

Athens Metropolitan Housing Authority

Financial statements

For the Year Ended December 31, 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701-2136

We have reviewed the Independent Auditor's Report of the Athens Metropolitan Housing Authority, Athens County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 27, 2004

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ATHENS METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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Independent Auditors' Report

Board of Directors
Athens Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying financial statements of Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Athens Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these 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 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. 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 Athens Metropolitan Housing Authority, Ohio, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 18, 2004, on my consideration of Athens 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. 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.

My Audit was performed for the purpose of forming and opinion on the financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Athens Metropolitan Housing Authority, Ohio. 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 not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the 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.

June 18, 2004

Athens Metropolitan Housing Authority
 Combined Balance Sheet
 Proprietary Fund Type
 Enterprise Fund
 December 31, 2003

ASSETS

Cash and Cash Equivalents	\$1,150,910
Accounts Receivables – Net of Allowance	423,583
Interprogram Due From	210,923
Deferred Charges and Other Assets	<u>4,245</u>
Total Current Assets	<u>1,789,661</u>
Fixed Assets - Net of Accumulated Depreciation	<u>4,415,033</u>
TOTAL ASSETS	<u><u>\$6,204,694</u></u>

LIABILITIES AND FUND EQUITY

Current Liabilities:	
Accounts Payable	\$373,582
Interprogram Due From	210,923
Intergovernmental Payable	12,593
Accrued Wages and Payroll Taxes	40,860
Tenant Security Deposits	17,157
Deferred Credits and Other Liabilities	43,036
Current Portion of Long-term Debt	<u>18,328</u>
Total Current Liabilities	<u>716,479</u>
Noncurrent Liabilities:	
Long-term Debt Net of Current	311,262
Other Long-term Liabilities	<u>10,655</u>
Total Noncurrent Liabilities	<u>321,917</u>
TOTAL LIABILITES	<u>1,038,396</u>
FUND EQUITY:	
Total Contributed Capital	5,921,485
Retained Earnings – Unreserved	<u>(755,187)</u>
TOTAL FUND EQUITY	<u>5,166,298</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$6,204,694</u></u>

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

Athens Metropolitan Housing Authority
 Combined Statement of Revenue, Expenses and Change in Fund Equity
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended December 31, 2003

REVENUES

Tenant Rental Revenue	\$122,094
Grant Revenue	4,552,154
Investment Income	18,057
Other Income	23,565
	4,715,870
TOTAL REVENUES	<u>4,715,870</u>

EXPENSES

Administrative Expenses	656,387
Utilities Expenses	90,735
Ordinary Maintenance and Operation	155,243
General Expenses	16,809
Housing Assistance Expenses	3,864,797
Interest Expense	14,881
Depreciation Expense	215,814
	5,014,666
TOTAL EXPENSES	<u>5,014,666</u>

EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	(298,796)
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Beginning Fund Equity	5,573,314
Prior Period Adjustments	(108,220)
	\$5,166,298
ENDING FUND EQUITY	<u>\$5,166,298</u>

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

Athens Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended December 31,2003

Cash Flows from Operating Activities:

Cash received from tenants	\$140,779
Cash received from grantor	4,207,925
Cash paid to suppliers and employees	(689,722)
Cash Paid for Housing Assistance	(3,864,797)
	<u>(205,815)</u>

Net cash provided by operating activities

(205,815)

Cash Flows from Capital and Financing Activities:

Cash received from grantor for capital improvements	34,522
Property and equipment purchased	(110,948)
	<u>(76,426)</u>

Net cash used for Capital and Financing Activities

(76,426)

Cash Flows from Investing Activities:

Debt Payment	(19,418)
Interest received	18,057
	<u>(1,361)</u>

Net cash used for Investing Activities

(1,361)

Net Increase (Decrease) in Cash

(283,602)

Cash and cash equivalents - Beginning of Year

1,307,081

Adjustment to beginning cash to included prior year investment balance

127,431

Cash and cash equivalents - End of Year

\$1,150,910

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

Athens Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended December 31,2003

Reconciliation of Net Income to Cash Provided by Operating Activities:

Net income (loss)	(\$298,796)
Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:	
Depreciation	215,814
Bad Debt	(72)
(Increase) Decrease in accounts receivable	(365,376)
(Increase) Decrease in prepaid expenses	4,882
Increase (Decrease) in accounts payable	200,753
Increase (Decrease) in deferred revenue	8,924
Increase (Decrease) in accrued expenses	5,250
Increase (Decrease) in other liabilities	21,856
Increase (Decrease) in tenant security deposit payable	950
	950
Net cash provided by operating activities	(\$205,815)

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Athens Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (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 Athens Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Accounting

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2003 totaled \$18,057.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

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.

