable - Tenants - Dwellings Rents		2,358
Inventories		18,505
Prepaid Expenses		110,604
Total Current Assets		\$ 1,063,255
Land, Structures and Equipment		
Land		357,350
Buildings		8,381,910
Furniture, Equipment and Machinery - Dwellings		102,108
Accumulated Depreciation		(4,433,753)
Total Land, Structures and Equipment		4,407,615
Other Assets		
Workers Comp Deposit		990
Construction in Progress		274,097
Total Other Assets		275,087
Total Assets		\$ 5,745,957

Liabilities and Net Assets

Liabilities

Current Liabilities		
Accounts Payable	\$	105,271
Accounts Payable - Security Deposits		33,237
Accrued Expenses		345,579
Total Current Liabilities		\$ 484,087
Total Liabilities		484,087

Net Assets

Net Assets		
Net Assets		5,261,870
Total Net Assets		5,261,870
Total Liabilities and Net Assets		\$ 5,745,957

See Independent Auditor's Report and Notes to the Financial Statements.

Miami Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2003

Operating Revenue		
Dwelling Rental	\$ 413,230	
Tenant Revenue - Other	13,241	
HUD PHA Grants	4,661,429	
Investment Income - Unrestricted	1,534	
Other Revenue	<u>22,739</u>	
Total Operating Revenue		\$ 5,112,173
Operating Expenses		
Housing Assistance Payments	3,758,693	
Auditing Fees	4,715	
Outside Management Fees	562,574	
Other Operating Expenses - Administrative	12,143	
Tenant Services - Other	18,043	
Water	47,575	
Electric	111,954	
Gas	33,644	
Ordinary Maintenance-Materials & Other	35,868	
Ordinary Maintenance-Contract Costs	196,661	
Insurance Premiums	21,698	
Payments in Lieu of Taxes	23,237	
Bad Debts Tenants	<u>12,509</u>	
Total Operating Expenses		<u>4,839,314</u>
Operating Income		272,859
Other Income (Expenses)		
Depreciation		<u>280,035</u>
Increase (Decrease) Net Assets		(7,176)
Net Assets at Beginning of Year		5,265,840
Prior Period Adjustment		<u>3,206</u>
Net Assets at End of Year		<u><u>\$ 5,261,870</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

Miami Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2003

Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets		\$ (7,176)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 280,035	
(Increase) decrease in accounts receivable	169,121	
(Increase) decrease in prepaid assets	(1,500)	
(Increase) decrease in inventories	(2,924)	
Increase (decrease) in accounts payable	(121,068)	
Increase (decrease) in other accrued liabilities	<u>46,459</u>	
 Total adjustments		 <u>370,123</u>
 Net Cash Provided (Used) by Operating Activities		 362,947
 Cash Flows From Investing Activities		
Land, structures, and equipment	<u>(152,567)</u>	
 Net Cash Provided (Used) by Investing Activities		 <u>(152,567)</u>
 Net Increase (Decrease) in Cash		 210,380
 Cash at Beginning of Year		 <u>451,172</u>
 Cash at End of Year		 <u><u>\$ 661,552</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003

Note 1 – Description of Entity

The Miami Metropolitan Housing Authority (“MMHA” or the “Authority”) was created under Ohio Revised Code Section 3735.27. The Housing Authority contracts with United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing. The Housing Authority owns 123 units and has approximately 850 units under contract with private owners. Contributions, including operating subsidies and grants made by HUD, used to offset certain MMHA expenditures are more fully described as follows:

- Basic annual contributions for operations of the low rent housing program are received from HUD to cover the excess of expenditures over receipts, not to exceed maximum amounts stipulated in the Annual Contributions Contract.
- Housing assistance payments (“HAP”) are received by MMHA, subject to certain limitations, for operations of the Section 8 Program. The amount of the HAP payments is determined based upon numerous criteria, including unit size and number of dwellings units.
- MMHA is required to remit residuals (if any) from operations and certain interest to HUD as specified in its Annual Contributions Contract to reduce the annual HUD contributions.

