



*ATHENS
METROPOLITAN HOUSING AUTHORITY*

ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2007

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Athens Metropolitan Housing Authority, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 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 Athens Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 9, 2008

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ATHENS METROPOLITAN HOUSING AUTHORITY

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Independent Auditor's Report

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

We have audited the accompanying basic financial statements of the Athens Metropolitan Housing Authority (the Authority) as of and for the year ended December 31, 2007. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2007, and the results of its operations and 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 12, 2008 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, consisting 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.

Board of Directors
Athens Metropolitan Housing Authority
Independent Auditor's Report

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority, taken as a whole. The accompanying supplemental information and schedules listed in the table of contents, which include the schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 12, 2008

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

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

Since the MD&A is designed to focus on the 2007 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$85,089 or 1.35% during 2007, resulting from changes in operations. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.
- Revenues increased by \$300,373 or 5.84% during 2007.
- The total expenses of all Authority programs decreased by \$253,325 or 5.06%.

Authority Financial statements

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

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 borrowings 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 the 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".

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contribution Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

Section 8 New Construction - The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contributions 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 administration fee for these services rendered.

Shelter Plus Care - AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

State / Local – State / Local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

AUTHORITY STATEMENTS

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

TABLE 1

STATEMENT OF NET ASSETS

	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$ 1,275,096	\$ 1,330,521
Noncurrent Assets	<u>5,787,044</u>	<u>5,514,280</u>
Total Assets	<u>\$ 7,062,140</u>	<u>\$ 6,844,801</u>
Current Liabilities	\$ 165,294	\$ 234,183
Long-Term Liabilities	<u>496,233</u>	<u>295,094</u>
Total Liabilities	<u>661,527</u>	<u>529,277</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	4,352,289	4,720,653
Restricted Net Assets	359,154	-
Unrestricted Net Assets	<u>1,689,170</u>	<u>1,594,871</u>
Total Net Assets	<u>6,400,613</u>	<u>6,315,524</u>
Total Liabilities and Net Assets	<u>\$ 7,062,140</u>	<u>\$ 6,844,801</u>

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

Major Factors Affecting the Statement of Net Assets

During 2007, current and other assets decreased by \$55,425, and current liabilities decreased by \$68,889. The change in current assets was mainly due to the change in cash balance. This change was caused by the result of current year activities. The change in current liabilities is mainly due to change in payable due to HUD for the Section 8 N/C program.

The \$359,154 restricted net assets represent excess HAP funds received from HUD. In current period, HUD required that this balance be reported as restricted net assets.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

Capital assets also changed, decreasing from \$5,003,930 to \$4,847,759. The \$156,171 decrease may be contributed primarily to a combination of total acquisitions of \$110,485, less current year depreciation of \$256,440 and assets disposed of \$10,216. The current year acquisitions included the acquisition of properties valued \$105,975 and a vacant lot of \$4,510.

The following table presents details on the change in Unrestricted Net Assets.

TABLE 2
CHANGE OF UNRESTRICTED NET ASSETS

Beginning Balance - December 31, 2006 (Restated)	\$	1,594,871
Results of Operation		85,089
Adjustments:		
Current year Depreciation Expense (1)		256,440
Capital Expenditure (2)		(110,485)
Disposal of Assets		12,047
Gain on Sale of Assets		(1,831)
Loan Proceeds		232,861
Retirement of Debt		(20,668)
Transfer to Restricted Net Assets		<u>(359,154)</u>
Ending Balance - December 31, 2007	\$	<u><u>1,689,170</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.

(2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 201,172	\$ 193,683
Operating Subsidies	4,447,039	4,624,200
Capital Grants	-	183,524
Investment Income	65,787	54,339
Other Revenues	126,681	85,306
	<u>4,840,679</u>	<u>5,141,052</u>
<u>Expenses</u>		
Administrative	557,016	534,761
Utilities	114,456	123,750
Maintenance	188,326	241,628
General and Interest Expenses	35,685	31,000
Housing Assistance Payments	3,603,667	3,842,899
Depreciation	256,440	234,877
	<u>4,755,590</u>	<u>5,008,915</u>
Net Increases (Decreases)	<u>\$ 85,089</u>	<u>\$ 132,137</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE,
EXPENSES AND CHANGES IN NET ASSETS**

Total revenue decreased by \$300,373. This decrease was mainly due decrease in grant revenue from HUD of \$360,685 and increase in revenue from investment in Westview Company and interest income due to additional cash on hand.

