Medina Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2007

Mary Taylor, CPA
Auditor of State

Board of Directors
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256

We have reviewed the *Independent Auditors' Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 31, 2008

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MEDINA METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Independent Auditors' Report

Board of Directors
Medina Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Medina Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Medina Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Medina Metropolitan Housing Authority, Ohio, as of June 30, 2007, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 26, 2007, on my consideration of the Medina Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Medina Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure 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 not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is 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 my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

October 26, 2007

MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

UNAUDITED

Medina Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12)

Financial Highlights

- The Authority's net assets decreased by $96,475 during 2007. Net Assets were $8,080,644 and $8,177,119 for 2007 and 2006 respectively.

- Revenues increased by $268,490 during 2007, and were $5,834,152 and $5,565,662 for 2007 and 2006 respectively.

- The total expenses of all Authority programs increased by $292,860. Total expenses were $5,930,627 and $5,637,767 for 2007 and 2006 respectively.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

USING THIS REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information". The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 11-15) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

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

> <u>*Net Assets, Invested in Capital Assets, Net of Related Debt*</u>: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> <u>*Restricted Net Assets*</u>: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, the Authority's Board of Commissioners, etc.
>
> <u>*Unrestricted Net Assets*</u>: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

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

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

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

THE AUTHORITY'S PROGRAMS

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

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's Public Housing property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under this grant included renovated apartments, improved energy efficiencies, and updated common spaces at the Authority – owned Public Housing property.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set the families' rent at 30% of household income.

Section 8 New Construction – Union Square Apartments is a privately owned and operated multi-family property funded by HUD through the Section 8 New Construction Program. The Authority receives fee income to serve as the Contract Administrator on behalf of HUD. A separate ACC is executed for this program.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

> *Service Contracts* – The Authority provides a variety of services for contracts with different entities; those entities include the Wadsworth Housing Development Corporation (WHDC), the Brunswick Housing Development Corporation (BHDC), and the Brunswick Apartments Limited Partnership (BALP). The fee income and operating expenses for those services is noted in the Statement of Revenues, Expenses, and Changes in Net Assets.

Interest Income – The Authority manages its surplus cash in compliance with HUD and State guidelines. The interest income derived from the investment of surplus cash is also invested.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in Business-Type Activities.

Table 1 – Condensed Statement of Net Assets Compared to Prior Year

	2007	Restated 2006
Current and Other Non-current Assets	$7,107,878	$7,062,270
Capital Assets, net	1,630,644	1,533,060
Total Assets	$8,738,522	$8,595,330
Current Liabilities	$318,109	$233,180
Noncurrent Liabilities	339,769	185,031
Total Liabilities	657,878	418,211
Net Assets:		
Investment in Capital Assets	1,519,057	1,533,060
Restricted Net Assets	923,492	1,094,871
Unrestricted Net Assets	5,638,095	5,549,188
Total Net Assets	8,080,644	8,177,119
Total Liabilities and Net Assets	$8,738,522	$8,595,330

For more detail information see Statement of Net Assets presented elsewhere in this report.

Major Factors Affecting the Statement of Net Assets

Current and non-current assets increased $45,608 from 2006 to 2007 due to increase in cash as a result of current activities.

A total liability increased by $239,667 with was the result of debt incurred for capital improvements and fluctuation in variety of liability accounts.

Capital assets net of accumulated depreciation increased $97,584 due to current year additions net of depreciation expense.