Oversight of the Miami Metropolitan Housing Authority is provided by a six (6) member board called the Board of Commissioners representing one (1) appointee of the Common Pleas Court, one (1) appointee of the County commissioners, one (1) appointee of the Probate Court, one (1) appointee resident member appointed by the Resident Advisory Committee and two (2) appointees of the largest municipality of the county. The Authority’s financial statements include all funds, agencies, boards, commissions, and departments for which the Authority is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (“GASB”), exists if the Authority appoints a voting majority of an organization’s governing board and the Authority is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority. The Authority may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Authority. The Authority also took into consideration other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s general purpose financial statements to be misleading or incomplete. Based upon the foregoing criteria, the Authority has no component units.

Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003

Note 1 – Description of Entity (continue d)

HUD requires all grantee agencies and authorities to maintain a separate ledger for each grant/granting contract. Accordingly, MMHA maintains a separate ledger for each of the following programs/grants:

- a. **Annual Contributions Contract C-5082** – The following programs are operated under the contract:

Low Rent Housing Program – Under this program, which is sponsored by HUD and commonly known as Public Housing, MMHA manages 127 housing units, which are owned by Authority. MMHA operates the Program with the proceeds of rentals received from tenants and contributions and subsidies received from HUD under contractual agreement.

Modernization Programs – Modernization programs, also known as Capital Fund Program (CFP), are funded through project grants, and are used to replace or materially upgrade portions of MMHA’s housing units.

- b. **Annual Contributions Contract C-5052** – Housing Assistance Program (“HAP”) – Under this HUD Section 8 Program, MMHA contracts with private landlords and subsidizes the rental of approximately 850 housing dwelling units. Under this program, HAP payments are made to the landlord on behalf of the tenant for the difference between the contract rent and the amount the tenant is able to pay.

Note 2 – Summary of Significant Accounting Policies

The significant accounting policies under which the financial statements have been prepared are as follows:

Cash and cash equivalents include investments with original maturities of three months or less. Cash equivalents are carried at the lower of cost or market.

Allowance for Doubtful Accounts – No provisions for doubtful accounts has been established for the year ended December 31, 2003. Management has represented the balance of accounts receivable is fully collectible.

Inventory – The Authority’s inventories, which consist primarily of maintenance supplies are carried at cost using the first in-first out method and are valued at the lower of cost or market.

Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003

Note 2 – Summary of Significant Accounting Policies (continued)

Land, Structures and Equipment – is recorded at cost. Depreciation is provided for by the amortization of the cost of the asset over its estimated useful life using the straight line method. Depreciation expense was \$280,035 for the year ended December 31, 2003. The estimated useful lives are as follows:

Buildings	40 years
Furniture & Equipment - Dwelling	7 years

The cost of assets sold or retired and related amounts of accumulated depreciation are removed from the accounts in the year of disposal. Any resulting gain or loss is reflected in current operations. Expenditures for maintenance and repairs are charged directly to operations as incurred; additions and betterments are capitalized.

Interprogram Receivable/Payable – During the course of operations, numerous short-term interprogram loans are made primarily to cover payroll and interprogram cost allocations.

Recognition of Revenues and Expenses – Contributions, grants, and subsidies received from HUD are generally recognized as revenue in the Annual Contributions Contract year. Tenant rentals are recognized as revenues in the month of occupancy. Contributions under the Capital Fund Program (CFP) are recognized as revenue in the period in which the grants are awarded.

Indirect Costs – Certain indirect costs are allocated to the various programs under the HUD approved cost allocation plan.

Use of Estimates – The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Enterprise Fund – Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to its proprietary funds, and Financial Accounting Standards Board's Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003

Note 3 – Deposits and Investments

Legal and Other Requirements – The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority’s written investment policy. Only banks located in Ohio and domestic buildings and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposits, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer’s investment pool (STAR OHIO), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposits. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority’s name.

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.

Government Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

Deposits:

- Category 1* – Insured or collateralized with securities held by the Authority or by its agent in the Authority’s name.
- Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s name.
- Category 3* – Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution’s trust department or agent, but not in the Authority’s name).

