**DAYTON METROPOLITAN HOUSING AUTHORITY**
**DAYTON, OHIO**

**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

**Auditor of State**
**Betty Montgomery**

Board of Commissioners
Dayton Metropolitan Housing Authority
400 Wayne Ave.
Dayton, OH 45401-8750

We have reviewed the *Independent Auditor's Report* of the Dayton Metropolitan Housing Authority, Montgomery County, prepared by Bastin & Company, LLC, for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 26, 2005

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**DAYTON METROPOLITAN HOUSING AUTHORITY**
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**
**FOR THE YEAR ENDED JUNE 30, 2004**

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Bastin & Company, LLC
*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

| | |
|---|---|
| Board of Commissioners | Regional Inspector General of Audit |
| Dayton Metropolitan Housing Authority | Department of Housing and Urban |
| Dayton, Ohio | Development |

We have audited the accompanying basic financial statements of the Dayton Metropolitan Housing Authority, Dayton, Ohio, as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of Dayton Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dayton Metropolitan Housing Authority, Dayton, Ohio as of June 30, 2005, and 2004 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 15, the Authority restated net assets for the prior recording of certain fixed assets. In addition, the Authority adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures* as discussed in Note 16.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements. The supplementary Financial Data Schedules are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations,* and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bastin & Company, LLC

Cincinnati, Ohio
December 20, 2005

As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

## FINANCIAL HIGHLIGHTS

- Total assets of the Authority exceeded its liabilities as of June 30, 2005 by $74,189,313 (a decrease of $1,052,577, or 1.4 percent from June 30, 2004).

- Net assets invested in capital assets, net of debt totaled $64,588,349 as of June 30, 2005 (an increase of $2,550,436 or 4.1 percent from June 30, 2004). Unrestricted net assets totaled $9,600,964 as of June 30, 2005 (a decrease of $3,603,013 or 27.3 percent from June 30, 2004).

- The Authority had total operating revenue of $44,329,329 (a $1,701,635 or 4.0 percent increase from fiscal year 2004). The Authority had total expenditures of $49,657,857 (a $997,766 or 2.1 percent increase from fiscal year 2004) resulting in a net operating loss of $5,328,528 for the year ended June 30, 2005, and received other non-operating items primarily for capital grants in a net amount of $4,275,951 (a 9.9 percent decrease from 2004) resulting in a decrease in total net assets of $1,052,577 for the year.

- The Authority's capital outlays for the year were $7,822,900.

## USING THIS ANNUAL REPORT

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

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

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

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

The *statement of revenues, expenses and changes in fund net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows to future fiscal periods (e.g. depreciation and earned but unused vacation leave).

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

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

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

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority’s properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority’s housing stock. This program replaced the Comprehensive Grant Program in the fiscal year 2000.

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

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

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

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

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

Community Development Block Grant **-** The Community Development Block Grant provides for the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

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

These financial statements report on all of the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's overall function is to provide decent, safe, and sanitary housing to low income and special needs populations, funded primarily with grant funds provided from the U.S. Department of Housing and Urban Development.

The financial statements can be found on pages 9 through 11 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements for its various programs. The Authority reports its overall financial position and activities in proprietary fund type - enterprise fund.

**Notes to the Financial Statements**

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basis financial statements. Notes to the basis financial statements can be found on pages 12 through 24 of this report.

## FINANCIAL ANALYSIS OF THE AUTHORITY

**Statement of Net Assets**

The following table represents a condensed statement of net assets.

| | 2005 (In thousands) | 2004 (In thousands) |
|---|---|---|
| Current and other assets | $ 14,897 | $ 16,798 |
| Capital assets | 72,519 | 71,540 |
| Total assets | 87,416 | 88,338 |
| Current liabilities | 4,951 | 3,053 |
| Non-current liabilities | 8,276 | 10,043 |
| Total liabilities | 13,227 | 13,096 |
| Net assets: | | |
| Invested in capital assets, net of debt | 64,588 | 62,038 |
| Unrestricted | 9,601 | 13,204 |
| Total net assets | $ 74,189 | $75,242 |

By far the largest portion of the Authority's net assets (87 percent) reflects its investments in capital assets net of related debt. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets.

| | 2005 (In thousands) | 2004 (In thousands) |
|---|---|---|
| Tenant rental revenue | $ 3,328 | $ 4,172 |
| Government operating grants | 36,997 | 37,211 |
| Other revenue | 4,004 | 1,245 |
| Total operating revenue | 44,329 | 42,628 |
| Operating expenses | 24,960 | 23,108 |
| Depreciation expense | 5,810 | 5,801 |
| Housing Assistance Payments | 18,888 | 19,751 |
| Total operating expenses | 49,658 | 48,660 |
| Non-operating capital grants | 4,521 | 4,617 |
| Other non-operating items | (245) | 129 |
| Total non-operating revenues | 4,276 | 4,746 |
| Change in net assets | $(1,053) | $(1,286) |
| Total net assets, end of year | $ 74,189 | $75,242 |

The net assets of the Authority decreased by $1,052,577 during the current fiscal year. The Authority's revenues are largely governmental revenues received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and charges for services were sufficient to cover all non-depreciation related expenses incurred during the year.

Government operating grants decreased by $214,023. Operating expenses increased by $997,766 primarily due to severance payments to subcontractor Sankofa Corp and increased costs due to increases in health insurance coverage provide to Authority personnel, costs for added security provided to public housing sites and increases in public housing maintenance supplies and contract costs.

The Section 8 Housing Assistance Payments decreased by $862,285 from the previous year. Funding in this program was based on the number of units leased, but changed in January to budget based program funding. During the 2005 fiscal year the count in voucher units leased decreased by approximately 180 units.

Non-operating capital grants decreased by $95,947. Other non-operating items decreased by $374,146.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2005 the Authority's capital assets totaled $72,518,597 (capital assets net of accumulated depreciation) as reflected in the fo1lowing schedule.

| | 2005 (In thousands) | 2004 (In thousands) |
|---|---|---|
| Land | $11,070 | $ 10,631 |
| Buildings | 112,899 | 107,226 |
| Equipment and vehicles | 5,493 | 5,386 |
| Construction in progress | 11,477 | 11,003 |
| Accumulated depreciation | (68,420) | (62,706) |
| Total | $72,519 | $71,540 |

Major capital asset purchases during fiscal year 2005 included $1.4 million for Hopeland Homes and Salem Crossing developments.

Additional information on the Authority's capital assets can be found in Note 3 on page 18 of this report.

### Debt

As of June 30, 2005, the Authority had $7,930,248 of debt, a decrease of $1,571,607 from the prior year. The decrease was primarily due to debt retirement payments on the EPC Capital Lease debt during 2005.

Debt consists of New Vision program mortgages and the Energy Performance Contract Capital Lease.

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

The Energy Performance Contract is a HUD funded program that, in effect, rewards Authorities who install energy efficient measures into their housing units. The Authority has entered into a long-term lease to finance the installment of the energy saving devices. The contract for the installation of the devices was completed in 2005. Funds for the payment of the lease will come from savings realized from conserving energy while HUD reimburses the Authority for utilities at a rate set prior to installation of the energy saving devices. The lending institution advanced the loan proceeds in May 2003 and its retirement will take place in equal payments through April 2016. During fiscal year 2004, the Authority negotiated an extension to the initial start of lease payment from May 2004 to July 2004 to coincide with the actual project completion date.

During 2005, there was no significant impact on the amount of debt payments from the previous year. However, lease payments for the financing of the Energy Performance Contract begin in July 2004 that will significantly increase debt payments in future years.

Additional information on the Authority’s long-term debt can be found in Notes 4 and 5 beginning on page 18 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority’s budget for the 2006 fiscal year.

The Public Housing Operating budget decreased approximately $900,000 due to the reduction in the level of subsidy funding from HUD. The reduction in expenses was mostly accomplished by the downsizing of staff through early retirements, normal attrition and elimination of vacant positions. Early principal pay down of debt from operating reserves to reduce annual debt service payments helped to reduce the FY2006 budget.