Table 2 presents details on the change in Unrestricted Net Assets

Table 2 – Changes in Unrestricted Net Assets

Beginning Balance - June 30, 2006 Restated	$5,549,188
Results of Operation	(96,475)
Adjustments:	
Current Year Depreciation Expensed	198,672
Capital Expenditure	(313,227)
Current Year Disposal	16,970
Loan Proceeds, net	111,587
Release from Restricted Net Assets	171,379
Rounding Adjustment	1
Ending Balance - June 30, 2007	$5,638,095

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

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

Table 3 – Statement of Revenue, Expenses & Changes in net Assets

	2007	Restated 2006
Revenues		
Total Tenant Revenues	$1,283,910	$1,248,418
Governmental Operating Grants	3,934,608	3,778,339
Capital Grants	91,760	92,560
Investment Income	247,329	213,093
Other Revenues	272,545	233,252
Gain on Disposal of Assets	4,000	0
Total Revenues	$5,834,152	$5,565,662

	2007	Restated 2006
Expenses		
Administration	$1,602,825	$1,638,325
Tenant Services	1,951	1,222
Utilities	254,872	255,108
Maintenance	439,510	434,607
General expenses	63,880	75,337
Housing Assistance Payments	3,365,624	3,108,073
Depreciation	198,672	125,095
Interest Expense	3,293	0
Total Expenses	5,930,627	5,637,767
Net Increases (Decreases)	($96,475)	($72,105)

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets

Total revenue increased $268,490 with increases in most revenue categories. The largest increases were in other revenues, followed by government operating grants and an increase in tenant revenues.

Total expenses increased $292,860. The majority of increases were in administrative costs and salaries, and housing assistance payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had $1,630,644 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of $97,584 from the end of last year.

Table 4 – Condensed Statement of Changes in Capital Assets

	2007	Restated 2006
Land	$219,076	$219,076
Buildings	2,768,454	2,762,261
Equipment – Administration	457,469	393,942
Equipment – Dwelling	125,488	125,488
Leasehold Improvements	157,750	22,986
Construction in Progress	233,264	158,474
Accumulated Depreciation	(2,330,857)	(2,149,167)
Total	$1,630,644	$1,533,060

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above.

Table 5 – Changes in Capital Assets

Beginning Balance - June 30 2006 Restated	$1,533,060
Current Year Additions	313,227
Current Year Deletions	(16,970)
Current Year Depreciation	(198,672)
Loan Proceeds, net	(111,587)
Rounding Adjustment	(1)
Ending Balance - June 30, 2007	$1,519,057

Debt Outstanding

The Authority issued a promissory note in the amount of $115,000 dated February 5, 2007. The note was issued for the purpose of renovating property. The current activities related to debt were as follows:

Table 6 – Changes in Debt

Beginning Balance - June 30 2006	$0
Current Year Debt Issued	115,000
Current Year Debt Retired	(3,413)
Ending Balance - June 30, 2007	$111,587

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Tom Czech, Finance Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Czech's attention at 850 Walter Road; Medina, Ohio 44256-1515 or tom@mmha.org. His telephone number is 330-725-7531, extension 236.

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
June 30, 2007

ASSETS	
Current assets	
Cash and cash equivalents	$1,027,654
Restricted cash and cash equivalents	1,226,826
Receivables, net	311,442
Prepaid expenses and other assets	62,502
Total current assets	**2,628,424**
Noncurrent assets	
Capital assets:	
Land	219,076
Building and equipment	3,509,161
Construction in Progress	233,264
Less accumulated depreciation	(2,330,857)
Capital assets, net	1,630,644
Other noncurrent assets	4,479,454
Total noncurrent assets	***6,110,098***
Total assets	**$8,738,522**
LIABILITIES	
Current liabilities	
Accounts payable	$39,199
Accrued liabilities	164,351
Intergovernmental payables	13,720
Tenant security deposits	66,764
Deferred revenue	25,687
Bonds, notes, and loans payable	8,388
Total current liabilities	***318,109***
Noncurrent liabilities	
Bonds, notes, and loans payable	103,199
Noncurrent liabilities - other	236,570
Total noncurrent liabilities	***339,769***
Total liabilities	**$657,878**

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2007

NET ASSETS	
Invested in capital assets, net of related debt	$1,519,057
Restricted net assets	923,492
Unrestricted net assets	5,638,095
Total net assets	**$8,080,644**