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 absence 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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgetary Accounting

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

Estimates

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

NOTE 2: CASH AND INVESTMENTS

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash Equivalents	\$1,170,574	\$1,170,574	\$ -0-	\$ -0-	\$1,150,425
Total Deposits	\$1,170,574	\$1,170,574	\$ -0-	\$ -0-	\$1,150,425

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA’s name.

Category 2 – Uninsured and unregistered, with securities held by the counterpart’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterpart, or its trust department or agent but not in the PHA’s name.

The PHA’s nonnegotiable certificates of deposit are classified as investments on the Financial Data Schedule as reported to HUD. However, for financial statement presentation in accordance with GASB 3, the investment were reclassified to deposits. Therefore, the categories described above do not apply.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 4: 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. During fiscal year ending December 31, 2003 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 5: FIXED ASSETS

The following is a summary:

Land	\$ 823,599
Buildings	4,913,714
Furniture, Machinery and Equipment	238,841
Construction in Progress	21,903
 Total Fixed Assets	 5,998,057
Accumulated Depreciation	(1,583,024)
 Net Fixed Assets	 \$4,415,033

The following is a summary of changes:

	Balance 12/31/02	Rounding Adjustment	Additions	Deletions	Balance 12/31/03
Land	\$823,600	(\$1)	\$0	\$0	\$823,599
Building	4,812,878	0	100,836	0	4,913,714
Furnt, Mach. and Equip	238,841	0	0	0	238,841
Construction in Progress	11,791	0	10,112	0	21,903
Total	\$5,887,110	(\$1)	\$110,948	\$ 0	\$5,998,057

The depreciation expense for the year ended December 31, 2003 was \$215,814.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code establishes benefits. PERS issues a stand-alone financial report, which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to PERS for the years ended December 31, 2003, 2002 and 2001 were \$39,614, \$38,684, and \$35,920, respectively. The full amount has been contributed for 2002 and 2001. Ninety-two percent has been contributed for 2003, with the remainder being reported as a liability with the enterprise fund.

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

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 and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered 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 requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2003 was 5.0 percent of covered payroll, which amounted to \$14,618. 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, 2001. 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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

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. The investment assumption rate for 2001 was 8.0 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 0.51 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

NOTE 8: LONG TERM DEBT

Mortgage Payable

Athens Metropolitan Housing Authority has 3 outstanding mortgages payable as of December 31, 2003. These loans were obtained to purchase rental properties.

The following is a summary of changes in long-term debt for the year ended December 31, 2003:

DESCRIPTION	BALANCE			BALANCE	DUE ONE
	12/31/02	ADJUST	RETIRED	12/31/03	YEAR
SR 78, Buchtel Property	\$117,374	\$690	\$10,171	\$107,893	\$9,011
Walnut Street, Nelsonville	31,300	184	2,623	28,861	2,409
430 Union Street Property	199,600	(140)	6,624	192,836	6,908
TOTAL DEBT	\$348,274	\$734	\$19,418	\$329,590	\$18,328

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

Debt maturities for the next five years are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2004	\$18,328
2005	19,271
2006	20,264
2007	21,309
2008	22,399
Later Years	<u>228,019</u>
 Total	 <u>\$329,590</u>

NOTE 8: PRIOR PERIOD ADJUSTMENTS

Prior period adjustment in total of \$108,220 was necessary to properly state the beginning fund equity balance. The adjustments are as follows:

LOW RENT PUBLIC HOUSING PROGRAM:

Adjustment to properly state beginning balance in Fixed Assets	(\$90,576)
Transfer from CIAP to close-out grant	247,433
Transfer from Capital Fund Program to close-out grant	291,582

COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM:

Transfer TO Low Rent Public Housing to close-out grant	(247,433)
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CAPITAL FUND PROGRAM:

Transfer TO Low Rent Public Housing to close-out grant	(291,582)
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HOUSING CHOICE VOUCHER PROGRAM:

Adjustment to properly state fixed assets	(11,341)
HUD adjustment to administration fees earned	95
Transfer to New Construction Program	(33,704)

NEW CONSTRUCTION PROGRAM:

Transfer from Housing Choice Voucher Program	33,704
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BOARD FUND:

Adjustment to properly state fixed assets	<u>(6,398)</u>
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TOTAL PERIOD ADJUSTMENTS	<u><u>(\$108,220)</u></u>
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ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 10: 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.