Conversely, employee fringe benefit percentage was increased from 35% to 36.5% because of the significant increase in employee health care costs. Because of the heightened concern for the security of the Authority’s public housing residents, the Board of Housing Commissioners doubled the security budget to increase contract security presence and provide security at additional sites where there had been none in the past.

The Department of Housing and Urban Development (HUD) notified the Authority in December 2005 that the Housing Choice Voucher (HCV) Program would provide funds by a budget-based method. As such, the Authority will have to fiscally manage leasing levels and costs within the annual voucher budget amount. This new funding method reduced the Authority’s FY2006 budget amount for the HCV program by about $800,000. No staffing changes were anticipated.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

**DAYTON METROPOLITAN HOUSING AUTHORITY**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**JUNE 30, 2005 AND 2004**

| | 2005 | 2004 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 6,173,219 | $ 11,620,963 |
| Investments | 5,397,539 | 999,963 |
| Accounts receivable net: | | |
| Tenants, net of allowance for doubtful accounts of $78,997 and $146,094 | 40,009 | 84,165 |
| HUD | 1,726,304 | 1,557,352 |
| Fraud recovery receivable | - | 109,904 |
| Other governments | 458,481 | 36,644 |
| Other receivables | 226,261 | 27,732 |
| Inventory | 565,354 | 567,285 |
| Prepaids | 223,236 | 458,678 |
| Total current assets | 14,810,403 | 15,462,686 |
| Non-current assets: | | |
| Restricted cash and cash equivalents | 87,542 | 1,335,795 |
| Capital assets, net | 72,518,597 | 71,539,768 |
| Total non-current assets | 72,606,139 | 72,875,563 |
| Total assets | 87,416,542 | 88,338,249 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable: | | |
| Trade | 1,276,571 | 1,310,786 |
| HUD | - | 137,180 |
| Accrued wages and benefits | 681,723 | 259,862 |
| Accrued liabilities | 12,726 | 164,764 |
| Accrued compensated absences | 60,571 | 61,915 |
| Accrued payments in lieu of taxes | 12,214 | 48,547 |
| Tenants’ security deposits | 236,481 | 248,310 |
| Deferred revenues | 2,018,189 | 77,080 |
| Current portion of mortgages payable | 13,428 | 12,748 |
| Current portion of capital lease payable | 531,382 | 579,286 |
| Contractor retentions | 107,689 | 153,119 |
| Total current liabilities | 4,950,974 | 3,053,597 |
| Non-current liabilities: | | |
| Mortgages payable, net of current portion | 644,841 | 658,269 |
| Capital lease payable, net of current portion | 6,740,597 | 8,251,552 |
| Compensated absences, net of current portion | 783,055 | 728,219 |
| Deferred credits | - | 265,805 |
| Section 8 reserves | 99,195 | 77,381 |
| Homebuyers reserve | 8,567 | 27,730 |
| Other long-term accrued liabilities | - | 33,806 |
| Total non-current liabilities | 8,276,255 | 10,042,762 |
| Total liabilities | 13,227,229 | 13,096,359 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 64,588,349 | 62,037,913 |
| Unrestricted net assets | 9,600,964 | 13,203,977 |
| Total net assets | $ 74,189,313 | $ 75,241,890 |

The accompanying notes are an integral part of these financial statements.

## DAYTON METROPOLITAN HOUSING AUTHORITY
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUND TYPE - ENTERPRISE FUND
## FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

| | 2005 | 2004 |
|---|---|---|
| **Operating revenue:** | | |
| Tenant rental revenue | $ 3,327,917 | $ 4,171,976 |
| Government operating grants | 36,997,187 | 37,211,210 |
| Other revenue | 4,004,225 | 1,244,508 |
| Total operating revenue | 44,329,329 | 42,627,694 |
| **Operating expenses:** | | |
| Administrative expense | 9,677,387 | 10,269,075 |
| Tenant services | 838,539 | 1,243,255 |
| Utilities expense | 2,864,574 | 2,878,607 |
| Ordinary maintenance and operation | 9,143,765 | 6,588,397 |
| Protective services | 1,048,808 | 418,837 |
| General expenses | 1,386,856 | 1,710,250 |
| Housing assistance payments | 18,888,369 | 19,750,654 |
| Depreciation and amortization | 5,809,559 | 5,801,016 |
| Total operating expenses | 49,657,857 | 48,660,091 |
| Operating income (loss) | (5,328,528) | (6,032,397) |
| **Non-operating revenue (expenses):** | | |
| Interest and investment income | 270,412 | 113,139 |
| Interest expense | (409,798) | (35,824) |
| Capital grants | 4,521,174 | 4,617,121 |
| Gain/(loss) on disposal of capital assets | (105,837) | 51,608 |
| Total non-operating revenue (expense), net | 4,275,951 | 4,746,044 |
| Change in net assets | (1,052,577) | (1,286,353) |
| **Net assets, beginning of year** | 75,241,890 | 76,528,243 |
| **Net assets, end of year** | $ 74,189,313 | $ 75,241,890 |

The accompanying notes are an integral part of these financial statements.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**
**FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

| | 2005 | 2004 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from tenants | $ 3,450,985 | $ 4,343,108 |
| Receipts from operating grants | 39,403,155 | 37,610,205 |
| Other operating receipts | 3,383,859 | 2,168,692 |
| Housing assistance payments | (19,132,360) | (19,778,400) |
| Payments for general and administrative expense | (24,516,321) | (24,103,142) |
| **Net cash provided by operating activities** | 2,589,318 | 240,463 |
| **Cash flows from capital and related financing activities:** | | |
| Principal and interest paid on mortgages | (1,968,679) | (275,733) |
| Proceeds from capital lease | - | 332,955 |
| Construction and acquisition of capital assets | (6,939,655) | (11,088,180) |
| Capital grants | 3,750,183 | 6,399,726 |
| **Net cash provided by capital and related financing activities** | (5,158,151) | (4,631,232) |
| **Cash flows from investing activities:** | | |
| Investment purchases | (4,397,576) | (999,963) |
| Interest received on investments | 270,412 | 113,139 |
| **Net cash provided by investing activities** | (4,127,164) | (886,824) |
| **Net increase in cash and cash equivalents** | (6,695,997) | (5,277,593) |
| **Cash and cash equivalents at beginning of year** | 12,956,758 | 18,234,351 |
| **Cash and cash equivalents at end of year** | $ 6,260,761 | $12,956,758 |
| **Reconciliation of operating loss to net cash provided by operating activities**: | | |
| Loss from operations | ($5,328,528) | ($6,032,397) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,809,559 | 5,801,016 |
| Change in assets and liabilities: | | |
| Net change in tenant accounts receivable | 111,253 | 52,057 |
| Net change in allowance for doubtful accounts | (67,097) | 93,696 |
| Net change in HUD receivable, operating grants | 602,039 | 412,377 |
| Net change in fraud recovery receivable | 109,904 | 23,394 |
| Net change in other governments receivable | (421,837) | 828,396 |
| Net change in other receivables | (198,529) | 95,788 |
| Net change in inventory and prepaid items | 237,373 | (216,541) |
| Net change in accounts payable, trade | (34,215) | (240,852) |
| Net change in accounts payable, HUD | (137,180) | (13,382) |
| Net change in accrued wages and benefits | 421,861 | (76,021) |
| Net change in accrued liabilities, contingency and payments in lieu of taxes | (234,903) | (398,320) |
| Net change in accrued compensated absences | 53,492 | (62,987) |
| Net change in tenants' security deposits | (11,829) | 2,977 |
| Net change in deferred credits and deferred revenues | 1,675,304 | 24,565 |
| Net change in section 8 and homebuyers reserves | 2,651 | (53,303) |
| **Net cash provided by operating activities** | $ 2,589,318 | $ 240,463 |

The accompanying notes are an integral part of these financial statements.

