

GREENE METROPOLITAN HOUSING AUTHORITY

Basic Financial statements

March 31, 2007

with

Independent Auditors' Report



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Greene Metropolitan Housing Authority
538 North Detroit Street
Xenia, Ohio 45385

We have reviewed the *Independent Auditors' Report* of the Greene Metropolitan Housing Authority, Greene County, prepared by Clark, Schaefer, Hackett & Co., for the audit period April 1, 2006 through March 31, 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 Greene Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 29, 2007

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GREENE METROPOLITAN HOUSING AUTHORITY

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

We have audited the accompanying financial statements of Greene Metropolitan Housing Authority, as of and for the year ended March 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Greene Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene Metropolitan Housing Authority, as of March 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 of the notes to the financial statements, Greene Metropolitan Housing Authority has implemented for the year ended March 31, 2007, Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2007 on our consideration of Greene Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 are a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 27 to 37 is presented for purpose of additional analysis and is not a required part of the basic financial statements of Greene Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards on page 38 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 7, 2007

GREENE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2007

As management of the Greene Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Overview of the Financial Statements

The financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the financial statements.

The statements report information about the Authority as a whole using accounting methods similar to those used by private sector business.

The Statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the reported as net assets. Net assets are reported in three broad categories (as applicable):

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets: This component of net assets consists of restricted assets on which constraints are placed by grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: 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 Statement of Revenues, Expenses and Changes in Net Assets include all of the revenues and expenses of the Authority regardless of when the cash is received or paid.

The Statement of Cash Flows discloses net cash provided by or used for operating activities, investing activities and capital and related financing activities.

The Authority administers several programs that are presented as a single business activity enterprise.

Significant programs consist of the following:

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

GREENE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2007

Section 8 Housing Choice Voucher Program – Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market. The Authority earns a fixed administrative fee from HUD to cover the program's operating costs.

Section 8 New Construction – The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contracts with a private owner. The owner rents housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administrative fee for the services rendered.

Shelter Plus Care – HUD provides funding to the Authority for the purpose of assisting low-income individuals with drug addiction and those who have contracted the AIDS virus and other diseases.

Capital Fund Program (CFP) – The Capital Fund Program provides funding to improve the physical conditions and upgrade management of operations to ensure that properties continue to be available to service low-income families. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Sensible Shelter Inc. – Operation of Individual Development Account Program, which is a restricted, matched saving program for qualified low-income families. Grants are received from governments, banks and foundations to assist low-income families reach self-sufficiency. Sensible Shelter assumed the assets and liabilities of Wise Manor Partnership which rented townhouses and homes to low income families. The homes were later sold below cost to long term renters who were given credit for time rented. Loans to Wise Manor Partnership were forgiven. The original funding for the loans was made possible by grants to Sensible Shelter, Inc. in prior years. The housing tax credit project was structured this way so that Sensible Shelter, Inc. could assume ownership and sell the homes below market value to the renters.

Business Activities – The Authority purchased sixteen single-family homes to preserve affordable housing, which will be rented to low-income families. The Authority also purchased a property located at 514 N. Detroit Street which is adjacent to the current Authority offices.

Financial Highlights

During the fiscal year ending March 31, 2007:

- Assets increased by \$294,551 which is a 3% increase from the prior year.

GREENE METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis (Unaudited)
March 31, 2007

- Total liabilities increased by \$598,878 or 59%.
- Revenues increased by \$668,310 or 7%.
- Total expenses increased by 5% or \$523,989. Housing Assistance payments increased by \$343,591, and the total of all other expenses increased by \$180,398.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Notes to the basic financial statements can be found on pages 13 – 26.

Financial Analysis of the Authority

Statement of Net Assets

The following table represents a condensed statement of net assets.

	<u>2007</u>	<u>2006</u>
Assets		
Current and other assets	\$ 2,543,626	2,769,844
Capital assets, net	<u>8,887,261</u>	<u>8,366,492</u>
 Total assets	 \$ <u>11,430,887</u>	 <u>11,136,336</u>
Liabilities		
Current liabilities	\$ 374,811	504,183
Long-term liabilities	<u>1,232,538</u>	<u>504,288</u>
 Total liabilities	 <u>1,607,349</u>	 <u>1,008,471</u>
Net Assets		
Invested in capital assets, net of related debt	7,700,354	7,751,170
Restricted	162,903	204,534
Unrestricted	<u>1,960,281</u>	<u>2,172,161</u>
 Total net assets	 <u>9,823,538</u>	 <u>10,127,865</u>
 Total liabilities and net assets	 \$ <u>11,430,887</u>	 <u>11,136,336</u>

Assets increased by \$294,551 which is a 3% increase from the prior year. The net capital assets increased by \$520,769, primarily as a result of the acquisition of 16 residential buildings and a building adjacent to the current office, offset by current year depreciation of \$757,225. The

GREENE METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis (Unaudited)
March 31, 2007

Current and other assets decreased by \$226,218 primarily as a result of the 20% down payment on the acquisition of the residential buildings mentioned above.

Total liabilities increased by \$598,878 or 59%. Debt increased due to the loan to purchase the 16 residential buildings and a building adjacent to the current office.

Approximately 78 percent of the Authority's net assets reflect its investments in capital assets. The Authority uses these capital assets (land, building, furniture and equipment) to provide housing services to residents and are not readily available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statement of revenues, expenses and changes in net assets follows:

	<u>2007</u>	<u>2006</u>
Revenues		
Tenant revenue	\$ 493,936	456,820
Operating subsidy and grants	1,579,972	1,518,038
Subsidy for housing assistance payment	7,174,611	6,897,855
Capital grants	556,732	607,091
Other Income	142,711	186,122
Revenue before sale of homes	<u>9,947,962</u>	<u>9,665,926</u>
Proceeds from sale of houses	<u>59,403</u>	<u>613,346</u>
Total revenues before cost of sale of houses	10,007,365	10,279,272
Less cost of sale of houses	<u>(46,728)</u>	<u>(986,945)</u>
Total Revenues, net of cost of sale of houses	<u>\$ 9,960,637</u>	<u>9,292,327</u>
 Expenses		
Administrative	1,461,502	1,366,821
Tenant services	35,729	20,466
Utilities	125,806	130,922
Maintenance	564,013	519,931
General	204,350	203,484
Housing assistance payments	7,116,339	6,772,748
Depreciation	<u>757,225</u>	<u>726,603</u>
Total Expenses	<u>10,264,964</u>	<u>9,740,975</u>
Change in net assets	<u>\$ (304,327)</u>	<u>(448,648)</u>

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Management's Discussion and Analysis (Unaudited)
March 31, 2007

Revenues increased by \$668,310 or 7%. This was primarily the result of an increase in the subsidies for housing assistance payments. Revenues before the sale of homes decreased by \$271,907, or 2.6%. Net income on the sale of houses in fiscal year 2007 was \$12,675 compared to a loss of \$373,599 in 2006.