Athens Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	0	0	3,592	0	166,207	0	28,718	198,517
114	Cash - Tenant Security Deposits	0	0	10,316	0	0	0	0	10,316
100	Total Cash	0	0	13,908	0	166,207	0	28,718	208,833
122	Accounts Receivable - HUD Other Projects	45,666	0	0	0	281,750	0	0	327,416
124	Accounts Receivable - Other Government	0	0	0	0	0	0	28,338	28,338
125	Accounts Receivable - Miscellaneous	0	0	13,643	0	6,154	0	38,819	58,616
126	Accounts Receivable - Tenants - Dwelling Rents	0	0	11,429	0	0	0	2,903	14,332
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	0	(3,956)	0	0	0	(1,163)	(5,119)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0	0	0
128.1	Allowance for Doubtful Accounts - Fraud	0	0	0	0	0	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	45,666	0	21,116	0	287,904	0	68,897	423,583
131	Investments - Unrestricted	0	0	503,664	0	32,530	0	341,031	877,225
132	Investments Restricted	0	0	0	0	64,852	0	0	64,852
142	Prepaid Expenses and Other Assets	0	0	2,823	0	435	0	987	4,245
143.1	Allowance for Obsolete Inventories	0	0	0	0	0	0	0	0
144	Interprogram Due From	0	0	103,171	0	107,752	0	0	210,923
150	Total Current Assets	45,666	0	644,682	0	659,680	0	439,633	1,789,661
161	Land	0	0	696,850	0	0	0	126,749	823,599
162	Buildings	0	0	4,496,015	0	0	34,522	383,177	4,913,714
164	Furniture, Equipment & Machinery - Administration	0	0	220,832	0	18,009	0	0	238,841

Athens Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
166	Accumulated Depreciation	0	0	(1,519,883)	0	(7,671)	(2,301)	(53,169)	(1,583,024)
167	Construction in progress	0	0	0	0	0	0	21,903	21,903
160	Total Fixed Assets, Net of Accumulated Depreciation	0	0	3,893,814	0	10,338	32,221	478,660	4,415,033
180	Total Non-Current Assets	0	0	3,893,814	0	10,338	32,221	478,660	4,415,033
190	Total Assets	45,666	0	4,538,496	0	670,018	32,221	918,293	6,204,694

312	Accounts Payable <= 90 Days	0	0	142,368	0	228,500	0	2,714	373,582
322	Accrued Compensated Absences - Current Portion	0	0	24,261	0	16,599	0	0	40,860
331	Accounts Payable - HUD PHA Programs	11,443	0	0	0	0	0	0	11,443
333	Accounts Payable - Other Government	0	0	1,150	0	0	0	0	1,150
341	Tenant Security Deposits	0	0	11,211	0	0	0	5,946	17,157
342	Deferred Revenues	0	0	21,959	0	0	0	2,419	24,378
343	Current portion of Long-Term debt	0	0	0	0	0	0	18,328	18,328
345	Other Current Liabilities	0	0	0	0	18,658	0	0	18,658
347	Interprogram Due To	0	0	0	0	96,117	0	114,806	210,923
310	Total Current Liabilities	11,443	0	200,949	0	359,874	0	144,213	716,479
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0	0	0	0	0	0	311,262	311,262
353	Noncurrent Liabilities - Other	0	0	0	0	10,655	0	0	10,655
350	Total Noncurrent Liabilities	0	0	0	0	10,655	0	311,262	321,917