## 1. Summary of Significant Accounting Policies

Description of the Entity and Programs

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

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

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

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

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. This program replaced the Comprehensive Grant Program in the fiscal year 2000.

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

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

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

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

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Community Development Block Grant **-** The Community Development Block Grant provides for the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

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

Summary of Significant Accounting Policies

The financial statements of the Dayton Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United State 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 accompanying basic financial statements comply with the provision of Governmental Accounting Standard 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 it 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 activities and entities over which the Authority is financially accountable.

***Basis of Accounting*** – The Authority uses the proprietary fund type to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

***Proprietary Fund Types*** – Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those, found in the private sector. The following is the proprietary fund type:

> *Enterprise Fund* – This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

***Measurement Focus/Basis of Accounting*** – Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. In accordance with GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

***Investments*** – The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year 2005 totaled $270,412.

***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.

***Restricted Cash and Cash Equivalents*** – Cash and cash equivalents have been classified as restricted on the balance sheet for funds held in escrow under the Section 8 and Homebuyer's programs and for the unused proceeds from a capital lease that is to be used for construction purposes.

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

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

***Capital Assets*** – Land, structures and equipment are recorded at historical cost. Donated land, structures and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes all assets with a cost of $500 or more. The estimated useful lives are as follows:

| | |
|---|---|
| Equipment and vehicles | 3-7 years |
| Building and site improvements | 15 years |
| Buildings | 40 years |

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

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

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

***Debt Obligations*** – Debt obligations of the Authority consist of mortgages for a homeownership program and a capital lease for the Energy Performance Contract to finance the installment of energy saving devices.

***Net Assets*** **–** Net assets represent the difference between assets and liabilities. Net assets invested in capital assets - net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets.

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

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

***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.

***Use of Estimates*** – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

## 2. Deposits and Investments

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

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

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

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

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

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of the federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be market to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within three years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At fiscal year end, the carrying amount of the Authority's deposits totaled $4,115,106 of which $1,675 was held in petty cash. The corresponding bank balances totaled $5,331,979. Of the bank balance, $200,000 was covered by federal depository insurance and $5,131,979 was collateralized with securities held by the pledging financial institution's agent in the Authority's name.

**Investments** – The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments that are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Authority's name.

The Authorities investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified because the investments are not evidenced by securities that exist in physical or book entry form. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

The Authority's investments at June 30, 2005 were as follows:

| Category 2 | Fair Value | Maturity Date |
|---|---|---|
| Government Security – FNMA | $1,999,870 | 1/10/2006 |
| Government Security – FNMA | 1,012,768 | 9/16/2005 |
| Government Security – FHLMC | 999,965 | 10/5/2005 |
| Government Security – FHLMC | 999,936 | 10/24/2005 |
| Government Security – FHLB | 385,000 | 6/26/2008 |
| Uncategorized Investments | | |
| STAR Ohio | 2,145,655 | N/A |
| Total | $7,543,194 | |

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Credit Risk* – The Authority's investments at June 30, 2005 in FNMA, FHLMC and FHLB are rated AAA by Moody's and Bloomberg. Its investments in STAR Ohio are rated AAAm by Standards and Poor's. Obligations of the US Government are explicitly guaranteed by the US Government and are not considered to have credit risk.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest with one issuer. Of the Authority's total investments, 39.9% are FNMA, 26.5% are FHLMC, 5% FHLB and 28.6% are STAR Ohio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investments the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

Reconciliation of Cash, Cash Equivalents and Investments:

| | Cash and Investments* | Investments |
|---|---|---|
| Per Balance Sheet | $ 6,260,761 | $5,397,539 |
| STAR Ohio | (2,145,655) | 2,145,655 |
| Per GASB Statement No. 3 | $ 4,115,106 | $7,543,194 |

* - Includes restricted cash and investments

## 3. Capital Assets

A summary of changes in the Authority's capital assets for the year ended June 30, 2005 follows:

| ***Historical Cost:*** Class | Balance 6/30/04 | Additions | Deletions | Balance 6/30/05 |
|---|---|---|---|---|
| *Capital assets not being depreciated:* | | | | |
| Land | $10,630,400 | $546,657 | ($107,387) | $11,069,670 |
| Construction in progress | 11,002,896 | 3,653,256 | (3,178,774) | 11,477,378 |
| | | | | |
| *Capital assets being depreciated:* | | | | |
| Buildings and improvements | 107,226,474 | 6,651,127 | (978,919) | 112,898,682 |
| Equipment and vehicles | 5,385,984 | 150,635 | (43,282) | 5,493,337 |
| Total cost | $134,245,754 | $11,001,675 | ($4,308,362) | $140,939,067 |

| ***Accumulated Depreciation:*** Class | Balance 6/30/04 | Additions | Deletions | Balance 6/30/05 |
|---|---|---|---|---|
| Buildings and improvements | ($57,829,822) | ($5,640,528) | $ 51,793 | ($63,418,557) |
| Equipment and vehicles | (4,876,164) | (169,031) | 43,282 | (5,001,913) |
| Total depreciation | ($62,705,986) | ($5,809,559) | $ 95,075 | ($68,420,470) |
| | | | | |
| **Net value** | $ 71,539,768 | $ 5,192,116 | ($4,213,287) | $ 72,518,597 |

## 4. Mortgages Payable

As of June 30, 2005 the Authority had issued $720,000 of mortgages payable under the New Visions program with an outstanding balance at June 30, 2005 of $658,269. Under the program, the Authority purchases property, refurbishes or builds a modular home on a lot. The Authority then obtains a commercially available low-interest mortgage on the property. Qualified tenants initially lease the property for a specified period. Once the tenant meets pre-determined home ownership criteria, the tenant may apply to assume the existing mortgage on the property. Once approved, the property and mortgage are transferred to the new homeowner.

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

The mortgages mature as follows:

| Year ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2006 | $13,428 | $34,309 | $47,737 |
| 2007 | 14,143 | 33,594 | 47,737 |
| 2008 | 14,898 | 32,839 | 47,737 |
| 2009 | 15,693 | 32,044 | 47,737 |
| 2010 | 16,530 | 31,207 | 47,737 |
| 2011-2015 | 96,875 | 141,812 | 238,687 |
| 2016-2020 | 125,697 | 112,990 | 238,687 |
| 2021-2025 | 163,165 | 75,522 | 238,687 |
| 2026-2030 | 169,471 | 28,918 | 198,389 |
| 2031-2033 | 28,369 | 1,162 | 29,531 |
| Total | $658,269 | $524,397 | $1,182,666 |

**5. Capital Lease Payable**

On May 15, 2003 the Authority entered into a long-term lease to finance the installment of the energy saving devices. The Energy Performance Contract is a HUD funded program that, in effect, rewards Authorities who install energy efficient measures into their housing units. Funds for the payment of the debt service will be provided by the amount of savings realized from conserving energy while HUD reimburses the Authority for utilities at a rate set prior to installation of the energy saving devices.

The initial terms of the lease provide for an initial amount totaling $8,453,451 with the first payment deferred until May 15, 2004. During 2004, the terms of the lease were re-negotiated with the initial payment deferred to July 15, 2004. The lease includes an interest factor of 4.2 percent. Interest during the deferred period is added to the lease principal amount and paid for over the life of the lease. Assets constructed under the lease total $8,911,155 as of June 30, 2005 and are recorded within buildings and improvements.

The Authority's future minimum payments under the capital lease obligation as of June 30, 2005 are as follows:

| Year Ended June 30 | Amount |
|---|---|
| 2006 | $826,654 |
| 2007 | 826,654 |
| 2008 | 826,654 |
| 2009 | 826,654 |
| 2010 | 826,654 |
| 2011-2015 | 4,133,269 |
| 2016 | 826,654 |
| Total minimum lease payments | 9,093,193 |
| Less: amount representing interest | (1,821,214) |
| Present value of future minimum lease payments | $ 7,271,979 |

6. **Payment in Lieu of Taxes**

The Authority has executed a Cooperation Agreement with the County of Montgomery that provides for tax exemption of the housing projects, but requires the Authority to make payment in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. For the year ended June 30, 2005, the Authority has accrued a payable totaling $12,214.