The expenses decreased by \$253,325 during the year. The decrease in expenses is attributed to less expenditure incurred in housing assistance payments for the year. The change in HAP expenses went from \$3,842,899 in 2006 and \$3,603,667 in current year (2007). This was due to fewer vouchers served during the year.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$4,847,759 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$156,171 or 3.12% from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2007</u>	<u>2006</u>
Land and Land Rights	\$ 842,085	\$ 826,978
Buildings	6,115,977	5,689,755
Equipment	377,718	305,967
Construction in Progress	-	414,385
Accumulated Depreciation	(2,488,021)	(2,233,155)
Total	<u><u>\$ 4,847,759</u></u>	<u><u>\$ 5,003,930</u></u>

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - December 31, 2006 (Restated)	\$ 5,003,930
Current year Additions	110,485
Current year disposal, net of depreciation	(10,216)
Current year Depreciation Expense	(256,440)
Beginning Balance - December 31, 2007	<u><u>\$ 4,847,759</u></u>

Current year Additions are summarized as follows:

- Purchased 4 MRDD Properties	\$ 105,975
- Purchased land	4,510
Total 2007 Additions	<u><u>\$ 110,485</u></u>

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Unaudited

Debt Outstanding

As of year-end, the Authority has \$495,470 in debt (mortgages) outstanding compared to \$283,277 last year.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - December 31, 2006	\$ 283,277
Current Year Loan Proceeds	232,861
Current Year Principal Payments	<u>(20,668)</u>
Beginning Balance - December 31, 2007	\$ <u>495,470</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jodi Rickard, Finance Director of the Athens Metropolitan Housing Authority, at (740) 592-4481 ext. 17, or email at jkr@athensmha.org. Specific requests may be submitted to Athens Metropolitan Housing Authority, 10 Hope Drive, Athens, OH 45701.

Athens Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
December 31, 2007

ASSETS

Current assets

Cash and cash equivalents	\$377,301
Investments	773,835
Receivables, net	103,455
Prepaid expenses and other assets	<u>20,505</u>

Total current assets 1,275,096

Noncurrent assets

Restricted

Cash and Cash Equivalents 408,910

Capital assets:

Land 842,085

Building and equipment 6,493,695

Less accumulated depreciation (2,488,021)

Total capital assets 5,256,669

Loans Receivable 530,375

Total noncurrent assets 5,787,044

Total assets \$7,062,140

LIABILITIES

Current liabilities

Accounts payable \$21,535

Accrued liabilities 21,235

Intergovernmental payables 65,572

Tenant security deposits 20,767

Deferred revenue 350

Current liabilities - other 4,495

Notes and loans payable 31,340

Total current liabilities 165,294

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

Athens Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2007

Noncurrent liabilities	
Notes and loans payable	464,130
Accrued compensated absences non-current	3,324
Noncurrent liabilities - other	28,779
<i>Total noncurrent liabilities</i>	<u>496,233</u>
Total liabilities	<u><u>\$661,527</u></u>
<i>NET ASSETS</i>	
Invested in capital assets, net of related debt	\$4,352,289
Restricted for other purposes	359,154
Unrestricted net assets	1,689,170
Total net assets	<u><u>\$6,400,613</u></u>

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

Athens Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets (Unaudited)
Proprietary Funds
For the Year Ended December 31, 2007

OPERATING REVENUES

Tenant Revenue	\$201,172
Government operating grants	4,447,039
Other revenue	124,850
Total operating revenues	<u>4,773,061</u>

OPERATING EXPENSES

Administrative	557,016
Utilities	114,456
Maintenance	188,326
General	31,170
Housing assistance payment	3,603,667
Depreciation	256,440
Total operating expenses	<u>4,751,075</u>
Operating income (loss)	<u>21,986</u>

NONOPERATING REVENUES (EXPENSES)

<i>Gain on sale of capital assets</i>	1,831
Interest and investment revenue	65,787
Interest expense	(4,515)
Total nonoperating revenues (expenses)	<u>63,103</u>
Change in net assets	85,089
Total net assets - beginning (Restated)	<u>6,315,524</u>
Total net assets - ending	<u><u>\$6,400,613</u></u>