Total expenses increased by 5% or \$523,989. Housing Assistance payments increased by \$343,591, and the total of all other expenses increased by \$180,398.

Capital Assets

As of March 31, 2007, the Authority's capital assets were \$8,887,261 (capital assets net of accumulated depreciation) as reflected in the following schedule.

Land	\$ 2,515,042
Buildings	18,268,795
Furniture and equipment - administrative	414,182
Leasehold improvements	1,924,742
Construction in progress	<u>101,470</u>
	23,224,231
Accumulated depreciation	<u>(14,336,970)</u>
Capital assets, net of accumulated depreciation	<u>\$ 8,887,261</u>

Net capital assets increased by \$520,769 from March 31, 2006 when net capital assets were \$8,366,492. Depreciation of \$757,225 reduced the assets, and the acquisition of 16 residential buildings and adjacent office building increased the capital assets by \$934,900.

See Note 6 of the notes to the financial statements for detailed information.

Debt

As of March 31, 2007, the Authority had eight outstanding loans totaling \$1,186,907, \$69,167 of which is due within one year. The following is a summary:

Federal Housing Administration mortgage for Village Greene Project	\$ 341,346
US Bank loan for energy management equipment	32,568
Four CHIP Program loans through Greene County Dept. of Development	19,500
US Bank loan for Wise Manor town homes	119,173
US Bank loan for Quail Run Single Homes Project	<u>674,320</u>
 Total	 <u>\$ 1,186,907</u>

See Note 8 of the notes to the financial statements for detailed information.

GREENE METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis (Unaudited)
March 31, 2007

Economic Factors

Significant economic factors affecting the Authority are as follows:

Federal funding is at the discretion of the U.S. Department of Housing and Urban Development (HUD).

Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.

Inflationary pressure on health insurance, property insurance and utility rates affect the cost of operating the programs.

Contact Information

Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Ms. Susan Stiles, Executive Director, Greene Metropolitan Housing Authority, 538 North Detroit Street, Xenia, Ohio 45385, or call (937) 376-2908.

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

March 31, 2007

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 1,120,863
Investments	988,216
Accounts receivable, net:	
Tenants, net of allowance for doubtful accounts of \$4,822	2,990
HUD	45,747
Other receivables, net of allowance for doubtful accounts of \$8,596	47,857
Inventory, net of allowance for obsolete of \$818	19,857
Prepaid expenses	61,759
Restricted cash and cash equivalents	123,825
Notes receivable, current portion	<u>2,002</u>
Total current assets	<u>2,413,116</u>
Non-current assets:	
Capital assets:	
Depreciable capital assets, net of accumulated depreciation	2,616,512
Non-depreciable capital assets	6,270,749
Notes receivable, net of current portion	123,767
Other assets	<u>6,743</u>
Total non-current assets	<u>9,017,771</u>
Total assets	\$ <u><u>11,430,887</u></u>

See accompanying notes to the basic financial statements.

Liabilities and Net Assets

Current liabilities:

Accounts payable:

Trade	\$ 41,848
HUD	18,356
Other	54,306
Accrued wages and benefits	39,431
Accrued compensated absences	24,704
Accrued interest payable	2,642
Other current liabilities	16,038
Other accrued liabilities	22,048
Unearned revenues	12,928
Notes payable, current portion	69,167

Liabilities payable from restricted assets:

Tenant security deposits	<u>73,343</u>
Total current liabilities	<u>374,811</u>

Long-term liabilities:

Accrued compensated absences, non-current portion	114,798
Notes payable, net of current portion	<u>1,117,740</u>
Total long-term liabilities	<u>1,232,538</u>

Total liabilities	<u>1,607,349</u>
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Net Assets:

Invested in capital assets, net of related debt	7,700,354
Restricted	162,903
Unrestricted	<u>1,960,281</u>
Total net assets	<u>9,823,538</u>

Total liabilities and net assets	\$ <u>11,430,887</u>
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GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended March 31, 2007

Operating revenue:	
Dwelling rent	\$ 493,936
Program operating grants/subsidies	8,566,823
Other grants	187,760
Other income	<u>24,840</u>
 Total operating revenue	 <u>9,273,359</u>
Operating expenses:	
Administrative	1,461,502
Tenant services	35,729
Utilities	125,806
Maintenance	564,013
General	140,062
Bad debts	23,112
Housing assistance payments	7,116,339
Depreciation	757,225
Fraud loss	<u>582</u>
 Total operating expenses	 <u>10,224,370</u>
 Operating loss	 (951,011)
Non-operating revenue and (expenses):	
Capital grants	556,732
Interest income	121,478
Loss on sale of assets held for sale	12,675
Loss on disposal of capital assets	(3,607)
Interest expense	<u>(40,594)</u>
 Change in net assets	 (304,327)
Net assets, beginning of the year	<u>10,127,865</u>
Net assets, end of the year	\$ <u><u>9,823,538</u></u>

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Cash Flows

For the Year Ended March 31, 2007

Cash flows from operating activities:	
Cash received from HUD	\$ 8,545,369
Cash received from other governments	187,760
Cash received from tenants	489,214
Cash received from other income	15,171
Cash payments for housing assistance payments	(7,116,339)
Cash payments for administrative	(1,432,350)
Cash payments for other operating expenses	<u>(867,523)</u>
Net cash used in operating activities	<u>(178,698)</u>
Cash flows from investing activities:	
Proceeds from sale of investments	263,567
Investment earnings	121,478
Proceeds from sale of assets	66,395
Interest payments	<u>(40,822)</u>
Net cash provided by investing activities	<u>410,618</u>
Cash flows from capital and related financing activities:	
Capital acquisitions	(1,335,320)
Net borrowings on notes payables	571,585
Capital grant funds received	<u>591,721</u>
Net cash used in capital and related financing activities	<u>(172,014)</u>
Increase in cash and cash equivalents	59,906
Cash and cash equivalents, beginning	<u>1,184,782</u>
Cash and cash equivalents, ending	\$ <u><u>1,244,688</u></u>
Reconciliation of cash and cash equivalents to statement of net assets	
Cash and cash equivalents	\$ 1,120,863
Restricted cash and cash equivalents	<u>123,825</u>
Cash and cash equivalents, ending	<u><u>1,244,688</u></u>

(Continued)

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Cash Flows (Continued)

For the Year Ended March 31, 2007

Reconciliation of operating loss to net cash used by

operating activities:

Operating loss \$ (951,011)

Adjustments to reconcile operating loss to net cash used by
operating activities

Depreciation 757,225

Notes receivable forgiven 1,976

(Increase) decrease in:

Receivables, net of allowance 9,900

Inventories, net of allowance 2,938

Prepaid expenses and other assets (27,019)

Increase (decrease) in:

Accounts payable (18,095)

Accrued wages and payroll taxes 6,788

Accrued compensated absences 9,087

Accrued interest payable 228

Tenant security deposits 10,642

Deferred credits and other liabilities 18,643

Net cash used in operating activities \$ (178,698)

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

1. Summary of Significant Accounting Policies:

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

Description of the entity

The Authority is a political subdivision created under Ohio Revised Code Section 3735.27 for purposes of acquiring, developing, leasing, operating and administering low-rent housing programs.