7. **Risk Management**

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

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

OHAPCI is a corporation governed by a board of trustees, consisting of a representative appointed by each of the member housing authorities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of OHAPC is subject to the approval of the board. Currently, the participating housing authorities are Dayton, Akron, Cincinnati, and Youngstown. The following is a summary of insurance coverage at year-end:

| | |
|---|---|
| Boiler and machinery liability | $50,000,000 per location |
| Property, general liability, and law enforcement liability | $35,000,000 per location |
| Public officials liability, automobile liability | $5,000,000 per occurrence |
| Crime liability | $1,000,000 per occurrence |

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

8. **Self-Insurance**

The Authority has entered into a joint insurance pool with other Ohio housing authorities. The Ohio Housing Authority Property and Casualty, Inc. (OHAPCI) pool covers property, general liability, law enforcement liability, automobile liability, crime liability, boiler and machinery and public officials liability up to established limits. OHAPCI assesses the members of the pool an annual premium to fund estimated amounts needed to pay prior and current year claims. As of June 30, 2005, the pool maintained a reserve in excess of actual and estimated claims relative to the Authority.

## 9. Retirement Commitments

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

- The Traditional Plan - a cost-sharing multiple-employer defined benefit pension plan.
- The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.
- The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self directed by the member, 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 and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS, issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

For the year ended June 30, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Authority's contribution rate for pension benefits for 2005 was 9.55 percent of covered payroll.

The Authority's required contributions for pension obligations for the years ended June 30, 2005, 2004, and 2003 were $1,015,554, $895,598, and $1,007,008, respectively; 100 percent has been contributed for 2005, 2004 and 2003.

## 10. Other Post-Retirement Benefits

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll, (16.70 percent for public safety and law enforcement), of which 40 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 that were used to fund post-employment benefits were $299,795. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003 (the latest information available) were $10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $26.9 billion and $16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

## 11. Contingent Liabilities

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

## 12. Uncompleted Contracts

At June 30, 2005, the Authority has uncompleted contracts related to construction in progress under the Capital Fund Program, Hope VI, Home Ownership, Low Rent and ROSS of approximately $5,274,301.

## 13. Segment Information

The Authority operates various programs. The following reflects, in a summarized format, the more significant financial data relating to the Authority's programs as of and for the year ended June 30, 2005:

| | Low Rent | Sec 8 Mod Rehab | Choice Voucher Section 8 | CFP | Home Ownership | CDBG | HOME |
|---|---|---|---|---|---|---|---|
| Operating revenues | $ 15,968,250 | $ 3,849,929 | $ 15,694,002 | $ 4,282,839 | $ 50,856 | $ 824,141 | $ 819,230 |
| Depreciation expense | 5,268,087 | - | 9,151 | 417,392 | 4,826 | - | - |
| Other operating expenses | 15,692,174 | 3,730,046 | 16,652,202 | 4,282,838 | 53,252 | 48,271 | 342,255 |
| Operating income (loss) | (4,992,011) | 119,883 | (967,351) | (417,391) | (7,222) | 775,870 | 476,975 |
| Earnings on investments | 144,569 | 3,823 | 32,516 | - | - | - | - |
| Other non-operating items | (149,754) | - | - | 2,938,815 | (14,950) | - | - |
| Net income (loss) | (4,997,196) | 123,706 | (934,835) | 2,521,424 | (22,172) | 775,870 | 476,975 |
| Net working capital | 2,132,400 | (488,533) | (116,689) | - | 32,498 | 7,753 | - |
| Total assets | 61,039,922 | 332,886 | 2,921,477 | 9,483,041 | 195,994 | 1,074,573 | 1,759,528 |
| Total liabilities | 9,504,042 | 821,419 | 2,954,619 | 520,871 | 14,965 | 241 | 85,695 |
| Net Assets | 51,535,880 | (488,533) | (33,142) | 8,962,170 | 181,029 | 1,074,332 | 1,673,833 |

| | Hope VI | ROSS | Sec 8 New Construction | Business Activities | Other State and Local | Total |
|---|---|---|---|---|---|---|
| Operating revenues | $1,056,313 | $344,814 | $383,651 | $88,571 | $966,733 | $ 44,329,329 |
| Depreciation expense | - | - | - | 34,056 | 76,047 | $ 5,809,559 |
| Other operating expenses | 1,661,938 | 344,814 | 460,218 | 334,559 | 655,529 | $ 44,258,096 |
| Operating income (loss) | (605,625) | - | (76,567) | (280,044) | 235,157 | $ (5,738,326) |
| Earnings on investments | - | - | 1,176 | 56,055 | 32,273 | $ 270,412 |
| Other non-operating items | 1,582,359 | - | - | 58,867 | - | $ 4,415,337 |
| Net income (loss) | 976,734 | - | (75,391) | (165,122) | 267,430 | $ (1,052,577) |
| Net working capital | - | - | 79,217 | 2,640,966 | 66,516 | $ 4,354,128 |
| Total assets | 5,025,322 | 29,559 | 79,217 | 4,580,123 | 3,908,230 | $ 90,429,872 |
| Total liabilities | 1,083,486 | 29,559 | - | 1,070,406 | 155,256 | $ 16,240,559 |
| Net Assets | 3,941,836 | - | 79,217 | 3,509,717 | 3,752,974 | $ 74,189,313 |

Total assets and total liabilities presented above include $3,013,330 of inter-program receivables and payables as discussed in Note 14.

## 14. Inter-program Receivables and Payables

Inter-program receivables and payables are made throughout the year in order to provide operating funds to various programs administered by the Authority. The following balances at June 30, 2005 represent individual program receivables and payables:

| Program | Inter-program Receivable | Inter-program Payable |
|---|---|---|
| Low-Rent Housing | $1,547,745 | $ 2,500 |
| Homeownership | 26,094 | 50,572 |
| Public Housing Capital Fund Program | - | 182,599 |
| Business Activities | 1,358,303 | 183,917 |
| State/Local | - | 147,803 |
| Section 8 Choice Vouchers | 58,608 | 1,620,749 |
| HOPE VI | - | 812,684 |
| ROSS | 17,053 | 12,506 |
| CDBG | 5,527 | - |
| Total | $3,013,330 | $3,013,330 |

These Inter-program receivables and payables have been eliminated in the statement of net assets

## 15. Prior Period Adjustment

During 2004 the Authority capitalized $3,296,544 for two Hope VI projects, Phase II Senior Village and Phase III Dayton View Commons. The Authority has determined that actual ownership of the assets resides with another entity and therefore should have been reflected as a program expense. Amounts presented for 2004 have been restated to reflect these costs as operating expenses and as a reduction to capital assets, construction in progress. In addition, the amount previously reported for net assets, invested in capital assets, net of related debt has also been reduced by $3,296,544.

## 16. Change in Accounting Principles

The Authority has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures,* which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB had no impact on the Authority's financial position or results of operation.