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,447,039
Tenant revenue received	258,569
Other revenue received	104,825
General and administrative expenses paid	(972,367)
Housing assistance payments	(3,603,667)

Net cash provided (used) by operating activities 234,399

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	65,787
Purchase of Investments	(252,726)

Net cash provided (used) by investing activities (186,939)

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

New Debt Issued	232,861
Debt principal payment	(20,668)
Interest expense paid on debt	(4,515)
Property and equipment sold	12,047
Property and equipment purchased	(110,485)

Net cash provided (used) by capital and related activities 109,240

Net increase (decrease) in cash	156,700
Cash and cash equivalents - Beginning of year	629,511

Cash and cash equivalents - End of year \$786,211

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2007**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$21,986
Activities	
- Depreciation	256,440
- (Increases) Decreases in Accounts Receivable	57,396
- (Increases) Decreases in Prepaid Assets	(1,455)
- (Increases) Decreases in Notes and Loans Receivable	(20,025)
- Increases (Decreases) in Accounts Payable	(14,680)
- Increases (Decreases) in Accrued Liabilities	(48,254)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(4,280)
- Increases (Decreases) in Tenant Security Deposits	1,062
- Increases (Decreases) in Deferred Revenue	(19,731)
- Increases (Decreases) in Current Liabilities - Other	4,495
- Increases (Decreases) in Accrued Compensated Absences	148
- Increases (Decreases) in Noncurrent Liabilities - Other	1,297
	1,297
Net cash provided by operating activities	\$234,399

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

The accompanying financial statements present the Authority's primary government and the Westview Company, component unit, which the Authority exercises, significant control.

Component Units

The component unit is reported in the Authority financial statements as shown below:

<i><u>Blended Presented Component Unit</u></i>	<i><u>Brief Description and Relationship</u></i>
Westview Company	The Housing Authority is a 75% shareholder in Westview Company, a for profit corporation.

Basis of Presentation

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes net assets, and a statement of cash flows.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type: Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for / Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Housing Choice Voucher Program**

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

D. **Section 8 New Construction**

The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contributions contracts with a private owner. The owner rent 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 administration fee for these services rendered.

E. **Shelter Plus Care**

AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

F. **State / Local**

State / local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2007 totaled \$65,787.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

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

Budgetary Accounting

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

Estimates

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

NOTE 2: PRIOR PERIOD ADJUSTMENT

The Authority restated net assets at December 31, 2006. It was found that the Authority had double booked one capital asset, which resulted in an overstatement of net assets. It was also determined that the Authority had omitted an investment in Westview Company and loan receivable issued by the Authority to Westview Apartment Limited Partnership.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (CONTINUED)

NOTE 2: PRIOR PERIOD ADJUSTMENT (Continued)

Net Assets at December 31, 2006	\$5,792,658
Overstatement of Capital Assets	(22,484)
Understatement of Investments	35,000
Understatement of Loan Receivable	<u>510,350</u>
 Adjusted Net Assets at December 31, 2006	 <u><u>\$6,315,524</u></u>

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

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

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

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

At fiscal year end December 31, 2007, the carrying amount of the Authority’s deposits totaled \$1,518,813 and its bank balance was \$1,546,576. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of December 31, 2007, \$1,246,576 was exposed to custodial risk as discussed below, while \$300,000 was covered by the Federal Depository Insurance Corporation.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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.

In addition to the above deposits, the Authority has a financial interest invested in Westview Company of \$41,233. This money has been reported as an investment on the financial statements. The money used for this investment was not HUD funds. Westview Company is a for-profit corporation which is involved in a limited partnership which operates an apartment complex.

NOTE 4: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 6: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/06	Adjust.	Additions	Deletion	Balance 12/31/07
Capital Assets Not Being Depreciated:					
Land	\$826,978	\$0	\$15,107	\$0	\$842,085
Construction in Progress	414,385	(414,385)	0	0	0
Total Capital Assets Not Being Depreciated	1,241,363	(414,385)	15,107	(0)	842,085
Capital Assets Being Depreciated:					
Buildings	5,689,755	342,634	95,378	(11,790)	6,115,977
Furnt, Mach. and Equip.	305,967	71,751	0	0	377,718
Total Capital Assets Being Depreciated	5,995,722	414,385	95,378	(11,790)	6,493,695
Accumulated Depreciation:					
Buildings	(1,980,510)	0	(226,091)	1,574	(2,205,027)
Furnt, Mach. and Equip.	(252,645)	0	(30,349)	0	(282,994)
Total Accumulated Depreciation	(2,233,155)	0	(256,440)	1,574	(2,488,021)
Total Capital Assets Being Depreciated, Net	3,762,567	414,385	(161,062)	(10,216)	4,005,674
Total Capital Assets, Net	\$5,003,930	\$0	(\$145,955)	(\$10,216)	\$4,847,759