Investments:

- Category 1* – Insured or registered, or securities held by the Authority or its agent in the Authority’s name.
- Category 2* – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Authority’s name.
- Category 3* – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority’s name.

**Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003**

Note 3 – Deposits and Investments (continued)

Deposits – At December 31, 2003 the carrying value of the Miami Metropolitan Housing Authority’s cash and investments consisted of demand deposits and certificate of deposits in the amount of \$661,552. The bank balances of \$685,253 were collateralized as follows:

- Category 1 \$100,000 was covered by Federal Depository Insurance
- Category 2 \$585,253 was covered by collateral held by a third party in the name of the Authority.

Cash and cash equivalents, which are demand deposits, at December 31, 2003, are as follows:

Annual Contribution Contract	Book Amount	Bank Amount
C-5082-Public Housing	<u>\$ 661,552</u>	<u>\$ 685,253</u>

Note 4 – Related Party Transaction

The Miami County Metropolitan Housing Authority has a management agent contract with Miami County Community Action Council, 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.”

Note 5 – Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. In order to minimize these risks the Authority was insured through the State Housing Authority Risk Pool, Inc. (SHARP) a public entity risk pool operating a common risk, management and insurance program for its 22 housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies. In addition coverage for employee health and accident insurance is purchased by an independent third party. Settlement claims for these risks have not exceeded coverage for the past two years. Further there has been not reduction in premiums or insurance coverage.

Note 6 – Employees’ Retirement System

The Housing Authority contributes 6.2% of gross salary to Social Security Insurance. Social Security Insurance requires members to contribute an additional 6.2% of their gross salary. The amount of these funds is not reflected in the accompanying financial statements.

Miami Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 2003

Note 7 – Payments in Lieu of Taxes

MMHA has cooperation agreements with certain municipalities under which it makes payments in lieu of real estate taxes for various public services. Expense recognized for payments in lieu of taxes totaled \$ 23,237 for the year ended December 31, 2003.

Note 8 – New Accounting Standards

The GASB has issued Statement No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This statement establishes reporting standards for general purpose external financial reporting by governmental units. GASB Statement No. 34 is effective for the year ending December 31, 2004. The Authority has not completed an analysis of the impact of this statement on its reported financial condition and results of operation.

Note 9 – Current Vulnerability Due to Certain Concentrations

The Authority receives the majority of its revenue from the U. S. Department of Housing and Urban Development and is subject to changes in Congressional acts or mandated changes by HUD.

Note 10 – Prior Year Adjustment

The Prior Year Adjustment of \$3,206 is related to budget modifications to a prior year Capital Improvement project.

Miami Metropolitan Housing Authority
Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures For The Year Ended</u>
U.S. Department of Housing and Urban Development (Direct Programs)			
PHA Owned Housing	14.850	C-5082	\$ 94,851
Capital Fund Program	14.872	C-5082	167,567
Total Section 8 - Project Based Cluster			
Low Income Housing Assistance Program - Section 8 Rental Voucher Program	14.855	C-5052	<u>4,399,011</u>
Total Expenditures of Federal Awards (All US Dept. of HUD)			<u><u>\$ 4,661,429</u></u>

Notes to Supplemental Schedule of Expenditures of Federal Awards

Note 1 - Reporting Entity

The accompanying schedule of expenditures of federal awards includes the expenditures of all funds and departments of the Authority. The Authority has no subrecipients.

Note 2 - Basis of Accounting

The accompanying schedule was prepared in accordance with Generally Accepted Accounting Principles.

See Independent Auditor's Report on Supplemental Data.