**Dayton Metropolitan Housing Authority**
**Combining Balance Sheet**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Public and Indian Housing CFDA 14.850 | Public and Indian Housing Drug Elimination Program CFDA 14.854 | Section 8 Housing Choice Vouchers CFDA 14.871 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation CFDA 14.856 | Section 8 New Construction and Substantial Rehabilitation CFDA 14.182 | Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866 | Indian Housing Block Grants CFDA 14.867 | Residential Opportunity and Support Services CFDA 14.870 | Public Housing Capital Fund CFDA 14.872 |
|---|---|---|---|---|---|---|---|---|---|---|
| | ASSETS | | | | | | | | | |
| 111 | Cash - Unrestricted | $1,686,907 | $0 | $2,571,255 | $0 | $0 | $0 | $19,426 | $0 | $0 |
| 113 | Cash-Restricted | - | - | 78,975 | - | - | - | 8,567 | - | - |
| 100 | Total Cash | 1,686,907 | - | 2,650,230 | - | - | - | 27,993 | - | - |
| 121 | Accounts Receivable - PHA Projects | - | - | 109,441 | - | - | - | - | 8,153 | - |
| 122 | Accounts Receivable - HUD Other Projects | - | - | - | - | - | 1,083,486 | - | 4,353 | 520,871 |
| 124 | Accounts Receivable - Other Government | - | - | - | 332,886 | 20,609 | - | - | - | - |
| 125 | Accounts Receivable - Miscellaneous | 8,439 | - | 157,234 | - | - | - | - | - | - |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | 106,198 | - | - | - | - | - | 8,763 | - | - |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | (70,409) | - | - | - | - | - | (6,820) | - | - |
| 129 | Accrued Interest Receivable | 45,320 | - | - | - | - | - | - | - | - |
| 120 | Total Receivables, net of allowances for doubtful accounts | 89,548 | - | 266,675 | 332,886 | 20,609 | 1,083,486 | 1,943 | 12,506 | 520,871 |
| 131 | Investments-Unrestricted | 3,012,638 | - | - | - | - | - | - | - | - |
| 132 | Investments-Restricted | - | - | - | - | - | - | - | - | - |
| 142 | Prepaid Expenses and Other Assets | 223,236 | - | - | - | - | - | - | - | - |
| 143 | Inventories | 579,850 | - | - | - | - | - | - | - | - |
| 143.1 | Allowance for Obsolete Inventories | (14,496) | - | - | - | - | - | - | - | - |
| 144 | Interprogram Due From | 1,547,745 | - | | - | 58,608 | - | 26,094 | 17,053 | - |
| 150 | Total Current Assets | 7,125,428 | - | 2,916,905 | 332,886 | 79,217 | 1,083,486 | 56,030 | 29,559 | 520,871 |
| 161 | Land | 7,079,441 | - | - | - | - | 2,969,480 | 39,506 | - | 315,426 |
| 162 | Buildings | 98,532,273 | - | - | - | - | 972,356 | 365,560 | - | 6,959,064 |
| 163 | Furniture, Equipment & Machinery - Dwellings | 94,331 | - | - | - | - | - | - | - | - |
| 164 | Furniture, Equipment & Machinery - Administration | 4,646,083 | - | 321,653 | - | - | - | 15,497 | - | 159,872 |
| 166 | Accumulated Depreciation | (65,348,789) | - | (317,081) | - | - | - | (280,599) | - | (1,038,415) |
| 167 | Construction In Progress | 8,911,155 | - | - | - | - | - | - | - | 2,566,223 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 53,914,494 | - | 4,572 | - | - | 3,941,836 | 139,964 | - | 8,962,170 |
| 180 | Total Non-Current Assets | 53,914,494 | - | 4,572 | - | - | 3,941,836 | 139,964 | - | 8,962,170 |
| 190 | Total Assets | $61,039,922 | $0 | $2,921,477 | $332,886 | $79,217 | $5,025,322 | $195,994 | $29,559 | $9,483,041 |

**Dayton Metropolitan Housing Authority**
**Combining Balance Sheet**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Community Development Block Grants/ Entitlement Grants CFDA 14.218 | HOME Investment Partnerships Program CFDA 14.239 | Business Activities | State/ Local and LHA | Total |
|---|---|---|---|---|---|---|
| | ASSETS | | | | | |
| 111 | Cash - Unrestricted | $0 | $0 | $1,705,929 | $189,702 | $6,173,219 |
| 113 | Cash-Restricted | - | - | - | - | 87,542 |
| 100 | Total Cash | - | - | 1,705,929 | 189,702 | 6,260,761 |
| 121 | Accounts Receivable - PHA Projects | - | - | - | - | 117,594 |
| 122 | Accounts Receivable - HUD Other Projects | - | - | - | - | 1,608,710 |
| 124 | Accounts Receivable - Other Government | 2,002 | 85,695 | - | 17,289 | 458,481 |
| 125 | Accounts Receivable - Miscellaneous | - | - | - | - | 165,673 |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | 465 | - | 3,580 | - | 119,006 |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | - | - | (1,768) | - | (78,997) |
| 129 | Accrued Interest Receivable | - | - | 487 | 14,781 | 60,588 |
| 120 | Total Receivables, net of allowances for doubtful accounts | 2,467 | 85,695 | 2,299 | 32,070 | 2,451,055 |
| 131 | Investments-Unrestricted | - | - | 385,000 | 1,999,901 | 5,397,539 |
| 132 | Investments-Restricted | - | - | - | - | - |
| 142 | Prepaid Expenses and Other Assets | - | - | - | - | 223,236 |
| 143 | Inventories | - | - | - | - | 579,850 |
| 143.1 | Allowance for Obsolete Inventories | - | - | - | - | (14,496) |
| 144 | Interprogram Due From | 5,527 | - | 1,358,303 | - | 3,013,330 |
| 150 | Total Current Assets | 7,994 | 85,695 | 3,451,531 | 2,221,673 | 17,911,275 |
| 161 | Land | 14,990 | 123,859 | 47,223 | 479,745 | 11,069,670 |
| 162 | Buildings | 1,051,589 | 1,549,974 | 1,225,285 | 2,242,581 | 112,898,682 |
| 163 | Furniture, Equipment & Machinery - Dwellings | - | - | 17,167 | - | 111,498 |
| 164 | Furniture, Equipment & Machinery - Administration | - | - | - | 238,734 | 5,381,839 |
| 166 | Accumulated Depreciation | - | - | (161,083) | (1,274,503) | (68,420,470) |
| 167 | Construction In Progress | - | - | - | - | 11,477,378 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 1,066,579 | 1,673,833 | 1,128,592 | 1,686,557 | 72,518,597 |
| 180 | Total Non-Current Assets | 1,066,579 | 1,673,833 | 1,128,592 | 1,686,557 | 72,518,597 |
| 190 | Total Assets | $1,074,573 | $1,759,528 | $4,580,123 | $3,908,230 | $90,429,872 |