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

OPERATING REVENUES	
Tenant Revenue	$1,283,910
Government operating grants	3,934,608
Other revenue	272,545
Total operating revenues	**5,491,063**
OPERATING EXPENSES	
Administrative	1,602,825
Tenant services	1,951
Utilities	254,872
Maintenance	439,510
General	63,880
Housing assistance payment	3,365,624
Depreciation	198,672
Total operating expenses	***5,927,334***
Operating income (loss)	**(436,271)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	247,329
Miscellaneous revenue	4,000
Interest expense	(3,293)
Total nonoperating revenues (expenses)	***248,036***
Income (loss) before contributions and transfers	(188,235)
Capital grants	91,760
Change in net assets	(96,475)
Total net assets - beginning	8,315,758
Prior period adjustment	(138,639)
Total net assets - ending	**$8,080,644**

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$3,508,706
Tenant revenue received	1,088,111
Other revenue received	869,869
General and administrative expenses paid	(2,352,396)
Housing assistance payments	(3,365,624)
Net cash provided (used) by operating activities	(251,334)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	247,329
Net cash provided (used) by investing activities	247,329
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	91,760
Proceeds from sale of assets	4,000
Proceeds from long-term borrowings	115,000
Payment of long-term borrowings	(3,413)
Payment of interest expense	(3,293)
Property and equipment purchased	(313,227)
Net cash provided (used) by capital and related activities	(109,173)
Net increase (decrease) in cash	(113,178)
Cash and cash equivalents - Beginning of year	2,367,658
Cash and cash equivalents - End of year	$2,254,480

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

Medina Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2007

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($436,271)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	198,672
(Increases) Decreases in:	
- Accounts Receivables, net of allowance	20,678
- Prepaid Assets	(30,789)
- Other noncurrent assets	(148,676)
Increases (Decreases) in:	
- Accounts Payable	63,145
- Intergovernmental Payable	(3,633)
- Accrued Liabilities Payable	30,758
- Deferred Revenue	3,288
- Tenant Security Deposits	(45)
- Noncurrent Liabilities Other (FSS Escrow Payable)	51,539
Net cash provided by operating activities	($251,334)

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide safe and sanitary housing for people in low to moderate income brackets, through rent subsidies provided by HUD.

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

A. Public Housing Program

The pubic housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of housing.

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Section 8 New Construction Program

The Authority administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

E. Business Activity

The Business Activity Program was set-up to separate the HUD funded program with non-HUD activities. This program is used to account for the financial activities for the various properties managed by the Authority that are separate from annual contribution contracts with HUD.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a statement of net assets, statement of revenue, expenses and changes net assets, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

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

The 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. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting and Reporting for Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.
In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

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 statement of net assets 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:

> 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.
>
> 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.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Cash and Investments

Restricted cash and investments represent money required by the lease agreement with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

> Reserves for Replacements- Money set a side each month to cover the cost for property repairs and replacements.
>
> Surplus Fund- The surplus fund is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the surplus fund may be used for any purpose with the agreement of both parties to the lease.
>
> Taxes and Insurance Fund- Funds set a side to cover the cost of taxes and insurance.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

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. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

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

NOTE 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 treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS - Continued

At fiscal year end June 30, 2007, the carrying amount of the Authority's deposits totaled $2,254,480 and its bank balance was $2,283,494. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2007, $2,158,494 was exposed to custodial risk as discussed below, while $125,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. BHDC is a general partner in Brunswick Apartments Limited Partnership (BALP), which owns Southwick Place. The BHDC also owns Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a combination of leased to own and scattered site-rental single family units located in Medina County. Medina Metropolitan Housing Authority has entered into a lease agreement with both not-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The not-for-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 4, below.

NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2007:

Brunswick Apartments Limited Partnership (BALP): Mortgage note receivable from Brunswick Apartment limited Partnership with interest at 4% per annum, to be received by the Authority as the income and cash flow of BALP permits, with the entire remaining outstanding balance payable to the Authority on May 20, 2009; secured by an open end Mortgage on Southwick Place property.	$2,728,467
Brunswick Housing Development Corporation (BHDC): Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of $5,040 through February 2014; secured by new Manhattan Place property.	1,249,167
Brunswick Housing Development Corporation (BHDC): Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of $1,338 through February 2014; secured by new Jefferson Place.	331,698
Brunswick Housing Development Corporation (BHDC): Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of $223 through February 2014; secured by property AT 515 Bronson, 140A Ivy Hill, 235B Canterbury and 600C Canterbury.	140,000
Brunswick Housing Development Corporation (BHDC): Note receivable from Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of $122 through February 2014 with a balloon payment of $20,080.	30,122
Total Note Receivable	$4,479,454

NOTE 5 – CONSTRUCTION IN PROGRESS

The Construction in Progress account balance, which totaled $233,264 at June 30, 2007, consists of several projects to modernize apartments, renovate various common use areas, and replace equipment, machinery, and appliances. There is no significant outstanding construction commitments associated with these projects as of June 30, 2007.

NOTE 6 – INSURANCE COVERAGE

As of June 30, 2007, the Authority had general liability insurance limits of $2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of $2,000,000 per loss and in the aggregate; vehicle liability coverage of $2,000,000; and real and personal property coverage of $250,000,000 per occurrence.

NOTE 6 – INSURANCE COVERAGE - Continued

Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2007, 2006 and 2005.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-5601 or (800) 222-PERS.

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9 percent of their annual covered salary to fund pension obligations. The 2006 employer pension contribution rate for Authority was 13.70 percent. Effective January 1, 2007 the rates increased to 9.5 percent for members and 13.85 percent for employers. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2007, 2006, and 2005 amounted to $94,649, $89,938 and $81,241. Ninety two percent was of the contribution was paid for current year, with the remaining balance reflected as a current liability. All required contributions have been paid for the prior 2 years.

NOTE 8 – POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is also available. The health care coverage provided by the OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006 local government employers contributed at 13.70 percent of covered payroll. The portion allocated to health care was 4.0 percent. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets not to exceed a 12 percent corridor. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The Authorities employer contributions actually made to fund post-employment benefits were $27,484.

The actuarial value of the OPERS' net assets available for OPEB at December 31, 2005 was $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and was effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 will allow additional funds to be allocated to the health care plan.

NOTE 9*:* CAPITAL ASSETS

	Balance 06/30/06 Restated	Adjust / Additions	Adjust / Deletion	Balance 06/30/07
Capital Assets Not Depreciated:				
Land	$219,076	$0	($0)	$219,076
Construction in Progress	158,474	91,760	(16,970)	233,264
Total Capital Assets Not Being Depreciated	**377,550**	**91,760**	**(16,970)**	**452,340**
Capital Assets Being Depreciated:				
Buildings	2,762,261	6,193	0	2,768,454
Furniture, Mach & Equipment	519,430	80,509	16,982	582,957
Leasehold Improvements	22,986	134,764	0	157,750
Total Capital Assets Being Depreciated	**3,304,677**	**221,467**	**16,982**	**3,509,161**
Accumulated Depreciated:				
Buildings	1,830,394	69,063	0	1,899,457
Furniture, Mach & Equipment	301,269	122,932	16,982	407,219
Leasehold Improvements	17,504	6,677	0	24,181
Total Accumulated Depreciated	**2,149,167**	**198,672**	**16,982**	**2,330,857**
Total Capital Assets Being Depreciated, Net	**1,155,510**	**22,794**	**0**	**1,178,304**
Total Capital Assets, Net	**$1,533,060**	**$114,554**	**$16,970**	**$1,630,644**

NOTE 10: TENANT ACCOUNT RECEIVABLES

As of June 30, 2007, tenant account receivable is shown net of an allowance for doubtful accounts of $7,202.