Miami Metropolitan Housing Authority
Supplemental Schedule of Combining Balance Sheets
December 31, 2003

	REAC Line Item #	Low Rent Public Housing	CFP*	Section 8 Rental Vouchers Program	Total
Assets					
Current Assets					
Cash	111	\$ 482,466	\$ 7,162	\$ 171,924	\$ 661,552
Accounts Receivable	125	60,379	209,542	0	269,921
Accounts Receivable - PHA Projects	121	0	0	315	315
Accounts Receivable - HUD Other Projects	122	0	0	0	0
Accounts Receivable - Tenants - Dwellings Rents	126	2,358	0	0	2,358
Inventories	143	18,505	0	0	18,505
Prepaid Expenses	142	110,604	0	0	110,604
Total Current Assets		<u>674,312</u>	<u>216,704</u>	<u>172,239</u>	<u>1,063,255</u>
Land, Structures and Equipment					
Land	161	357,350	0	0	357,350
Buildings	162	8,338,834	43,076	0	8,381,910
Furniture, Equipment and Machinery - Dwellings	163	96,219	5,889	0	102,108
Accumulated Depreciation	166	(4,433,753)	0	0	(4,433,753)
Total Land, Structures and Equipment		<u>4,358,650</u>	<u>48,965</u>	<u>0</u>	<u>4,407,615</u>
Other Assets					
Workers Comp Deposit	174	990	0	0	990
Construction in Progress	167	0	274,097	0	274,097
Total Other Assets		<u>990</u>	<u>274,097</u>	<u>0</u>	<u>275,087</u>
Total Assets		<u>\$ 5,033,952</u>	<u>\$ 539,766</u>	<u>\$ 172,239</u>	<u>\$ 5,745,957</u>
Liabilities and Net Assets					
Liabilities					
Current Liabilities					
Accounts Payable	312	\$ 85,123	\$ 0	\$ 20,148	\$ 105,271
Accounts Payable - HUD	331	0	0	0	0
Accounts Payable - Security Deposits	341	33,237	0	0	33,237
Accrued Expenses	345	128,875	216,704	0	345,579
Total Current Liabilities		<u>247,235</u>	<u>216,704</u>	<u>20,148</u>	<u>484,087</u>
Total Liabilities		<u>247,235</u>	<u>216,704</u>	<u>20,148</u>	<u>484,087</u>
Net Assets					
Net Assets					
Net Assets		<u>4,786,717</u>	<u>323,062</u>	<u>152,091</u>	<u>5,261,870</u>
Total Net Assets		<u>4,786,717</u>	<u>323,062</u>	<u>152,091</u>	<u>5,261,870</u>
Total Liabilities and Net Assets		<u>\$ 5,033,952</u>	<u>\$ 539,766</u>	<u>\$ 172,239</u>	<u>\$ 5,745,957</u>

*CFP - Represents Public Housing Capital Fund Program

See Independent Auditor's Report on Supplemental Data.

Miami Metropolitan Housing Authority
Supplemental Schedule of Combining Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2003

	REAC Line Item #	Low Rent Public Housing	CFP*	Section 8 Rental Voucher Program	Total
Operating Revenue					
Dwelling Rental	703	\$ 413,230	\$ 0	\$ 0	\$ 413,230
Tenant Revenue - Other	704	13,241	0	0	13,241
HUD PHA Grants	706	94,851	0	4,399,011	4,493,862
HUD PHA Grants Capital Grants	706.1	0	167,567	0	167,567
Investment Income - Unrestricted	711	1,534	0	0	1,534
Other Revenue	715	22,739	0	0	22,739
Total Operating Revenue		<u>545,595</u>	<u>167,567</u>	<u>4,399,011</u>	<u>5,112,173</u>
Operating Expenses					
Housing Assistance Payments	973	0	0	3,758,693	3,758,693
Auditing Fees	912	0	0	4,715	4,715
Outside Management Fees	913	80,656	0	481,918	562,574
Other Operating Expenses - Administrative	916	11,061	0	1,082	12,143
Tenant Services - Other	924	3,043	15,000	0	18,043
Water	931	47,575	0	0	47,575
Electric	932	111,954	0	0	111,954
Gas	933	33,644	0	0	33,644
Ordinary Maintenance-Materials & Other	942	35,868	0	0	35,868
Ordinary Maintenance-Contract Costs	943	196,661	0	0	196,661
Insurance Premiums	961	21,698	0	0	21,698
Payments in Lieu of Taxes	963	23,237	0	0	23,237
Bad Debts Tenants	964	12,509	0	0	12,509
Total Operating Expenses		<u>577,906</u>	<u>15,000</u>	<u>4,246,408</u>	<u>4,839,314</u>
Operating Income		(32,311)	152,567	152,603	272,859
Other Income (Expenses)					
Depreciation	974	(280,035)	0	0	(280,035)
Increase (Decrease) Net Assets		(312,346)	152,567	152,603	(7,176)
Closed Programs					
Closed Programs	512	0	0	0	0
Prior Year Correction	1104	0	3,206	0	3,206
Net Assets at Beginning of Year	1103	5,099,063	167,289	(512)	5,265,840
Net Assets at End of Year		<u>\$ 4,786,717</u>	<u>\$ 323,062</u>	<u>\$ 152,091</u>	<u>\$ 5,261,870</u>