**Dayton Metropolitan Housing Authority**
**Combining Balance Sheet**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Public and Indian Housing CFDA 14.850 | Public and Indian Housing Drug Elimination Program CFDA 14.854 | Section 8 Housing Choice Vouchers CFDA 14.871 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation CFDA 14.856 | Section 8 New Construction and Substantial Rehabilitation CFDA 14.182 | Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866 | Indian Housing Block Grants CFDA 14.867 | Residential Opportunity and Support Services CFDA 14.870 | Public Housing Capital Fund CFDA 14.872 |
|---|---|---|---|---|---|---|---|---|---|---|
| | LIABILITIES | | | | | | | | | |
| 312 | Accounts Payable <= 90 Days | $449,045 | $0 | $274,302 | $0 | $0 | $270,802 | $1,729 | $7,337 | $230,583 |
| 321 | Accrued Wage/Payroll Taxes Payable | 681,723 | - | - | - | - | - | - | - | - |
| 322 | Accrued Compensated Absences-Current Portion | 46,640 | - | 9,691 | - | - | - | 606 | - | - |
| 325 | Accrued Interest Payable | 12,726 | - | - | - | - | - | | - | - |
| 333 | Accounts Payable - Other Government | 12,214 | - | - | - | - | - | - | - | - |
| 341 | Tenant Security Deposits | 227,169 | - | - | - | - | - | 4,012 | - | - |
| 342 | Deferred Revenues | 16,991 | - | 1,772,101 | - | - | - | 51 | 9,716 | - |
| 343 | Current Portion of Long-term Debt-Capital Projects/Mortgage Revenue Bonds | 531,382 | - | - | - | - | - | - | - | - |
| 345 | Other Current Liabilities | - | - | 99,195 | - | - | - | 8,567 | - | - |
| 346 | Accrued Liabilities-Other | - | - | - | - | - | - | - | - | 107,689 |
| 347 | Interprogram Due To | 2,500 | - | 799,330 | 821,419 | | 812,684 | - | 12,506 | 182,599 |
| 310 | Total Current Liabilities | 1,980,390 | - | 2,954,619 | 821,419 | - | 1,083,486 | 14,965 | 29,559 | 520,871 |
| 351 | Long term Debt, Net of Current-Capital Projects/Mortgage Revenue Bonds | 6,740,597 | - | - | - | - | - | - | - | - |
| 354 | Accrued Compensated Absences - Non Current | 783,055 | - | - | - | - | - | - | - | - |
| 350 | Total Noncurrent Liabilities | 7,523,652 | - | - | - | - | - | - | - | - |
| 300 | Total Liabilities | 9,504,042 | - | 2,954,619 | 821,419 | - | 1,083,486 | 14,965 | 29,559 | 520,871 |
| | EQUITY | | | | | | | | | |
| 508.1 | Invested in Capital Assets-Net of Related Debt | 46,642,515 | - | 4,572 | - | - | 3,941,836 | 139,964 | - | 8,962,170 |
| | | | | - | | | | | | |
| 512.1 | Unrestricted Net Assets | 4,893,365 | - | (37,714) | (488,533) | 79,217 | - | 41,065 | - | - |
| 513 | Total Equity/Net Assets | 51,535,880 | - | (33,142) | (488,533) | 79,217 | 3,941,836 | 181,029 | - | 8,962,170 |
| 600 | Total Liabilities and Equity/Net Assets | $61,039,922 | $0 | $2,921,477 | $332,886 | $79,217 | $5,025,322 | $195,994 | $29,559 | $9,483,041 |

**Dayton Metropolitan Housing Authority**
**Combining Balance Sheet**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Community Development Block Grants/ Entitlement Grants CFDA 14.218 | HOME Investment Partnerships Program CFDA 14.239 | Business Activities | State/ Local and LHA | Total |
|---|---|---|---|---|---|---|
| | LIABILITIES | | | | | |
| 312 | Accounts Payable <= 90 Days | $241 | $35,123 | $3,590 | $3,819 | $1,276,571 |
| 321 | Accrued Wage/Payroll Taxes Payable | - | - | - | - | 681,723 |
| 322 | Accrued Compensated Absences-Current Portion | - | - | - | 3,634 | 60,571 |
| 325 | Accrued Interest Payable | - | - | - | - | 12,726 |
| 333 | Accounts Payable - Other Government | - | - | - | - | 12,214 |
| 341 | Tenant Security Deposits | - | - | 5,300 | - | 236,481 |
| 342 | Deferred Revenues | - | - | 219,330 | - | 2,018,189 |
| 343 | Current Portion of Long-term Debt-Capital Projects/Mortgage Revenue Bonds | - | - | 13,428 | - | 544,810 |
| 345 | Other Current Liabilities | - | - | - | - | 107,762 |
| 346 | Accrued Liabilities-Other | - | - | - | - | 107,689 |
| 347 | Interprogram Due To | - | 50,572 | 183,917 | 147,803 | 3,013,330 |
| 310 | Total Current Liabilities | 241 | 85,695 | 425,565 | 155,256 | 8,072,066 |
| 351 | Long term Debt, Net of Current-Capital Projects/Mortgage Revenue Bonds | - | - | 644,841 | - | 7,385,438 |
| 354 | Accrued Compensated Absences - Non Current | - | - | | - | 783,055 |
| 350 | Total Noncurrent Liabilities | - | - | 644,841 | - | 8,168,493 |
| 300 | Total Liabilities | 241 | 85,695 | 1,070,406 | 155,256 | 16,240,559 |
| | EQUITY | | | | | |
| 508.1 | Invested in Capital Assets-Net of Related Debt | 1,066,579 | 1,673,833 | 470,323 | 1,686,557 | 64,588,349 |
| 512.1 | Unrestricted Net Assets | 7,753 | - | 3,039,394 | 2,066,417 | 9,600,964 |
| 513 | Total Equity/Net Assets | 1,074,332 | 1,673,833 | 3,509,717 | 3,752,974 | 74,189,313 |
| 600 | Total Liabilities and Equity/Net Assets | $1,074,573 | $1,759,528 | $4,580,123 | $3,908,230 | $90,429,872 |

**Dayton Metropolitan Housing Authority**
**Combining Statement of Revenue, Expenses and Changes in Equity**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Public and Indian Housing CFDA 14.850 | Public and Indian Housing Drug Elimination Program CFDA 14.854 | Section 8 Housing Choice Vouchers CFDA 14.871 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation CFDA 14.856 | Section 8 New Construction and Substantial Rehabilitation CFDA 14.182 | Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866 | Indian Housing Block Grants CFDA 14.867 | Residential Opportunity and Support Services CFDA 14.870 | Public Housing Capital Fund CFDA 14.872 |
|---|---|---|---|---|---|---|---|---|---|---|
| | REVENUE | | | | | | | | | |
| 703 | Net Tenant Rental Revenue | $3,173,239 | $0 | $0 | $0 | $0 | $0 | $49,486 | $0 | $0 |
| 704 | Tenant Revenue Other | 14,535 | - | - | - | - | - | 1,370 | - | - |
| 705 | Total Tenant Revenue | 3,187,774 | - | - | - | - | - | 50,856 | - | - |
| 706 | HUD PHA Operating Grants | 11,620,039 | - | 15,460,337 | 3,849,494 | 383,351 | 1,056,313 | - | 344,814 | 4,282,839 |
| 706.1 | Capital Grants | - | - | - | - | - | 1,582,359 | - | - | 2,938,815 |
| 708 | Other Government Grants | - | - | - | - | - | - | - | - | - |
| 711 | Investment Income-Unrestricted | 144,569 | - | 32,516 | 3,823 | 1,176 | - | - | - | - |
| 713 | Proceeds from Disposition of Assets Held for Sale | - | - | - | - | - | - | 21,420 | - | - |
| 713.1 | Cost of Sale of Assets | - | - | - | - | - | - | (36,370) | - | - |
| 714 | Fraud Recovery | - | - | 64,444 | - | - | - | - | - | - |
| 715 | Other Revenue | 1,160,437 | - | 169,221 | 435 | 300 | - | - | - | - |
| 716 | Gain/Loss on Sale of Fixed Assets | (154,410) | - | - | - | - | - | - | - | - |
| 700 | Total Revenue | 15,958,409 | - | 15,726,518 | 3,853,752 | 384,827 | 2,638,672 | 35,906 | 344,814 | 7,221,654 |
| | EXPENSES | | | | | | | | | |
| 911 | Administrative Salaries | 2,089,667 | - | 979,766 | 7,351 | 34,512 | 187,585 | 22,470 | - | 596,155 |
| 912 | Auditing Fees | 19,181 | - | 15,303 | 2,396 | 737 | - | - | - | - |
| 914 | Compensated Absences | 67,423 | - | - | - | - | - | 606 | - | - |
| 915 | Employee Benefit Contributions-Administrative | 807,454 | - | 333,471 | 38,914 | 11,973 | 70,775 | 11,861 | - | 181,740 |
| 916 | Other Operating-Administrative | 994,651 | - | 70,815 | 110,375 | 2,108 | 996,448 | - | - | 792,513 |
| 921 | Tenant Services Salaries | 72,705 | - | 10,087 | - | - | - | - | 7,981 | - |
| 923 | Employee Benefit Contributions - Tenant Services | 28,838 | - | 4,320 | - | - | - | - | 4,159 | - |
| 924 | Tenant Services Other | 207,686 | - | - | - | - | 170,509 | - | 332,254 | - |
| 931 | Water | 323,265 | - | 907 | 106 | 32 | - | 102 | - | - |
| 932 | Electricity | 1,123,421 | - | 14,875 | 2,330 | 716 | - | 648 | - | - |
| 933 | Gas | 1,055,798 | - | 9,662 | 1,094 | 336 | - | - | - | - |
| 935 | Labor | 35,880 | - | - | - | - | - | - | - | - |
| 937 | Employee Benefit Contributions - Utilities | 13,458 | - | - | - | - | - | - | - | - |
| 938 | Other Utilities Expense | 268,196 | - | 345 | 42 | 12 | - | 95 | - | - |
| 941 | Ordinary Maintenance and Operations - Labor | 2,743,017 | - | - | - | - | - | - | - | 211,403 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | 685,927 | - | 4,600 | 399 | 123 | - | - | 250 | 215 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | 2,025,198 | - | 42,559 | 2,337 | 719 | 3,245 | 9,982 | - | 2,265,999 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | 1,061,226 | - | - | - | - | - | - | - | 62,426 |