NOTE 7: LOAN RECEIVABLE

Loan receivables represent low interest loans made by the Authority to the Westview Apartments Limited Partnership, with interest rates ranging from 2.50% to 5.00%. The purpose of these loans was for improvements made to the low-income apartment complex.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 8: LONG-TERM DEBT

Long-term debt for the Athens Metropolitan Housing Authority's state/local activities consists of the following:

<ul style="list-style-type: none"> • Loan payable to Bank One to purchase State Route 78 Buchtel Property. Total borrowing was \$158,275 with a term of 15 years at 2.6% interest rate. • Loan payable to Bank One to purchase Walnut Street at Nelsonville Property. Total borrowing was \$42,665 with a term of 15 years at 2.6% interest rate. • Loan payable to Ohio Department of Mental Health to purchase 430 Union Street Property. Total borrowing was \$200,000 with a term of 20 years at 0% interest rate. • Note payable to JP Morgan Chase Bank to purchase and rehab 5 MRDD Properties. Total borrowing was \$200,000 with a term of 15 years at 5.5% interest rate. • The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities where the Authority received 5 properties valued \$110,485 to be used as a residential facility for MRDD clients. This agreement carried a restriction that the properties were to be used as residential facilities for MRDD clients and it had a remaining obligation amount of \$32,862. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients. The expiration date for each property varies, with the longest obligation expiring on April 2015. 	<p>\$66,365</p> <p>17,602</p> <p>181,666</p> <p>200,000</p> <p>29,837</p> <hr/> <p>Total Debt \$495,470</p>
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The following is a summary of changes in long-term debt for the year ended December 31, 2007:

DESCRIPTION	BALANCE 12/31/06	ISSUED	RETIRED	BALANCE 12/31/07
Loan Payable	\$283,277	\$232,861	\$20,668	\$495,470
TOTAL	\$283,277	\$232,861	\$20,668	\$495,470

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (CONTINUED)

NOTE 8: LONG-TERM DEBT(Continued)

Maturities of the debt over the next thirty-eight years are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$31,340	\$11,004	\$42,344
2009	33,632	11,980	45,612
2010	34,537	11,075	45,612
2011	35,482	10,130	45,612
2012	35,643	9,144	44,787
2013 – 2017	104,079	33,678	137,757
2018 – 2022	113,019	13,142	126,161
2023 – 2027	25,000	0	25,000
2028 – 2032	25,000	0	25,000
2033 – 2037	25,000	0	25,000
2038 – 2042	25,000	0	25,000
2043 - 2045	7,738	0	7,738
Total	<u>\$495,470</u>	<u>\$100,153</u>	<u>\$595,623</u>

NOTE 9: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2007 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$28,779.

NOTE 10: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

**NOTE 10: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The 2007 employer pension contribution rate for Authority was 13.85 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2007, 2006, and 2005 amounted to \$50,674, \$48,441 and \$50,703 respectively. Ninety-three percent has been contributed for 2007. All required contributions for the two previous years have been paid.

**NOTE 11: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

**NOTE 11: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

post-employment health care through their contributions to the OPERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2007 was 5.0 percent of covered payroll, which amounted to \$18,294. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 5.0% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 374,979. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