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

The Authority provided contracted services with certain housing authorities on behalf of HUD. These services are primarily the payment processing and administrative services of an assisted housing program.

Reporting Entity

The accompanying financial statements include all organizations, activities and functions for which the Authority is financially accountable and considered by management to be part of the Authority.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves their budget, the issuance of their debt or the levying of their taxes. Based upon the application of these criteria, the Authority has no component units.

Basis of Accounting

The Authority has implemented GASB 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net assets, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

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

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

Unrestricted Net Assets: 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." This account is similar to the former operating reserve account.

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

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.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted components.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Description of programs

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

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

Section 8 Housing Choice Voucher Program – Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market. The Authority earns a fixed administrative fee from HUD to cover the program's operating costs.

Section 8 New Construction – The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contracts with a private owner. The owner rents housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administrative fee for the services rendered.

Shelter Plus Care – HUD provides funding to the Authority for the purpose of assisting low-income individuals with drug addiction and those who have contracted the AIDS virus and other diseases.

Capital Fund Program (CFP) – The Capital Fund Program provides funding to improve the physical conditions and upgrade management of operations to ensure that properties continue to be available to service low-income families. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. This program replaced the Comprehensive Grant Program in the fiscal year 2000.

Sensible Shelter Inc. – Operation of Individual Development Account Program, which is a restricted, matched saving program for qualified low-income families. Grants are received from governments, banks and foundations to assist low-income families reach self-sufficiency. Wise Manor Section 2 – construction of homes sold to qualified low and moderate-income families. State subsidy passed on to home buyer as a forgivable second mortgage.

Business Activities – The Authority purchased sixteen single-family homes to preserve affordable housing, which will be rented to low-income families. The Authority also purchased a property located at 514 N. Detroit Street which is adjacent to the current Authority offices.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

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 on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Cash and Cash Equivalents

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

Restricted cash

Cash has been classified as restricted on the balance sheet for funds held in escrow and reserves under the FHA Project No. 046-35438-NP-L8 (Yellow Springs Village Greene) program and tenant security deposits held in trust by the Authority for the Public and Indian Housing program.

Investments

The Authority's investments are recorded at fair value. Fair value generally represents quoted market value prices for investments traded in the public marketplace. Investment income, including changes in the fair value of investments, is recorded as revenue in the operating statements.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectible receivables was \$13,418 at March 31, 2007, which includes allowance of \$4,822 for tenant receivables and \$8,596 for housing choice vouchers fraud recovery receivables.

Inventory

Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method and are expensed as they are consumed. The allowance for obsolete inventory was \$818 at March 31, 2007.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

Property and Equipment

Property and equipment utilized by the Authority are reported on the statement of net assets. The Authority capitalizes property and equipment at cost over the capitalization threshold of \$1,000. Donated property and equipment are recorded at the fair market value on the date of receipt. Depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

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

Compensated Absences

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the authority for years of service are included in the calculation of the compensated absences accrual amount.

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

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

Due From/To Other Programs

Inter-program receivables and payables as of March 31, 2007 on the Financial Data Schedule have been eliminated on the Statement of Net Assets.

Budgetary Accounting

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

Estimates

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

Accounting and Reporting for Non-exchange Transactions

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

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

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

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

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specified period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHA's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

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

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

Operating Revenues and Expenses

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

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debts and housing assistance payments.

2. Deposits and Investments:

Deposits

The carrying amount of the Authority's deposits was \$1,244,688 at March 31, 2007, (including restricted deposits and tenant security deposits) and the bank balances were \$1,355,017. The carrying amount includes petty cash of \$100. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2007, \$1,245,951 was exposed to custodial risk as discussed below, while \$109,066 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.

Investments

HUD, State Statute and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

The Authority had the following investments at March 31, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturing</u>		<u>Percent</u>
		<u>Less than One Year</u>	<u>One to Five Years</u>	
Fannie Mae	\$ 309,114	244,194	64,920	31.3%
Freddie Mac Discount Notes	64,665	64,665	-	6.6%
Freddie Mac	234,536	154,863	79,673	23.7%
Federal Home Loan Bank	239,862	134,775	105,087	24.3%
Federal Farm Credit Bank	40,005	-	40,005	4.0%
Fre Discount Notes	93,186	93,186	-	9.4%
Money Markets	<u>6,848</u>	<u>6,848</u>	<u>-</u>	0.7%
	\$ <u>988,216</u>	<u>698,531</u>	<u>289,685</u>	

	<u>Moody's/Standard & Poors Ratings</u>
Fannie Mae	Aaa/AAA
Freddie Mac Discount Notes	Aaa/AAA
Freddie Mac	Aaa/AAA
Federal Home Loan Bank	Aaa/AAA
Federal Farm Credit Bank	Aaa/AAA
Fre Discount Notes	Aaa/AAA
Money Markets	unrated/unrated

The Authority's investment policy authorized investment in the following securities: U.S. Treasury Bills, U.S. Treasury Notes and Bonds, Obligations of Federal Government Agencies, Securities of Government Sponsored Agencies, Insured Money Market Deposit accounts, Municipal Depository Fund, Super NOW accounts, Certificate of Deposit, Repurchase Agreements, Sweep Accounts, Separate Trading of Registered Interest and Principal of Securities (STRIPS), and Mutual Funds that meet the HUD criteria.

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The investment policy also require sufficient liquidity to be maintained in the portfolio, and that investments be scheduled to mature concurrently with ongoing cash requirements so that the Authority's obligations can be met without selling securities.

Credit Risk – is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The Authority's investment policy limits investment in prime commercial paper to those with a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service.

Concentration of credit risk – is the possibility of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to no more than 20% of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the

GREENE METROPOLITAN HOUSING AUTHORITY

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March 31, 2007

obligations of any financial institution are limited to no more than 10% of the portfolio; (3) Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to no more than 30 % of the portfolio.

3. Restricted cash:

Under the regulatory agreement, FHA Project No. 046-35438-NP-L8 is required to set aside amounts for the replacement of property and other expenditures approved by HUD. Also, tenant security deposits are required to be held in trust.