Dayton Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Changes in Equity
(FDS Schedule Submitted to HUD)
for the year ended June 30, 2005

| FDS Line Item No. | Account Description | Community Development Block Grants/ Entitlement Grants CFDA 14.218 | HOME Investment Partnerships Program CFDA 14.239 | Business Activities | State/ Local and LHA | Total |
|---|---|---|---|---|---|---|
| | REVENUE | | | | | |
| 703 | Net Tenant Rental Revenue | $32,239 | $0 | $55,236 | $0 | $3,310,200 |
| 704 | Tenant Revenue Other | | - | 1,812 | - | 17,717 |
| 705 | Total Tenant Revenue | 32,239 | - | 57,048 | - | 3,327,917 |
| 706 | HUD PHA Operating Grants | - | - | - | - | 36,997,187 |
| 706.1 | Capital Grants | - | - | - | - | 4,521,174 |
| 708 | Other Government Grants | 791,902 | 819,230 | - | 966,733 | 2,577,865 |
| 711 | Investment Income-Unrestricted | - | - | 56,055 | 32,273 | 270,412 |
| 713 | Proceeds from Disposition of Assets Held for Sale | - | - | 58,867 | - | 80,287 |
| 713.1 | Cost of Sale of Assets | - | - | - | - | (36,370) |
| 714 | Fraud Recovery | - | - | - | - | 64,444 |
| 715 | Other Revenue | - | - | 31,523 | - | 1,361,916 |
| 716 | Gain/Loss on Sale of Fixed Assets | - | - | - | - | (154,410) |
| 700 | Total Revenue | 824,141 | 819,230 | 203,493 | 999,006 | 49,010,422 |
| | EXPENSES | | | | | |
| 911 | Administrative Salaries | - | - | 112,438 | 256,842 | 4,286,786 |
| 912 | Auditing Fees | - | - | - | - | 37,617 |
| 914 | Compensated Absences | - | - | - | - | 68,029 |
| 915 | Employee Benefit Contributions-Administrative | - | - | 28,924 | 92,765 | 1,577,877 |
| 916 | Other Operating-Administrative | 32 | 342,255 | 119,852 | 278,029 | 3,707,078 |
| 921 | Tenant Services Salaries | - | - | - | - | 90,773 |
| 923 | Employee Benefit Contributions - Tenant Services | - | - | - | - | 37,317 |
| 924 | Tenant Services Other | - | - | - | - | 710,449 |
| 931 | Water | 2,304 | - | 160 | - | 326,876 |
| 932 | Electricity | 4,313 | - | 180 | - | 1,146,483 |
| 933 | Gas | 2,944 | - | 1,220 | - | 1,071,054 |
| 935 | Labor | - | - | - | - | 35,880 |
| 937 | Employee Benefit Contributions - Utilities | - | - | - | - | 13,458 |
| 938 | Other Utilities Expense | 2,013 | - | 120 | - | 270,823 |
| 941 | Ordinary Maintenance and Operations - Labor | - | - | - | - | 2,954,420 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | 63 | - | 11 | 1,078 | 692,666 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | 4,257 | - | 9,940 | 8,791 | 4,373,027 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | - | - | - | - | 1,123,652 |

**Dayton Metropolitan Housing Authority**
**Combining Statement of Revenue, Expenses and Changes in Equity**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Public and Indian Housing CFDA 14.850 | Public and Indian Housing Drug Elimination Program CFDA 14.854 | Section 8 Housing Choice Vouchers CFDA 14.871 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation CFDA 14.856 | Section 8 New Construction and Substantial Rehabilitation CFDA 14.182 | Demolition and Revitalization of Severely Distressed Public Housing CFDA 14.866 | Indian Housing Block Grants CFDA 14.867 | Residential Opportunity and Support Services CFDA 14.870 | Public Housing Capital Fund CFDA 14.872 |
|---|---|---|---|---|---|---|---|---|---|---|
| 951 | Protective Services Labor | 28,810 | - | - | - | - | - | - | - | 41,576 |
| 953 | Protective Services Other | 883,569 | - | - | - | - | - | - | - | 63,976 |
| 955 | Employee Benefit Contributions - Protective Services | 11,535 | - | - | - | - | - | - | - | 19,342 |
| 961 | Insurance Premiums | 549,850 | - | 339,099 | 43,589 | 13,412 | 5,216 | 668 | 170 | 29,047 |
| 962 | Other General Expenses | 11,344 | - | 846 | - | - | 79,695 | - | - | 18,411 |
| 963 | Payments in Lieu of Taxes | - | - | 539 | 85 | 27 | - | - | - | - |
| 964 | Bad Debt-Tenant Rents | 174,051 | - | - | - | - | - | 6,820 | - | - |
| 967 | Interest Expense | 374,809 | - | - | - | - | - | - | - | - |
| 968 | Severance Expense | 35,215 | | 1,365 | 213 | 65 | - | - | - | 35 |
| 969 | Total Operating Expenses | 15,692,174 | - | 1,828,559 | 209,231 | 64,772 | 1,513,473 | 53,252 | 344,814 | 4,282,838 |
| 970 | Excess Operating Revenue over Operating Expenses | 266,235 | - | 13,897,959 | 3,644,521 | 320,055 | 1,125,199 | (17,346) | - | 2,938,816 |
| 972 | Casualty Losses - Non-Capitalized | (4,656) | - | - | - | - | - | - | - | - |
| 973 | Housing Assistance Payments | | - | 14,823,643 | 3,520,815 | 395,446 | 148,465 | - | - | - |
| 974 | Depreciation Expense | 5,268,087 | - | 9,151 | - | - | - | 4,826 | - | 417,392 |
| 900 | Total Expenses | 20,955,605 | - | 16,661,353 | 3,730,046 | 460,218 | 1,661,938 | 58,078 | 344,814 | 4,700,230 |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | (4,997,196) | - | (934,835) | 123,706 | (75,391) | 976,734 | (22,172) | - | 2,521,424 |
| 1103 | Beginning Equity | 51,375,489 | 453 | 901,693 | (612,239) | 154,608 | 7,226,318 | 203,201 | - | 10,629,712 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of Errors | 5,306,052 | (453) | - | - | - | (4,409,681) | - | - | (4,188,966) |
| | Ending Equity | $51,684,345 | $0 | ($33,142) | ($488,533) | $79,217 | $3,793,371 | $181,029 | $0 | $8,962,170 |
| | **Other Information** | | | | | | | | | |
| 1113 | Maximum Annual Contribution Commitment (Per ACC) | $0 | $0 | $17,780,330 | $2,992,866 | $68,543 | $0 | $0 | $0 | $0 |
| 1115 | Contingency Reserve, ACC Program Reserve | $0 | $0 | $849,505 | $1,419,768 | $1,580,428 | $0 | $0 | $0 | $0 |
| 1116 | Total Annual Contributions Available | $0 | $0 | $18,629,835 | $4,412,634 | $1,648,971 | $0 | $0 | $0 | $0 |
| 1120 | Unit Months Available | 35,472 | - | 42,048 | 6,456 | 2,064 | 660 | 159 | - | - |
| 1121 | Number of Unit Months Leased | 33,250 | - | 38,203 | 6,456 | 2,064 | 660 | 150 | - | - |