Athens Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Unit	Total
Cash - Unrestricted	\$48,785	\$0	\$12,198	\$261,330	\$8,422	\$46,566	\$0	\$377,301
Cash - Other Restricted	\$0	\$0	\$0	\$387,933	\$0	\$0	\$0	\$387,933
Cash - Tenant Security Deposits	\$0	\$0	\$13,177	\$0	\$0	\$7,800	\$0	\$20,977
Total Cash	\$48,785	\$0	\$25,375	\$649,263	\$8,422	\$54,366	\$0	\$786,211
Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$1,536	\$0	\$0	\$1,536
Accounts Receivable - Miscellaneous	\$0	\$0	\$2,114	\$0	\$0	\$101,373	\$0	\$103,487
Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$1,797	\$0	\$0	\$106	\$0	\$1,903
Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$1,357)	\$0	\$0	\$0	\$0	(\$1,357)
Allowance for Doubtful Accounts - Other	\$0	\$0	(\$2,114)	\$0	\$0	\$0	\$0	(\$2,114)
Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$440	\$0	\$1,536	\$101,479	\$0	\$103,455
Investments - Unrestricted	\$0	\$0	\$273,920	\$37,106	\$0	\$427,809	\$35,000	\$773,835
Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$0	\$0	\$13,243	\$1,969	\$0	\$5,293	\$0	\$20,505
Interprogram Due From	\$0	\$0	\$93,418	\$34,484	\$0	\$15,455	\$0	\$143,357
Total Current Assets	\$48,785	\$0	\$406,396	\$722,822	\$9,958	\$604,402	\$35,000	\$1,827,363
Land	\$0	\$0	\$696,850	\$0	\$0	\$145,235	\$0	\$842,085
Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Buildings	\$0	\$0	\$5,290,701	\$0	\$41,711	\$783,565	\$0	\$6,115,977
Furniture, Equipment & Machinery - Administration	\$0	\$0	\$305,681	\$72,037	\$0	\$0	\$0	\$377,718
Accumulated Depreciation	\$0	\$0	(\$2,280,233)	(\$48,786)	(\$2,781)	(\$156,221)	\$0	(\$2,488,021)
Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$4,012,999	\$23,251	\$38,930	\$772,579	\$0	\$4,847,759
Notes, loans & mortgages receivable - non current	\$0	\$0	\$0	\$0	\$0	\$0	\$530,375	\$530,375
Total Noncurrent Assets	\$0	\$0	\$4,012,999	\$23,251	\$38,930	\$772,579	\$530,375	\$5,378,134
Total Assets	\$48,785	\$0	\$4,419,395	\$746,073	\$48,888	\$1,376,981	\$565,375	\$7,205,497

Athens Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Unit	Total
Accounts Payable <= 90 Days	\$0	\$0	\$7,167	\$354	\$0	\$2,196	\$0	\$9,717
Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$21,235	\$0	\$0	\$0	\$0	\$21,235
Accrued Compensated Absences - Current Portion	\$0	\$0	\$65,572	\$0	\$0	\$0	\$0	\$65,572
Accounts Payable - HUD PHA Programs	\$10,499	\$0	\$0	\$0	\$0	\$0	\$0	\$10,499
Accounts Payable - Other Government	\$0	\$0	\$1,319	\$0	\$0	\$0	\$0	\$1,319
Tenant Security Deposits	\$0	\$0	\$12,967	\$0	\$0	\$7,800	\$0	\$20,767
Deferred Revenues	\$0	\$0	\$105	\$0	\$0	\$245	\$0	\$350
Current portion of Long-Term debt - capital projects/mortgage revenue bonds	\$0	\$0	\$0	\$0	\$0	\$31,340	\$0	\$31,340
Other Current Liabilities	\$0	\$0	\$1,203	\$0	\$0	\$3,292	\$0	\$4,495
Interprogram Due To	\$0	\$0	\$45,929	\$74,965	\$9,957	\$12,506	\$0	\$143,357
Total Current Liabilities	\$10,499	\$0	\$155,497	\$75,319	\$9,957	\$57,379	\$0	\$308,651
Long-term debt, net of current- capital projects/ mortgage revenue bonds	\$0	\$0	\$0	\$0	\$0	\$464,130	\$0	\$464,130
Noncurrent Liabilities - Other	\$0	\$0	\$0	\$28,779	\$0	\$0	\$0	\$28,779
Accrued Compensated Absences - No Current	\$0	\$0	\$3,324	\$0	\$0	\$0	\$0	\$3,324
Total Noncurrent Liabilities	\$0	\$0	\$3,324	\$28,779	\$0	\$464,130	\$0	\$496,233
Total Liabilities	\$10,499	\$0	\$158,821	\$104,098	\$9,957	\$521,509	\$0	\$804,884
Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$4,012,999	\$23,251	\$38,930	\$277,109	\$0	\$4,352,289
Restricted Net Assets	\$0	\$0	\$0	\$359,154	\$0	\$0	\$0	\$359,154
Unrestricted Net Assets	\$38,286	\$0	\$247,575	\$259,570	\$1	\$578,363	\$565,375	\$1,689,170
Total Equity/Net Assets	\$38,286	\$0	\$4,260,574	\$641,975	\$38,931	\$855,472	\$565,375	\$6,400,613
Total Liabilities and Equity/Net Assets	\$48,785	\$0	\$4,419,395	\$746,073	\$48,888	\$1,376,981	\$565,375	\$7,205,497
Net Tenant Rental Revenue	\$0	\$0	\$112,076	\$0	\$0	\$89,096	\$0	\$201,172
Total Tenant Revenue	\$0	\$0	\$112,076	\$0	\$0	\$89,096	\$0	\$201,172
HUD PHA Operating Grants	\$470,569	\$65,739	\$272,272	\$3,609,084	\$29,375	\$0	\$0	\$4,447,039