NOTE 11 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. Annual leave may not be accumulated unless approved by the Executive Director. As of June 30, 2007, the accrual for compensated absences totaled $52,932 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Assets.

NOTE 12 – SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 13 – LONG-TERM DEBT

The Authority issued a promissory note in the amount of $115,000. The interest rate is variable with an initial rate of 7.10 percent. Principle payments of $3,413 were made in fiscal year 2007.

Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest
2008	$8,388	$7,706
2009	9,003	7,091
2010	9,664	6,430
2011	10,373	5,721
2012	11,133	4,961
2013-2017	63,026	11,333
Total	$111,587	$43,242

NOTE 14 – RESTATEMENT OF PRIOR YEAR NET ASSETS

The Authority has determined that certain properties that it managed under a contract are not owned by the Authority therefore those assets should not be included in the Medina Metropolitan Housing Authority financial statements. A prior period adjustment was made to remove those assets and liabilities from the agency wide statements:

	2006	Adjustment	Restated 2006
Current Assets	$2,810,199	($78,707)	$2,731,492
Capital Assets, net	1,636,601	(103,541)	1,533,060
Other Non-current Assets	4,330,778	0	4,330,778
Total Assets	$8,777,578	($182,248)	($8,595,330)
Current Liabilities	$276,789	($43,609)	$233,180
Noncurrent Liabilities	185,031	0	185,031
Total Liabilities	461,820	(43,609)	418,211
Net Assets:			
Investment in Capital Assets	1,636,601	(103,541)	1,533,060
Restricted Net Assets	1,094,871	0	1,094,871
Unrestricted Net Assets	5,584,286	(35,098)	5,549,188
Total Net Assets	8,315,758	(138,639)	8,177,119
Total Liabilities and Net Assets	$8,777,578	($182,248)	$8,595,330

Medina Metropolitan Housing Authority FDS Schedule submitted to REAC Propriety Fund Type-Enterprise Fund Year Ended June 30, 2007										
Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program - FEMA	Total
111	Cash - Unrestricted	$633,990	$24,071	$0	$141,902	$221,258	$0	$0	$6,433	$1,027,654
113	Cash - Other Restricted	$921,228	$0	$0	$0	$236,570	$0	$0	$0	$1,157,798
114	Cash - Tenant Security Deposits	$49,274	$0	$0	$19,754	$0	$0	$0	$0	$69,028
100	Total Cash	$1,604,492	$24,071	$0	$161,656	$457,828	$0	$0	$6,433	$2,254,480
122	Accounts Receivable - HUD Other Projects	$0	$29,365	$0	$0	$0	$36,789	$0	$0	$66,154
124	Accounts Receivable - Other Government	$23,225	$0	$0	$0	$0	$0	$0	$0	$23,225
125	Accounts Receivable - Miscellaneous	$214,119	$0	$0	$0	$0	$0	$0	$0	$214,119
126	Accounts Receivable - Tenants - Dwelling Rents	$15,052	$0	$0	$94	$0	$0	$0	$0	$15,146
126.1	Allowance for Doubtful Accounts - Dwelling Rents	($7,119)	$0	$0	($83)	$0	$0	$0	$0	($7,202)
120	Total Receivables, net of allowances for doubtful accounts	$245,277	$29,365	$0	$11	$0	$36,789	$0	$0	$311,442
142	Prepaid Expenses and Other Assets	$52,130	$1,064	$0	$4,327	$4,981	$0	$0	$0	$62,502
144	Interprogram Due From	$387,329	$0	$0	$0	$0	$0	$10,268	$0	$397,597
150	Total Current Assets	$2,289,228	$54,500	$0	$165,994	$462,809	$36,789	$10,268	$6,433	$3,026,021
161	Land	$67,401	$0	$0	$151,675	$0	$0	$0	$0	$219,076
162	Buildings	$624,245	$0	$0	$2,144,209	$0	$0	$0	$0	$2,768,454
163	Furniture, Equipment & Machinery - Dwellings	$0	$0	$0	$125,488	$0	$0	$0	$0	$125,488
164	Furniture, Equipment & Machinery - Administration	$337,232	$6,864	$0	$86,315	$27,058	$0	$0	$0	$457,469
165	Leasehold Improvements	$122,664	$0	$0	$35,086	$0	$0	$0	$0	$157,750
166	Accumulated Depreciation	($426,059)	($3,124)	$0	($1,882,196)	($19,478)	$0	$0	$0	($2,330,857)
167	Construction In Progress	$0	$0	$0	$0	$0	$233,264	$0	$0	$233,264
160	Total Fixed Assets, Net of Accumulated Depreciation	$725,483	$3,740	$0	$660,577	$7,580	$233,264	$0	$0	$1,630,644