Restricted cash at March 31, 2007, are held in separate accounts and generally are not available for operating purposes, and consists of the following:

Replacement reserve	\$	39,653
Residual receipts		12,708
Mortgage escrow deposits		3,095
Tenant security deposits		<u>68,369</u>
	\$	<u>123,825</u>

4. Accounts Receivable:

Accounts receivable at March 31, 2007 is detailed as follows:

Accounts receivable, HUD	\$	45,747
Accounts receivable, tenant rent		7,812
Allowance for doubtful accounts, tenant rent		(4,822)
Fraud recovery		11,461
Allowance for doubtful accounts, fraud recovery		(8,596)
Accounts receivable, interest		9,944
Accounts receivable, other		<u>35,048</u>
	\$	<u>96,594</u>

5. Notes Receivable:

On March 23, 2006, a wholly owned subsidiary of the Authority, Sensible Shelter, Inc. entered into two separate land contract agreements with two residents to purchase single family homes. Note terms are as follows:

Note 1 – \$64,878 notes receivable from a homeowner, payable in monthly installments of \$485. Interest is calculated at 5%, amortized over a period of thirty years with the entire balance due on or before April 30, 2009.

Note 2 – \$63,687 notes receivable from a homeowner, payable in monthly installments of \$471.24. Interest is calculated at 5%, amortized over a period of thirty years with the entire balance due on or before April 30, 2009.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

The minimum principal on the notes receivables are due as follows as of March 31, 2007:

<u>Year ending March 31,</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Total</u>
2008	\$ 1,020	982	2,002
2009	1,051	1,031	2,082
2010	<u>61,354</u>	<u>60,331</u>	<u>121,685</u>
	\$ <u>63,425</u>	<u>62,344</u>	<u>125,769</u>

6. Capital Assets:

The following is a summary of property and equipment as of March 31, 2007:

	<u>Balance</u> <u>03/31/06</u>	<u>Additions/</u> <u>Reclass</u>	<u>Deletions/</u> <u>Reclass *</u>	<u>Balance</u> <u>03/31/07</u>
Capital assets not being depreciated:				
Land	\$ 2,362,964	152,078	-	2,515,042
Construction in progress	<u>73,411</u>	<u>68,551</u>	<u>40,492</u>	<u>101,470</u>
	<u>2,436,375</u>	<u>220,629</u>	<u>40,492</u>	<u>2,616,512</u>
Capital assets being depreciated:				
Buildings	17,356,534	1,014,867	102,606	18,268,795
Furniture and equipment				
- administrative	415,049	41,731	42,598	414,182
Leasehold improvements	1,826,157	98,585	-	1,924,742
Less accumulated depreciation	<u>(13,667,623)</u>	<u>(757,225)</u>	<u>(87,878)</u>	<u>(14,336,970)</u>
	<u>5,930,117</u>			<u>6,270,749</u>
Net capital assets	\$ <u>8,366,492</u>			<u>8,887,261</u>

* - The deletions/reclass amount of \$102,606 was for cost of houses sold during fiscal year 2007. The depreciation expense for the year ended March 31, 2007 was \$757,225.

7. Payment in Lieu of Taxes

The Authority has executed Cooperation Agreements with the City of Xenia, Beavercreek, Cedarville, Yellow Springs and Fairborn that provides for tax exemption of the housing projects but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. Accrued PILOT liability as of March 31, 2007 was \$28,536.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

8. Notes Payable:

FHA Project No. 046-35438-NP-L8

To raise funds for FHA Project No. 046-35438-NP-L8, a mortgage note payable was issued to the Federal Housing Administration, payable in monthly installments of \$3,682 including interest at 7.5%. The mortgage note matures in the year 2018 and is collateralized by a mortgage on the Project's land and buildings, and is insured by the FHA. The remaining principal balance as of March 31, 2007 was \$341,346.

Public Housing

Greene Metropolitan Housing Authority obtained a loan in the amount of \$114,078 on October 4, 2000. The proceeds were used for acquisition and installation of energy management equipment payable in monthly installments of \$1,136.99. The maturity date is October 4, 2012. The remaining principal balance as of March 31, 2007 was \$32,568.

State/Local

Greene Metropolitan Housing Authority obtained four loans through Greene County Department of Development (CHIP Program) for rehabilitation. The loans are deferred for a five-year period and the outstanding balances are forgiven at 10% per year during the deferment period. The remaining balance (50%) of each loan will be due and payable on August 7, 2007. The outstanding principal balance as of March 31, 2007 was \$19,500.

Business Activities

On August 3, 2006, the Authority obtained a loan in the amount of \$122,000 payable in monthly installment of \$1,40 including interest at 7.49%. The note matures on August 10, 2021 and is collateralized by the land and property of Sensible Shelter, Inc. The outstanding principal balance as of March 31, 2007 was \$119,173.

On March 28, 2007, the Authority obtained a mortgage note in the amount of \$674,320 payable in monthly installments of \$5,180 including interest at 6.79%. The note matures on March 28, 2017 and is secured by real and personal property from sixteen rental properties owned and operated by the Authority in Greene County, Ohio. The outstanding principal balance as of March 31, 2007 was \$674,320.

A summary of debt and other long-term obligations are as follows:

<u>Loans</u>	<u>Balance</u> <u>03/31/06</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>03/31/07</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Greene County Development	\$ 23,400	-	(3,900)	19,500	19,500
FHA Project No. 046-3548	359,200	-	(17,854)	341,346	19,239
2000 US Bank, 6.40%	43,713	-	(11,145)	32,568	10,884
OHFA loan	44,950	-	(44,950)	-	-
2006 US Bank, 7.49%	144,059	-	(24,886)	119,173	4,891
2007 US Bank, 6.79%	-	674,320	-	674,320	14,653
Total loans	<u>615,322</u>	<u>674,320</u>	<u>(102,735)</u>	<u>1,186,907</u>	<u>69,167</u>
 <u>Other obligations</u>					
Compensated absences	<u>130,415</u>	<u>29,567</u>	<u>(20,480)</u>	<u>139,502</u>	<u>24,704</u>
	<u>\$ 745,737</u>	<u>703,887</u>	<u>(123,215)</u>	<u>1,326,409</u>	<u>93,871</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

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Combined principal and interest requirements to retire the above notes payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 69,167	83,994	153,161
2009	56,700	76,961	133,661
2010	56,413	73,837	130,250
2011	50,886	69,131	120,017
2012 - 2016	317,317	282,768	600,085
2017 - 2021	338,002	155,259	493,261
Thereafter	<u>298,422</u>	<u>293,394</u>	<u>591,816</u>
Total	\$ <u>1,186,907</u>	<u>1,035,344</u>	<u>2,222,251</u>

9. Defined Benefit Pension Plans – Ohio Public Employees Retirement System

All of the Authority's employees are covered by the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701.