Athens Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Unit	Total
Investment Income - Unrestricted	\$0	\$0	\$14,879	\$35,702	\$0	\$15,206	\$0	\$65,787
Gain or loss on the sale of fixed assets	\$0	\$0	\$0	\$0	\$0	\$1,831	\$0	\$1,831
Other Revenue	\$0	\$0	\$19,838	\$37,988	\$0	\$46,999	\$20,025	\$124,850
Total Revenue	\$470,569	\$65,739	\$419,065	\$3,682,774	\$29,375	\$153,132	\$20,025	\$4,840,679
Administrative Salaries	\$17,976	\$0	\$50,849	\$234,973	\$0	\$21,819	\$0	\$325,617
Auditing Fees	\$1,140	\$0	\$1,198	\$4,085	\$0	\$299	\$0	\$6,722
Employee Benefit Contributions - Administrative	\$10,142	\$0	\$40,172	\$53,631	\$0	\$5,864	\$0	\$109,809
Other Operating - Administrative	\$8,575	\$0	\$18,431	\$45,341	\$26,375	\$16,146	\$0	\$114,868
Water	\$0	\$0	\$23,050	\$0	\$0	\$5,334	\$0	\$28,384
Electricity	\$0	\$0	\$56,486	\$0	\$0	\$7,006	\$0	\$63,492
Gas	\$0	\$0	\$19,352	\$0	\$0	\$3,228	\$0	\$22,580
Ordinary Maintenance and Operations - Labor	\$0	\$0	\$48,138	\$0	\$0	\$2,302	\$0	\$50,440
Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$24,041	\$0	\$0	\$7,523	\$0	\$31,564
Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$50,305	\$0	\$0	\$17,368	\$0	\$67,673
Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$38,030	\$0	\$0	\$619	\$0	\$38,649
Insurance Premiums	\$580	\$0	\$14,241	\$3,065	\$0	\$4,903	\$0	\$22,789
Payments in Lieu of Taxes	\$0	\$0	\$1,319	\$0	\$0	\$446	\$0	\$1,765
Bad Debt - Tenant Rents	\$0	\$0	\$5,953	\$0	\$0	\$663	\$0	\$6,616
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$4,515	\$0	\$4,515
Total Operating Expenses	\$38,413	\$0	\$391,565	\$341,095	\$26,375	\$98,035	\$0	\$895,483
Excess Operating Revenue over Operating Expenses	\$432,156	\$65,739	\$27,500	\$3,341,679	\$3,000	\$55,097	\$20,025	\$3,945,196
Housing Assistance Payments	\$432,156	\$65,739	\$0	\$3,105,772	\$0	\$0	\$0	\$3,603,667
Depreciation Expense	\$0	\$0	\$215,334	\$11,259	\$2,781	\$27,066	\$0	\$256,440
Total Expenses	\$470,569	\$65,739	\$606,899	\$3,458,126	\$29,156	\$125,101	\$0	\$4,755,590
Operating Transfers In	\$0	\$0	\$3,000	\$0	\$0	\$0	\$0	\$3,000
Operating Transfers Out	\$0	\$0	\$0	\$0	(\$3,000)	\$0	\$0	(\$3,000)