Medina Metropolitan Housing Authority FDS Schedule submitted to REAC Propriety Fund Type-Enterprise Fund Year Ended June 30, 2007										
Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program - FEMA	Total
171	Notes, Loans, & Mortgages Receivable - Non Current	$4,479,454	$0	$0	$0	$0	$0	$0	$0	$4,479,454
180	Total Non-Current Assets	$5,204,937	$3,740	$0	$660,577	$7,580	$233,264	$0	$0	$6,110,098
190	Total Assets	$7,494,165	$58,240	$0	$826,571	$470,389	$270,053	$10,268	$6,433	$9,136,119
312	Accounts Payable <= 90 Days	$21,423	$37	$0	$9,840	$7,899	$0	$0	$0	$39,199
321	Accrued Wage/Payroll Taxes Payable	$30,451	$672	$274	$2,515	$5,638	$0	$0	$0	$39,550
322	Accrued Compensated Absences - Current Portion	$21,766	$1,859	$641	$7,511	$21,155	$0	$0	$0	$52,932
325	Accrued Interest Payable	$71,869	$0	$0	$0	$0	$0	$0	$0	$71,869
333	Accounts Payable - Other Government	$0	$0	$0	$13,720	$0	$0	$0	$0	$13,720
341	Tenant Security Deposits	$47,392	$0	$0	$19,372	$0	$0	$0	$0	$66,764
342	Deferred Revenues	$7,831	$0	$0	$1,155	$0	$0	$10,268	$6,433	$25,687
344	Current Portion of Long-term Debt - Operating Borrowings	$8,388	$0	$0	$0	$0	$0	$0	$0	$8,388
347	Interprogram Due To	$341,812	$0	$18,996	$0	$0	$36,789	$0	$0	$397,597
310	Total Current Liabilities	$550,932	$2,568	$19,911	$54,113	$34,692	$36,789	$10,268	$6,433	$715,706
352	Long-term Debt, Net of Current - Operating Borrowings	$103,199	$0	$0	$0	$0	$0	$0	$0	$103,199
353	Noncurrent Liabilities - Other	$0	$0	$0	$0	$236,570	$0	$0	$0	$236,570
350	Total Noncurrent Liabilities	$103,199	$0	$0	$0	$236,570	$0	$0	$0	$339,769
300	Total Liabilities	$654,131	$2,568	$19,911	$54,113	$271,262	$36,789	$10,268	$6,433	$1,055,475
508.1	Invested in Capital Assets, Net of Related Debt	$613,896	$3,740	$0	$660,577	$7,580	$233,264	$0	$0	$1,519,057
511	Total Reserved Fund Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0