**Dayton Metropolitan Housing Authority**
**Combining Statement of Revenue, Expenses and Changes in Equity**
**(FDS Schedule Submitted to HUD)**
**for the year ended June 30, 2005**

| FDS Line Item No. | Account Description | Community Development Block Grants/ Entitlement Grants CFDA 14.218 | HOME Investment Partnerships Program CFDA 14.239 | Business Activities | State/ Local and LHA | Total |
|---|---|---|---|---|---|---|
| 951 | Protective Services Labor | - | - | - | - | 70,386 |
| 953 | Protective Services Other | - | - | - | - | 947,545 |
| 955 | Employee Benefit Contributions - Protective Services | - | - | - | - | 30,877 |
| 961 | Insurance Premiums | 80 | - | 24,957 | 7,231 | 1,013,319 |
| 962 | Other General Expenses | 23,439 | - | - | 1,550 | 135,285 |
| 963 | Payments in Lieu of Taxes | 8,826 | - | - | - | 9,477 |
| 964 | Bad Debt-Tenant Rents | - | - | 1,768 | - | 182,639 |
| 967 | Interest Expense | - | - | 34,989 | - | 409,798 |
| 968 | Severance Expense | - | - | - | 9,243 | 46,136 |
| 969 | Total Operating Expenses | 48,271 | 342,255 | 334,559 | 655,529 | 25,369,727 |
| 970 | Excess Operating Revenue over Operating Expenses | 775,870 | 476,975 | (131,066) | 343,477 | 23,640,695 |
| 972 | Casualty Losses - Non-Capitalized | - | - | - | - | (4,656) |
| 973 | Housing Assistance Payments | - | - | - | - | 18,888,369 |
| 974 | Depreciation Expense | - | - | 34,056 | 76,047 | 5,809,559 |
| 900 | Total Expenses | 48,271 | 342,255 | 368,615 | 731,576 | 50,062,999 |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | 775,870 | 476,975 | (165,122) | 267,430 | (1,052,577) |
| 1103 | Beginning Equity | 298,462 | 1,196,858 | 3,678,335 | 3,485,544 | 78,538,434 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of Errors | - | - | (3,496) | - | (3,296,544) |
| | Ending Equity | $1,074,332 | $1,673,833 | $3,509,717 | $3,752,974 | $74,189,313 |
| | **Other Information** | | | | | |
| 1113 | Maximum Annual Contribution Commitment (Per ACC) | $0 | $0 | $0 | $0 | $20,841,739 |
| 1115 | Contingency Reserve, ACC Program Reserve | $0 | $0 | $0 | $0 | $3,849,701 |
| 1116 | Total Annual Contributions Available | $0 | $0 | $0 | $0 | $24,691,440 |
| 1120 | Unit Months Available | 72 | - | - | - | 86,931 |
| 1121 | Number of Unit Months Leased | 72 | - | - | - | 80,855 |

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**NOTES TO COMBINING STATEMENTS**
**(FDS SCHEDULE SUBMITTED TO HUD)**
**FOR THE YEAR ENDED JUNE 30, 2005**

## 1. Basis of Presentation

The accompanying Combining Statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

## 2. Equity Transfers and Inter-program Receivables and Payables

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

Inter-program receivables and payables are made throughout the year in order to provide operating funds to various programs administered by the Authority. These Inter-program receivables and payables have been eliminated in the statement of net assets in the basic financial statements.

## 3. Prior Period Adjustment

During 2004 the Authority capitalized $3,296,544 for two Hope VI projects, Phase II Senior Village and Phase III Dayton View Commons. The Authority has determined that actual ownership of the assets resides with another entity and therefore should have been reflected as a program expense. Therefore, amounts previously reported as equity for the Demolition and Revitalization of Severely Distressed Public Housing Program as of July 1, 2004 have been restated.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2005**

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Funds Expended |
|---|---|---|
| ***U.S. Department of Housing and Development*** | | |
| Direct Programs: | | |
| Section 8 Cluster Program | | |
| Section 8 New Construction and Substantial Rehabilitation | 14.182 | $ 383,351 |
| Lower Income Housing Program – Section 8 Mod. Rehab. | 14.856 | 3,849,494 |
| Total Section 8 Cluster Program | | 4,232,845 |
| Section 8 Housing Choice Vouchers | 14.871 | 15,460,337 |
| Public and Indian Housing | 14.850 | 11,620,039 |
| Demolition and Revitalization of Severely Distressed PH | 14.866 | 2,638,672 |
| Residential Opportunity and Supportive Services | 14.870 | 344,814 |
| Public Housing Capital Fund | 14.872 | 7,221,654 |
| **Direct Programs Expenditures of Federal Awards:** | | 41,518,361 |
| Pass-Through Programs: | | |
| Community Development Block Grant (from City of Dayton, Ohio) | 14.218 | 791,902 |
| Home Investment Partnership Program (from City of Dayton and Montgomery County, Ohio) | 14.239 | 819,230 |
| **Pass-Through Programs:** | | 1,611,132 |
| **Total Expenditures Of Federal Awards** | | $ 43,129,493 |

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2005**

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in the *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, *Audits of State and Local Governments.*

Bastin & Company, LLC
*Certified Public Accountants*

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

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the basic financial statements of the Dayton Metropolitan Housing Authority, Dayton, Ohio, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 20, 2005. As disclosed in Note 15, the Authority restated net assets for the prior recording of certain fixed assets. In addition, the Authority adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures* as discussed in Note 16. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 or other matters that are required to be reported under *Government Auditing Standards*.


*4424 Aicholtz Road, Suite D, Cincinnati, Ohio 45245-1561, Telephone/Fax (513) 753-3999*

This report is intended solely for the information and use of the Board of Commissioners, management and 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.

Bastin & Company, LLC

Cincinnati, Ohio
December 20, 2005

Bastin & Company, LLC
*Certified Public Accountants*

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

Board of Commissioners
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

**Compliance**

We have audited the compliance of the Dayton Metropolitan Housing Authority, Dayton, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. As disclosed in Note 15, the Authority restated net assets for the prior recording of certain fixed assets. In addition, the Authority adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures* as discussed in Note 16. The Dayton Metropolitan Housing Authority's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal programs is the responsibility of the Dayton Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the 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 Dayton Metropolitan Housing Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Dayton Metropolitan Housing Authority's compliance with those requirements.

In our opinion, the Dayton Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major Federal programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the Dayton Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws,


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regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Dayton 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 caused by error or fraud 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 and use of the Board of Commissioners, management and 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.

Bastin & Company, LLC

Cincinnati, Ohio
December 20, 2005

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED JUNE 30, 2005**

## SUMMARY OF AUDITORS' RESULTS

| | |
|---|---|
| Type of financial statement opinion | Unqualified |
| Material control weaknesses reported at the financial statement level | None |
| Reportable control weakness conditions reported at the financial statement level | None |
| Reported noncompliance at the financial statement level | None |
| Material internal control weakness conditions reported for major Federal programs | None |
| Reported internal control weakness conditions reported for major Federal programs | None |
| Type of major programs' compliance opinion | Unqualified |
| Reportable findings | None |
| Major programs | CFDA 14.850<br>Public and Indian Housing – Low Rent<br><br>CFDA 14.872<br>Capital Funds |
| Dollar threshold to distinguish between Type A/B programs | $1,293,885 |
| Low risk auditee | Yes |

## FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

## FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED JUNE 30, 2005**

There were no findings reported in the prior audit report.

Auditor of State
Betty Montgomery

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**DAYTON METROPOLITAN HOUSING AUTHORITY**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**FEBRUARY 9, 2006**