*CFP - Represents Public Housing Capital Fund Program

See Independent Auditor's Report on Supplemental Data.
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**Miami Metropolitan Housing Authority
Supplemental Schedule of Actual Capital Fund Program
For the Year Ended December 31, 2003**

The actual costs incurred on projects OH-10-P062-501-02 and OH-10-P062-501-3 are as follows:

	Project 501-02	Project 501-03
Funds Approved	\$ 203,661	\$ 167,567
Funds Expended	154,524	0
Excess Funds Approved	\$ 49,137	\$ 167,567
Funds Advanced	\$ 161,686	\$ 0
Funds Expended	154,524	0
Excess Funds Approved	\$ 7,162	\$ 0

See Independent Auditor's Report on Supplemental Data.

Miami Metropolitan Housing Authority
Supplemental Schedule of Adjusting Journal Entries
For the Year Ended December 31, 2003

REAC <u>Acct #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	<u>Public Housing</u>		
703	Dwelling Rental	3,012	
916	Other Operating Expenses - Admin.	1,404	
126	Accounts Receivable - Tenants - Dwellings Rents		2,113
704	Tenant Revenue - Other		2,303
	Adjust Tenant Accounts Receivable		
142	Prepaid	11,817	
345	Accrued Payroll Taxes		11,817
	Reclass Accrued Payroll Taxes		
341	Accounts Payable	1,424	
703	Dwelling Rental		1,424
	Adjust Security Deposit Liability		
1103	Reserved Surplus	6,661	
163	Furniture and Equipment		6,661
	Adjust for Prior Year Closing Entry		
974	Depreciation Expense	280,035	
1103	Reserved Surplus		280,035
	Reclass 2003 Depreciation Posting		

See Independent Auditor's Report on Supplemental Data.

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Miami Metropolitan Housing Authority
Troy, Ohio

We have audited the financial statements of the Miami Metropolitan Housing Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated May 21, 2004. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Miami Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Lightner & Stickel CPA's, Inc.
May 21, 2004

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Commissioners
Miami Metropolitan Housing Authority
Troy, Ohio

Compliance

We have audited the compliance of the Miami Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2003. The Miami Metropolitan Housing Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Miami Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the Miami Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Miami Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Miami Metropolitan Housing Authority's compliance with those requirements.

In our opinion, the Miami Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the Miami Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Miami Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Lightner & Stickel CPA's, Inc.
May 21, 2004

**Miami Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

I. Summary of Auditors Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financing reporting:

Material weakness identified Yes No

Reportable conditions identified that are not considered to be material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers

14.855

Name of Federal Grantor

U.S. Department of Housing and Urban Development

Dollar threshold used to distinguish Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

II. Financial Statement Finding:

No items noted.

III. Findings and Questioned Costs:

No items noted.

IV. Summary Schedule of Prior Auditing Findings:

No findings reported in prior audit report.

**Miami Metropolitan Housing Authority
Audit Findings
For the Year Ended December 31, 2003**

There are no audit findings for the above housing authority.



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Betty Montgomery**

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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 20, 2004**