Medina Metropolitan Housing Authority FDS Schedule submitted to REAC Propriety Fund Type-Enterprise Fund Year Ended June 30, 2007										
Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program - FEMA	Total
511.1	Restricted Net Assets	$923,110	$0	$0	$382	$0	$0	$0	$0	$923,492
512.1	Unrestricted Net Assets	$5,303,028	$51,932	($19,911)	$111,499	$191,547	$0	$0	$0	$5,638,095
513	Total Equity/Net Assets	$6,840,034	$55,672	($19,911)	$772,458	$199,127	$233,264	$0	$0	$8,080,644
600	Total Liabilities and Equity/Net Assets	$7,494,165	$58,240	$0	$826,571	$470,389	$270,053	$10,268	$6,433	$9,136,119
703	Net Tenant Rental Revenue	$1,046,616	$0	$0	$226,418	$0	$0	$0	$0	$1,273,034
704	Tenant Revenue - Other	$25	$0	$0	$10,851	$0	$0	$0	$0	$10,876
705	Total Tenant Revenue	$1,046,641	$0	$0	$237,269	$0	$0	$0	$0	$1,283,910
706	HUD PHA Operating Grants	$0	$656,253	$25,648	$120,656	$3,039,329	$0	$0	$0	$3,841,886
706.1	Capital Grants	$0	$0	$0	$0	$0	$91,760	$0	$0	$91,760
708	Other Government Grants	$13,625	$0	$0	$0	$0	$0	$72,085	$7,012	$92,722
711	Investment Income - Unrestricted	$78,828	$3,001	$0	$7,370	$16,321	$0	$0	$0	$105,520
712	Mortgage Interest Income	$141,809	$0	$0	$0	$0	$0	$0	$0	$141,809
714	Fraud Recovery	$0	$0	$0	$0	$10,872	$0	$0	$0	$10,872
715	Other Revenue	$257,002	$0	$0	$0	$4,671	$0	$0	$0	$261,673
716	Gain/Loss on Sale of Fixed Assets	$4,000	$0	$0	$0	$0	$0	$0	$0	$4,000
700	Total Revenue	$1,541,905	$659,254	$25,648	$365,295	$3,071,193	$91,760	$72,085	$7,012	$5,834,152
911	Administrative Salaries	$185,449	$14,606	$10,794	$52,877	$211,292	$0	$0	$0	$475,018
912	Auditing Fees	$8,742	$0	$0	$2,657	$1,742	$0	$0	$0	$13,141
914	Compensated Absences	$2,863	$35	$642	$598	($1,725)	$0	$0	$0	$2,413
915	Employee Benefit Contributions - Administrative	$66,936	$4,293	$3,549	$20,601	$81,175	$0	$0	$0	$176,554
916	Other Operating - Administrative	$759,280	$1,530	$0	$17,084	$78,708	$0	$72,085	$7,012	$935,699

Medina Metropolitan Housing Authority FDS Schedule submitted to REAC Propriety Fund Type-Enterprise Fund Year Ended June 30, 2007										
Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program - FEMA	Total
924	Tenant Services - Other	$0	$0	$0	$1,951	$0	$0	$0	$0	$1,951
931	Water	$23,181	$0	$0	$6,856	$0	$0	$0	$0	$30,037
932	Electricity	$57,602	$0	$0	$50,058	$0	$0	$0	$0	$107,660
933	Gas	$53,045	$0	$0	$35,265	$0	$0	$0	$0	$88,310
938	Other Utilities Expense	$21,386	$0	$0	$7,479	$0	$0	$0	$0	$28,865
941	Ordinary Maintenance and Operations - Labor	$117,063	$1,721	$0	$44,166	$2,581	$0	$0	$0	$165,531
942	Ordinary Maintenance and Operations - Materials and Other	$61,443	$0	$0	$24,093	$8,761	$0	$0	$0	$94,297
943	Ordinary Maintenance and Operations - Contract Costs	$106,835	$0	$0	$23,347	$1,000	$0	$0	$0	$131,182
945	Employee Benefit Contributions - Ordinary Maintenance	$34,021	$677	$0	$12,786	$1,016	$0	$0	$0	$48,500
961	Insurance Premiums	$24,791	$685	$0	$10,979	$4,321	$0	$0	$0	$40,776
963	Payments in Lieu of Taxes	$6,325	$0	$0	$13,720	$0	$0	$0	$0	$20,045
964	Bad Debt - Tenant Rents	$2,976	$0	$0	$83	$0	$0	$0	$0	$3,059
967	Interest Expense	$3,293	$0	$0	$0	$0	$0	$0	$0	$3,293
969	Total Operating Expenses	$1,535,231	$23,547	$14,985	$324,600	$388,871	$0	$72,085	$7,012	$2,366,331
970	Excess Operating Revenue over Operating Expenses	$6,674	$635,707	$10,663	$40,695	$2,682,322	$91,760	$0	$0	$3,467,821
973	Housing Assistance Payments	$0	$625,129	$30,574	$0	$2,709,921	$0	$0	$0	$3,365,624
974	Depreciation Expense	$121,084	$1,373	$0	$73,307	$2,908	$0	$0	$0	$198,672
900	Total Expenses	$1,656,315	$650,049	$45,559	$397,907	$3,101,700	$0	$72,085	$7,012	$5,930,627
1010	Total Other Financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($114,410)	$9,205	($19,911)	($32,612)	($30,507)	$91,760	$0	$0	($96,475)