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2006, the Authority employees were required to contribute 9.0% of their annual covered salary. For the years ended December 31, 2005 and 2004, the Authority employees were required to contribute 8.5% of their annual covered salary. The Authority's contribution rate for 2006 was 13.7%, of which 9.2% was used to fund the pension benefits and 4.5% was used to fund healthcare. For 2005 and 2004, the Authority's contribution rate was 13.55%, of which 9.55% was used to fund the pension benefits and 4.0% was used to fund healthcare. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were \$17,332, \$26,073, and \$22,497 respectively; 95.0% has been contributed for 2006 and 100.0% for 2005 and 2004.

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

10. Postemployment Benefits – Ohio Public Employees Retirement System:

OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 7.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care coverage. Health care coverage for disability recipients and qualified survivor recipients is available.

The Ohio Revised Code provides statutory authority for employer contributions. The 2006 local government employer contribution rate was 13.7% of covered payroll, of which 9.2% was used to fund pension benefits and 4.5% was used to fund healthcare. The 2005 and 2004 local government employer contribution rate was 13.55% of covered payroll, of which 9.55% was used to fund pension benefits and 4.0% was used to fund healthcare. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2005 and 2004. 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. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2005 and 2004 was 6.5% and 8.0%, respectively. An annual increase of 4.0%, 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% base increase, were assumed to range from 0.5% to 6.3%. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4.0% percent (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 369,214 for 2006 and 358,804 for 2005. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$7,536 and \$10,921, respectively. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2005, (the latest available information) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

OPERS's net assets available for payment of benefits at December 31, 2004, were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2007

care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

11. 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 2007, the Authority was a member of the State Housing Authority Risk Pool Authority, Inc. (SHARP), an insurance pool for housing authorities in Ohio. Property insurance carries a \$500 deductible. There is no deductible for general liability insurance. Vehicle insurance carries a \$500 per vehicle comprehensive deductible.

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.

12. Contingent Liabilities:

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

13. Change in Accounting Principle

For the fiscal year 2006, the Authority implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* and GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. GASB Statement No. 47 establishes accounting standards for termination benefits. The application of these new standards did not have an effect on the basic financial statements, nor did their implementation require a restatement of prior year net assets.

SUPPLEMENTARY INFORMATION

GREENE METROPOLITAN HOUSING AUTHORITY

Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
March 31, 2007

FDS Line Item	Account Description	Low Rent Public Housing 14,850a	Capital Grant 14,872	Section 8 Vouchers 14,871	Section 8 N/C S/R 14,182	Shelter Plus Care 14,238	Mortgage Ins Rental Corp 14,135	Other Federal 1	AFIA 93,602	State/Local	Business Activities	Eliminations	Total
ASSETS													
111	Cash - unrestricted	\$ 162,737	-	594,773	-	-	9,772	-	5,835	15,123	332,623	-	1,120,863
113	Cash - other restricted	-	-	-	-	-	55,456	-	-	-	-	-	55,456
114	Cash - tenant security deposits	64,333	-	-	-	-	4,036	-	-	-	-	-	68,369
100	Total cash	227,070	-	594,773	-	-	69,264	-	5,835	15,123	332,623	-	1,244,688
122	Accounts receivable - HUD other project	-	37,447	-	-	8,300	-	-	-	-	-	-	45,747
124	Accounts receivable - other state local	-	-	-	-	-	-	-	-	34,048	-	-	34,048
125	Accounts receivable - miscellaneous	1,000	-	-	-	-	-	-	-	-	-	-	1,000
126	A/R Tenants - dwelling rents	6,773	-	-	-	-	45	-	-	-	994	-	7,812
126.1	Allowance for doubtful accounts	(4,078)	-	-	-	-	(31)	-	-	-	(713)	-	(4,822)
127	Notes receivable - current	-	-	-	-	-	-	-	-	-	2,002	-	2,002
128	Fraud recovery	-	-	11,461	-	-	-	-	-	-	-	-	11,461
128.1	Allowance for doubtful accounts	-	-	(8,596)	-	-	-	-	-	-	-	-	(8,596)
129	Accrued interest receivable	2,151	-	-	-	-	-	-	-	-	7,793	-	9,944
120	Total receivables, net of allowance	5,846	37,447	2,865	-	8,300	14	-	-	34,048	10,076	-	98,596
131	Investments	213,787	-	-	-	-	-	-	-	-	774,429	-	988,216
142	Prepaid expenses and other assets	45,922	-	8,796	-	-	2,416	-	-	2,571	2,054	-	61,759
143	Inventories	20,675	-	-	-	-	-	-	-	-	-	-	20,675
143.1	Allowance for obsolete inventory	(818)	-	-	-	-	-	-	-	-	-	-	(818)
144	Interprogram due from	69,786	-	-	59,267	29,200	-	3,103	-	9,310	110,709	(281,375)	-
150	Total current assets	582,268	37,447	606,434	59,267	37,500	71,694	3,103	5,835	61,052	1,229,891	(281,375)	2,413,116
161	Land	2,134,997	-	-	-	-	31,400	-	-	-	348,645	-	2,515,042
162	Buildings	15,492,752	676,082	99,915	-	-	781,623	-	-	39,000	1,179,423	-	18,268,795
163	Furniture and equipment - dwellings	-	16,472	-	-	-	-	-	-	-	-	-	16,472
164	Furniture and equipment - admin	216,503	109,011	50,810	-	-	21,386	-	-	-	-	-	397,710
165	Leasehold improvements	1,806,876	114,265	-	-	-	-	-	-	-	3,601	-	1,924,742
166	Accumulated depreciation	(13,389,706)	(98,815)	(65,805)	-	-	(540,670)	-	-	(11,700)	(230,274)	-	(14,336,970)
167	Construction in progress	-	37,166	-	-	-	-	-	-	-	64,304	-	101,470
160	Total capital assets, net	6,261,422	854,181	84,920	-	-	293,739	-	-	27,300	1,365,699	-	8,887,261
170	Notes receivable - non current	-	-	-	-	-	-	-	-	-	123,767	-	123,767
174	Other assets	-	-	-	-	-	-	-	-	-	6,743	-	6,743
180	Total non-current assets	6,261,422	854,181	84,920	-	-	293,739	-	-	27,300	1,496,209	-	9,017,771
190	Total assets	\$ 6,843,690	\$ 891,628	\$ 691,354	\$ 59,267	\$ 37,500	\$ 365,433	\$ 3,103	\$ 5,835	\$ 88,352	\$ 2,726,100	\$ (281,375)	\$ 11,430,887