Athens Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
703	Net Tenant Rental Revenue	0	0	89,419	0	0	0	32,675	122,094
705	Total Tenant Revenue	0	0	89,419	0	0	0	32,675	122,094
706	HUD PHA Operating Grants	928,817	9,330	231,224	0	3,348,261	0	0	4,517,632
706.1	Capital Grants	0	0	0	0	0	34,522	0	34,522
711	Investment Income - Unrestricted	0	0	10,101	0	2,237	0	5,719	18,057
713.1	Cost of Sale of Assets	0	0	0	0	0	0	0	0
715	Other Revenue	0	0	8,242	0	0	0	15,323	23,565
720	Investment Income - Restricted	0	0	0	0	0	0	0	0
700	Total Revenue	928,817	9,330	338,986	0	3,350,498	34,522	53,717	4,715,870
911	Administrative Salaries	28,836	0	42,726	0	157,819	0	6,969	236,350
912	Auditing Fees	480	0	2,112	0	1,808	0	0	4,400
914	Compensated Absences	0	0	(2,005)	0	(706)	0	0	(2,711)
915	Employee Benefit Contributions - Administrative	9,313	0	19,721	0	50,744	0	1,741	81,519
916	Other Operating - Administrative	24,965	6,014	16,898	0	284,262	0	4,690	336,829
931	Water	0	46	16,798	0	0	0	2,321	19,165
932	Electricity	0	1,883	53,049	0	0	0	1,112	56,044
933	Gas	0	0	15,526	0	0	0	0	15,526
941	Ordinary Maintenance and Operations - Labor	0	0	57,833	0	0	0	880	58,713
942	Ordinary Maintenance and Operations - Materials and Other	0	1,387	25,900	0	0	0	1,995	29,282
943	Ordinary Maintenance and Operations - Contract Costs	0	0	37,205	0	0	0	1,450	38,655
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	28,378	0	0	0	215	28,593

Athens Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
961	Insurance Premiums	0	0	13,559	0	0	0	562	14,121
963	Payments in Lieu of Taxes	0	0	1,655	0	0	0	1,105	2,760
964	Bad Debt - Tenant Rents	0	0	(72)	0	0	0	0	(72)
967	Interest Expense	0	0	0	0	0	0	14,881	14,881
969	Total Operating Expenses	63,594	9,330	329,283	0	493,927	0	37,921	934,055
970	Excess Operating Revenue over Operating Expenses	865,223	0	9,703	0	2,856,571	34,522	15,796	3,781,815
973	Housing Assistance Payments	865,223	0	0	0	2,999,574	0	0	3,864,797
974	Depreciation Expense	0	0	194,466	0	5,114	2,301	13,933	215,814
900	Total Expenses	928,817	9,330	523,749	0	3,498,615	2,301	51,854	5,014,666
1010	Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	0	0	(184,763)	0	(148,117)	32,221	1,863	(298,796)
1103	Beginning Equity	519	0	4,073,871	247,433	492,556	291,582	467,353	5,573,314
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	33,704	0	448,439	(247,433)	(44,950)	(291,582)	(6,398)	(108,220)
	Ending Equity	34,223	0	4,337,547	0	299,489	32,221	462,818	5,166,298

Athens Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2003

Line Item No.	Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Comprehensive Improvement Assistance Program	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
1101	Capital Outlays Enterprise Fund	0	0	0	0	0	0	0	0
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0	0	0	19,418	19,418
1112	Depreciation Add Back	0	0	0	0	0	0	0	0
1113	Maximum Annual Contributions Commitment (Per ACC)	294,317	0	0	0	929,289	0	0	1,223,606
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0	2,126,470	0	0	2,126,470
1115	Contingency Reserve, ACC Program Reserve	1,708,569	0	0	0	499	0	0	1,709,068
1116	Total Annual Contributions Available	2,002,886	0	0	0	3,056,258	0	0	5,059,144
1120	Unit Months Available	1,608	40	852	0	8,376	0	168	11,044
1121	Number of Unit Months Leased	1,608	29	804	0	8,223	0	62	10,726

Athens Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended December 31, 2003

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$231,224
Shelter Plus Care	14.238	9,330
Housing Choice Voucher Program	14.871	3,348,261
Section 8 Project Based Cluster: New Construction Program	14.182	928,817
Public Housing Capital Fund Program	14.872	<u>34,522</u>
Total Expenditure of Federal Award		<u><u>\$4,552,154</u></u>



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

Board of Directors
Athens Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the financial statements of the Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 18, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Athens Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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



Salvatore Consiglio, CPA, Inc.

June 18, 2004



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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
Athens Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Athens 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 December 31, 2003. Athens 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 Athens Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Athens 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 Athens 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 Athens Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Athens 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 December 31, 2003.

Internal Control Over Compliance

The management of Athens 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 Athens 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the Internal control over compliance and its operation that I considered to be material weaknesses.

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



Salvatore Consiglio, CPA, Inc.

June 18, 2004

Athens Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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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
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
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There are no Findings or questioned costs for the year ended December 31, 2003.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended December 31, 2003.

Athens Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2003

The audit report for the fiscal year ending December 31, 2002 contained not audit finding.



**Auditor of State
Betty Montgomery**

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ATHENS METROPOLITAN HOUSING AUTHORITY

ATHENS 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
OCTOBER 12, 2004**