Medina Metropolitan Housing Authority FDS Schedule submitted to REAC Propriety Fund Type-Enterprise Fund Year Ended June 30, 2007										
Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program - FEMA	Total
1103	Beginning Equity	$6,985,583	$63,967	$0	$788,100	$319,634	$158,474	$0	$0	$8,315,758
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	($31,139)	($17,500)	$0	$16,970	($90,000)	($16,970)	$0	$0	($138,639)
1120	Unit Months Available	1,896	1,008	66	996	6,360	0	0	15	10,341
1121	Number of Unit Months Leased	1,804	1,008	66	991	5,970	0	0	15	9,854
1117	Administrative Fee Equity	$0	$0	$0	$0	$136,058	$0	$0	$0	$136,058
1118	Housing Assistance Payments Equity	$0	$0	$0	$0	$63,069	$0	$0	$0	$63,069

Medina Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2007

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	**CFDA NUMBER**	**EXPENDITURES**
U.S. Department of Housing and Urban Development Direct Programs:		
Section 8 New Construction	14.182	$656,253
Shelter Plus Care	14.238	25,648
Low Rent Public Housing	14.850a	120,656
Housing Choice Vouchers	14.871	3,039,329
Public Housing Capital Fund Program	14.872	91,760
Total **U.S. Department of Housing and Urban Development**		**3,933,646**
U.S. Department of Homeland Security Pass-Through Program From:		
United Way Emergency Food and Shelter Program	97.024	7,012
Total U.S. Department of Homeland Security		**7,012**
Total Expenditure of Federal Award		**$3,940,658**

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

Board of Directors
Medina Metropolitan Housing Authority

I have audited the financial statements of the governmental activities of the Medina Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2007, which collectively comprise Medina Metropolitan Housing Authority basic financial statements and have issued my report thereon dated October 26, 2007. I conducted my 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 my audit, I considered Medina Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

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

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

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

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

Salvatore Consiglio, CPA, Inc.

October 26, 2007

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

Board of Directors
Medina Metropolitan Housing Authority

Compliance

I have audited the compliance of the Medina Metropolitan Housing Authority, 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, 2007. Medina Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Medina Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Medina Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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 I 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 Medina Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Medina Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Medina Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

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

Salvatore Consiglio, CPA, Inc.

October 26, 2007

Medina Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 –Housing Choice Voucher Programs
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There are no Findings or questioned costs for the year ended June 30, 2007.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no Findings or questioned costs for the year ended June 30, 2007.

Medina Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2007

The audit report for the fiscal year ending June 30, 2006 contained no audit findings.

Mary Taylor, CPA
Auditor of State

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA 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 12, 2008

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