GREENE METROPOLITAN HOUSING AUTHORITY

Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
March 31, 2007

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Capital Grant 14.872	Section 8 Vouchers 14.871	Section 8 N/C S/R 14.182	Shelter Plus Care 14.238	Mortgage Ins Rental Corp 14.135	Other Federal I	AFIA 93.602	State/Local	Business Activities	Eliminations	Total
LIABILITIES													
312	Accounts payable >=90 days	\$ 11,067	9,767	6,995	-	-	-	-	-	11,546	2,473	-	41,848
321	Accrued wages/payroll taxes	-	-	-	-	-	-	-	-	-	39,431	-	39,431
322	Accrued compensated absences, current	11,009	-	8,187	642	-	512	-	-	4,175	179	-	24,704
325	Accrued interest payable	-	-	-	-	-	2,133	-	-	-	509	-	2,642
331	Accounts payable - HUD PHA programs	-	-	-	559	-	14,694	3,103	-	-	-	-	18,356
333	Accounts payable - other govt	28,536	-	-	-	-	18,986	-	515	-	6,269	-	54,306
341	Tenant security deposits	58,401	-	-	-	-	3,217	-	-	-	11,725	-	73,343
342	Deferred revenue	9,931	-	-	-	-	1,013	-	-	-	1,984	-	12,928
343	Current portion of long-term debt	10,884	-	-	-	-	19,239	-	-	19,500	19,544	-	69,167
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	80	-	-	-	-	-	-	515	-	15,443	-	16,038
346	Accrued liabilities - other	53	-	-	-	-	-	-	21,995	-	21,995	-	22,048
347	Interprogram due to	-	27,680	20,674	-	-	1,204	-	4,629	41,704	185,484	(281,375)	-
310	Total current liabilities	129,961	37,447	35,856	1,201	-	60,998	3,103	5,659	76,925	305,036	(281,375)	374,811
351	Long-term debt, net of current portion	21,684	-	-	-	-	322,107	-	-	-	773,949	-	1,117,740
354	Accrued compensated absences, non-current	59,112	-	43,958	3,450	-	2,748	-	-	3,627	1,903	-	114,798
350	Total noncurrent liabilities	80,796	-	43,958	3,450	-	324,855	-	-	3,627	775,852	-	1,232,538
300	Total liabilities	210,757	37,447	79,814	4,651	-	385,853	3,103	5,659	80,552	1,080,888	(281,375)	1,607,349
NET ASSETS													
508.1	Invested in capital assets, net of related debt	-	854,181	84,920	-	-	(47,607)	-	-	7,800	572,206	-	7,700,354
511.1	Restricted net assets	-	-	107,447	-	-	55,456	-	-	-	-	-	162,903
512.1	Unrestricted net assets	404,079	-	419,173	54,616	37,500	(28,269)	-	176	-	1,073,006	-	1,960,281
513	Total net assets	6,632,933	854,181	611,540	54,616	37,500	(20,420)	-	176	7,800	1,645,212	-	9,823,538
600	Total liabilities and net assets	\$ 6,843,690	\$ 891,628	\$ 691,354	\$ 59,267	\$ 37,500	\$ 365,433	\$ 3,103	\$ 5,835	\$ 88,352	\$ 2,726,100	\$ (281,375)	\$ 11,430,887

GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
For the Year Ended March 31, 2007

FDS Line Item	Account Description	Low Rent Public Housing 14,850a	Capital Grant 14,872	Section 8 Vouchers 14,871	Section 8 N/C S/R 14,182	Shelter Plus Care 14,238	Mortgage Ins Rental Corp 14,135	Other Federal 1	AFIA 93,602	State/Local	Business Activities	Total
REVENUE												
703	Net tenant revenue	\$ 419,632	-	-	-	-	11,956	-	-	-	41,303	472,891
704	Tenant revenue - other	18,390	-	-	-	-	1,685	-	-	-	970	21,045
705	Total tenant revenue	438,022	-	-	-	-	13,641	-	-	-	42,273	493,936
706	PHA HUD grants	673,022	204,540	7,174,611	497,528	94,590	127,072	-	-	-	-	8,771,363
706.1	Capital contribution	-	352,192	-	-	-	-	-	-	-	-	352,192
708	Other government grants	-	-	-	-	-	-	-	7,307	180,453	-	187,760
711	Investment income - unrestricted	19,905	-	40,748	4,144	-	39	-	51	-	54,425	119,312
712	Mortgage interest income	-	-	-	-	-	-	-	-	-	523	523
713	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	59,403	59,403
713.1	Cost of sale of assets	-	-	-	-	-	-	-	-	-	(46,728)	(46,728)
714	Fraud recovery	-	-	-	-	-	-	-	-	-	6,797	6,797
715	Other revenue	1,200	-	6,797	-	-	-	-	7,307	-	9,536	18,043
716	Gain/(loss) on sale of fixed assets	(436)	-	(3,171)	-	-	-	-	-	-	-	(3,607)
720	Investment income - restricted	-	-	-	-	-	1,643	-	-	-	-	1,643
	Total revenue	1,131,713	556,732	7,218,985	501,672	94,590	142,395	-	14,665	180,453	119,432	9,960,637
EXPENSES												
911	Administrative salaries	167,463	14,015	387,200	17,430	936	18,596	-	3,199	93,999	55,015	757,853
912	Auditing fees	5,024	-	4,382	117	-	146	-	-	-	68	9,737
913	Outside management fees	-	-	-	-	-	-	-	-	-	9,000	9,000
914	Compensated absences	73,945	-	59,044	3,954	-	2,736	-	-	7,000	2,846	149,525
915	Employee benefit contribution - admin	74,547	18,037	153,412	4,766	306	5,629	-	1,001	33,055	4,805	295,558
916	Other operating - administrative	60,185	70,369	65,300	1,473	34	6,386	1,035	10,414	17,516	7,117	239,829
921	Tenant services - salaries	20,001	-	-	-	-	-	-	-	-	-	20,001
923	Employee benefit contrib - ten svcs	9,011	-	-	-	-	-	-	-	-	-	9,011
924	Tenant services - other	5,005	-	1,025	-	-	687	-	-	-	-	6,717
931	Water	19,778	-	-	-	-	92	-	-	-	150	20,020
932	Electricity	29,715	-	-	-	-	314	-	-	-	226	30,255
933	Gas	38,026	-	-	-	-	-	-	-	-	95	38,121
934	Fuel	9,225	-	-	-	-	-	-	-	-	-	9,225
938	Other utilities expense	28,043	-	-	-	-	142	-	-	-	-	28,185
941	Ord maintenance/op-labor	177,288	40,811	-	-	-	-	-	-	-	-	218,099
942	Ord maintenance/op - materials	69,036	2,147	9,569	-	-	2,730	-	-	-	118	83,600
943	Ord maintenance/op - cont costs	100,027	59,164	8,474	-	-	16,759	-	-	-	6,612	191,036
945	Emp benefit contrib - ord main	71,278	-	-	-	-	-	-	-	-	-	71,278
961	Insurance premiums	64,379	-	12,132	-	-	3,219	-	-	-	2,556	82,286
962	Other general expenses	1,699	-	-	-	-	21,294	-	-	-	6,247	29,240
963	PILOT	28,536	-	-	-	-	-	-	-	-	-	28,536
964	Bad debts - tenant rents	19,339	-	-	-	-	2,602	-	-	-	1,171	23,112
967	Interest expense	2,395	-	-	-	-	26,223	-	-	-	11,976	40,594
969	Total operating expenses	1,073,945	204,543	700,538	27,740	1,276	107,555	1,035	14,614	151,570	108,002	2,390,818

GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
For the Year Ended March 31, 2007

FDS Line Item	Account Description	Low Rent Public Housing 14,850a	Capital Grant 14,872	Section 8 Vouchers 14,871	Section 8 N/C S/R 14,182	Shelter Plus Care 14,238	Mortgage Ins Rental Corp 14,135	Other Federal 1	NAIDA 93,602	State/Local	Business Activities	Total
970	EXPENSES	\$ 57,768	352,189	6,518,447	473,932	93,314	34,840	(1,035)	51	28,883	11,430	7,569,819
973	Housing Assistance Payments	-	-	6,529,088	466,217	83,944	12,107	-	-	24,983	-	7,116,339
974	Depreciation expense	632,556	60,221	11,561	-	-	22,459	-	-	2,600	27,828	757,225
975	Fraud losses	-	-	582	-	-	-	-	-	-	-	582
	Total expenses	1,706,501	264,764	7,241,769	493,957	85,220	142,121	1,035	14,614	179,153	135,830	10,264,964
1000	EXCESS OF REVENUE OVER EXPENSES	(574,788)	291,968	(22,784)	7,715	9,370	274	(1,035)	51	1,300	(16,398)	(304,327)
1001	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
1002	Operating transfers out	-	-	-	-	-	-	-	-	-	-	-
1103	Beginning equity	7,207,721	562,213	634,324	46,901	28,130	(20,694)	1,035	125	6,500	1,661,610	10,127,865
1105	Transfer of equity	-	-	-	-	-	-	-	-	-	-	-
	Ending equity	6,632,933	854,181	611,540	54,616	37,500	(20,420)	-	176	7,800	1,645,212	9,823,538

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Balance Sheet Data

March 31, 2007

		<u>Assets</u>	
Account			
Number:	Current assets:		
1120	Cash, operations	\$	9,772
1130	Accounts receivable, tenants	45	
1131	Allowance for doubtful accounts	<u>(31)</u>	
1130N	Net accounts receivables		14
1200	Miscellaneous prepaid expenses		<u>2,416</u>
1100T	Total current assets		<u>12,202</u>
1191	Tenant deposits held in trust		<u>4,036</u>
	Restricted deposits:		
1310	Escrow deposits		3,095
1320	Replacement reserve		39,653
1340	Residual receipts		<u>12,708</u>
1300T	Total deposits		<u>55,456</u>
	Property:		
1410	Land		31,400
1420	Buildings		781,623
1440	Furniture and equipment		8,775
1490	Miscellaneous capital assets		<u>12,611</u>
1400T	Total property		834,409
1495	Less accumulated depreciation		<u>(540,670)</u>
1400N	Net property		<u>293,739</u>
1000T	Total assets	\$	<u>365,433</u>

Liabilities and Net Deficit

Account

Number: Current liabilities:

2116	Accounts payable, Section 8 & other	\$ 14,694
2131	Accrued interest payable, first mortgage	2,133
2150	Accrued property taxes	18,986
2170	Mortgage payable, first mortgage, current portion	19,239
2190	Miscellaneous current liabilities	1,716
2210	Prepaid revenue	<u>1,013</u>

2122T	Total current liabilities	<u>57,781</u>
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2191	Tenant deposits held in trust	<u>3,217</u>
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Long-term liabilities:

2320	Mortgage payable, long term portion	322,107
2390	Miscellaneous long term liabilities	<u>2,748</u>

2300T	Total long term liabilities	<u>324,855</u>
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2001T	Total liabilities	<u>385,853</u>
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Net deficit:

3131	Unrestricted net deficit	<u>(20,420)</u>
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3130	Total net deficit	<u>(20,420)</u>
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2033T	Total liabilities and net deficit	\$ <u>365,433</u>
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GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Statements of Activities Data

For the Year Ended March 31, 2007

Account	REVENUE:		
Number:	Rent revenue:		
5120	Rent revenue, gross potential	\$	31,414
5121	Tenant assistance payments		<u>127,072</u>
5100T	Total rent revenue		<u>158,486</u>
	Vacancies:		
5220	Apartments		<u>(19,458)</u>
5200T	Total vacancies		<u>(19,458)</u>
5152N	Net rental revenue		<u>139,028</u>
	Financial revenue:		
5410	Revenue from investments, operations		39
5440	Revenue from investments, replacement reserves		<u>1,643</u>
5400T	Total financial revenue		<u>1,682</u>
	Other revenue:		
5920	Tenant charges		<u>1,685</u>
5900T	Total other revenue		<u>1,685</u>
5000T	Total revenue		<u>142,395</u>
	EXPENSES:		
	Operating expenses:		
	Administrative expenses:		
6250	Other Renting expenses		12,107
6310	Office salaries		21,332
6311	Office expenses		6,793
6340	Legal expense - Project		280
6350	Audit expense		146
6370	Bad debts		<u>2,602</u>
6263T	Total administrative expenses		<u>43,260</u>
	Utilities expense:		
6450	Electricity		314
6451	Water		92
6453	Sewer		<u>142</u>
6400T	Total utilities expense		<u>548</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Statements of Activities Data (Continued)

For the Year Ended March 31, 2007

	Operating and maintenance expenses:	
6515	Supplies	2,730
6520	Contracts	12,066
6525	Garbage and trash removal	<u>4,693</u>
6500T	Total operating and maintenance expenses	<u>19,489</u>
	Taxes and insurance:	
6710	Real estate taxes	21,294
6720	Property and liability insurance	3,219
6723	Health insurance and other employee benefits	<u>5,629</u>
6700T	Total taxes and insurance	<u>30,142</u>
	Financial expenses:	
6820	Interest on mortgage payable	<u>26,223</u>
6800T	Total financial expenses	<u>26,223</u>
6000T	Total cost of operations before depreciation	<u>119,662</u>
5060T	Change in net deficit before depreciation	<u>22,733</u>
6600	Depreciation expense	<u>22,459</u>
5060N	Change in net deficit	<u>274</u>
S1100-050	Net deficit, beginning of year	<u>(20,694)</u>
3130	Net deficit, end of year	\$ <u>(20,420)</u>
S1000-010	Total mortgage principal payments required during the year	\$ <u>17,854</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	\$ <u>4,447</u>
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement	\$ <u>4,810</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement	\$ <u>-</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Computation of Surplus Cash

March 31, 2007

Cash (accounts 1120, 1191)	\$	<u>13,808</u>
Total cash		<u>13,808</u>
Current obligations:		
Accrued interest (account 2131)		2,133
Accounts payable (accounts 2110, 2116, 2123)		14,694
Prepaid revenues (account 2210)		1,013
Accrued expenses (not escrowed)		1,716
Tenant security deposits liability (account 2191)		<u>3,217</u>
Total Current Obligations		<u>22,773</u>
Surplus Cash (Deficiency)	\$	<u>(8,965)</u>

GREENE METROPOLITAN HOUSING AUTHORITY
Yellow Springs Village Greene
Project No. 046-35438-NP-L8
Supporting Data Required by HUD

Reserve for Replacements:

In accordance with the provisions of the regulatory agreement, restricted cash is held by the Federal Housing Administration to be used for replacement of property with approval of HUD.

Balance, April 1, 2006	\$ 38,373
Required deposit	4,447
Interest deposited	1,643
Less HUD approved withdrawals	<u>(4,810)</u>
Balance, March 31, 2007, confirmed or validated with depositories	\$ <u>39,653</u>

Residual Receipts:

In accordance with the provisions of the regulatory agreement, surplus cash generated from operating income is restricted cash and is held by the US Bank to be used with approval of HUD.

Balance, April 1, 2006	\$ 12,695
Required deposit	-
Interest deposited	13
Less HUD approved withdrawals	<u>-</u>
Balance, March 31, 2007, confirmed or validated with depositories	\$ <u>12,708</u>

GREENE METROPOLITAN HOUSING AUTHORITY
Yellow Springs Village Greene
 Project No. 046-35438-NP-L8
 Schedule of Changes in Fixed Asset Accounts
 March 31, 2007

	Assets			Depreciation			
	Balance 04/01/06	Additions	Disposals	Balance 03/31/07	Additions	Disposals	Balance 03/31/07
Changes in property for the year ended March 31, 2007:							
Land	\$ 31,400	-	-	31,400	-	-	-
Buildings	781,623	-	-	781,623	21,282	-	525,835
Furniture and equipment	8,775	-	-	8,775	-	-	8,775
Miscellaneous fixed assets	10,667	4,810	(2,866)	12,611	1,177	(2,866)	6,060
	<u>\$ 832,465</u>	<u>4,810</u>	<u>(2,866)</u>	<u>834,409</u>	<u>22,459</u>	<u>(2,866)</u>	<u>540,670</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Cost Certification of Capital Fund Grant Programs

March 31, 2007

Capital Fund Grant Number OH10P022501-04:

Management improvements	\$	59,000
Operations		30,000
Administration		63,002
Fees and costs		1,000
Site improvement		102,816
Dwelling structure		261,945
Dwelling equipment		18,481
Non-dwelling structure		821
Non-dwelling equipment		37,344
Development activities		<u>45,613</u>
Total expensed	\$	<u>620,022</u>
Total received	\$	<u>620,022</u>

- 1 The actual modernization cost certificate was signed and filed on December 20, 2006.
- 2 The final costs on the certificate agree with the Authority's records.

GREENE METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

March 31, 2007

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
U.S. Department of Housing and Urban Development:		
PHA Owned Housing:		
Public and Indian Housing (operating subsidiary)	14.850	\$ 673,022
Public Housing Capital Fund	14.872	<u>556,732</u>
		1,229,754
Housing Assistance Payments:		
Annual Contribution -		
Housing choice vouchers	14.871	7,174,611
Section 8 Project-Based Cluster:		
Section 8 New Construction and Substantial Rehabilitation	14.182	497,528
Section 8 Housing Assistance Payments	14.195	* <u>127,072</u>
		624,600
Shelter Plus Care	14.238	94,590
Mortgage Insurance Rental and Cooperative	14.135	* 341,347
U.S. Department of Health and Human Services:		
Passed through Ohio CDC Association:		
New Assets for Independence Demonstration Program	93.602	<u>7,307</u>
Total - All Programs		\$ <u>9,472,209</u>

* Federal awards expended by Yellow Springs Village Greene, FHA Project No. 046-35438-NP-L8

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

We have audited the financial statements of Greene Metropolitan Housing Authority as of and for the year ended March 31, 2007, wherein we noted the Authority implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* and GASB Statement No. 47, *Accounting for Termination Benefits* and have issued our report thereon dated September 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greene Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greene Metropolitan Housing Authority'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

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

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

Clark, Schaeter, Hackett & Co.

Springfield, Ohio
September 7, 2007

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

Compliance

We have audited the compliance of Greene Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2007. Greene Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greene Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Greene Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Greene Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Greene Metropolitan Housing Authority 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 March 31, 2007.

Internal Control Over Compliance

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

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greene Metropolitan Housing Authority's internal control over compliance.

A control deficiency in an entity'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 entity'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 entity'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 entity's internal control.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Clark, Schafer, Hackett & Co.

Springfield, Ohio
September 7, 2007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

GREENE METROPOLITAN HOUSING AUTHORITY
MARCH 31, 2007

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified										
(d)(1)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No										
(d)(1)(ii)	Were there any other significant deficiencies conditions reported at the financial statement level (GAGAS)?	No										
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No										
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No										
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No										
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified										
(d)(1)(vi)	Are there any reportable findings under §.510?	No										
(d)(1)(vii)	Major Programs (list):	<table border="0"> <tr> <td><u>Program</u></td> <td><u>CFDA #</u></td> </tr> <tr> <td>Section 8 Housing</td> <td></td> </tr> <tr> <td>Choice Vouchers</td> <td>14.871</td> </tr> <tr> <td>Mortgage Insurance</td> <td></td> </tr> <tr> <td>Rental and Cooperative</td> <td>14.135</td> </tr> </table>	<u>Program</u>	<u>CFDA #</u>	Section 8 Housing		Choice Vouchers	14.871	Mortgage Insurance		Rental and Cooperative	14.135
<u>Program</u>	<u>CFDA #</u>											
Section 8 Housing												
Choice Vouchers	14.871											
Mortgage Insurance												
Rental and Cooperative	14.135											
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others										
(d)(1)(ix)	Low Risk Auditee?	Yes										

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

- NONE -

3. Findings and Questioned Costs for Federal Awards

- NONE -

GREENE METROPOLITAN HOUSING AUTHORITY
MARCH 31, 2007

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)¹


-NONE-

GREENE METROPOLITAN HOUSING AUTHORITY

Project No. 046-35438-NP-L8

Certification of the Executive Director

We hereby certify that we have examined the accompanying financial statements and supplemental data of Greene Metropolitan Housing Authority and its related entity, Yellow Springs Village Greene, and, to the best of our knowledge and belief, the same is complete and accurate.



Susan Stiles
Executive Director

Corporate Federal Identification
Number 31-0669308

09/11/2007
Date



Mary Taylor, CPA
Auditor of State

GREENE METROPOLITAN HOUSING AUTHORITY

GREENE 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
NOVEMBER 8, 2007**