Athens Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Account Description	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Unit	Total
Total Other Financing Sources (Uses)	\$0	\$0	\$3,000	\$0	(\$3,000)	\$0	\$0	\$0
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$0	(\$184,834)	\$224,648	(\$2,781)	\$28,031	\$20,025	\$85,089
Beginning Equity	\$38,286	\$0	\$4,012,334	\$417,327	\$497,270	\$827,441	\$0	\$5,792,658
Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$433,074	\$0	(\$455,558)	\$0	\$545,350	\$522,866
Ending Equity	\$38,286	\$0	\$4,260,574	\$641,975	\$38,931	\$855,472	\$565,375	\$6,400,613
Admin Fee Equity	\$0	\$0	\$0	\$282,821	\$0	\$0	\$0	\$282,821
Housing Assistance Payment Equity	\$0	\$0	\$0	\$359,154	\$0	\$0	\$0	\$359,154

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ATHENS METROPOLITAN HOUSING AUTHORITY
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2007

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct from Federal Government:</i>			
Section 8 New Construction Program	---	14.182	\$470,569
Shelter Plus Care	---	14.238	65,739
Low Rent Public Housing	---	14.850A	272,272
Housing Choice Voucher Program	---	14.871	3,609,084
Public Housing Capital Fund Program	---	14.872	<u>29,375</u>
Total U.S. Department of Housing and Urban Development			<u>4,447,039</u>
Total Federal Financial Assistance			<u><u>\$4,447,039</u></u>

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

We have audited the financial statements of the Athens Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2007 and have issued our report thereon dated August 12, 2008. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the deficiency described as finding 2007-001 in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiency described as finding 2007-001 in the accompanying schedule of findings, is not a material weakness.

Board of Directors
Athens Metropolitan Housing Authority
Report on Internal Control over Financial Reporting
and on Compliance Other Matters Required by
Government Auditing Standards

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material affect 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 for the information and use of the Board of Directors, management, and federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J.L. UHRIG AND ASSOCIATES, INC.

August 12, 2008

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

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

Compliance

We have audited the compliance of Athens Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. The 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 its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control over Compliance

The management of the 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 Authority's internal control over compliance with requirements that could have a direct and material affect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Directors
Athens Metropolitan Housing Authority
Report on Compliance with Requirements Applicable to Each Major Federal
Program and on Internal Control over Compliance in Accordance with
OMB Circular A-133

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement 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 the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of 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 for the information and use of the Board of Directors, management and federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 12, 2008

ATHENS METROPOLITAN HOUSING AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2007

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other significant deficiencies internal control reported at the financial statement level (GAGAS)?	Yes
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other reportable internal control weaknesses reported for major federal programs?	No
7. Type of Major Program Compliance Opinion	Unqualified
8. Are there any reportable findings under § .510?	No
9. Major Program (list):	Section 8 New Construction Program CFDA #14.182 and Housing Choice Voucher Program CFDA #14.871
10. Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Other Programs
11. Low Risk Auditee?	Yes

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2007-001

Financial Record Keeping and Reporting - Significant Deficiency

Rule 117-2-01 (A) and 117-2-01 (B)(1) of the Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

ATHENS METROPOLITAN HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

Financial Record Keeping and Reporting - Significant Deficiency- (Continued)

Sound financial reporting is the responsibility of the Executive Director and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatement in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustments and reclassifications were made to the December 31, 2007 financial statements:

1. To reclassify component unit as a blended component unit instead of a discretely presented component unit.
2. To record prior period adjustment and current adjustment for loans receivable.
3. To reclassify construction in progress.
4. To reduce capital assets for a double booking as a prior period adjustment.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreased the reliability of financial data throughout the year.

Previously, the Authority lacked proper policies and procedures for controls over recording of financial transactions and over financial reporting, which led to the above mentioned errors and omissions. These errors and omissions were found in part by the application of appropriate policies and procedures put in place by the current management of the Authority. We recommend the Authority continue to follow the policies and procedures currently in place for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Authority and thereby increasing the reliability of the financial data throughout the year.

Officials' Response

Athens Metropolitan Housing Authority (AMHA) properly followed GASB 14 and made the determination that the Westview Co. was a discretely presented component unit under the basis that the Company is a separate legal entity with its own legal name and Federal Identification which led the Authority to record the loans as current year receivables. In meeting with the Auditors, the Athens MHA agrees that the component unit is intertwined with the Athens MHA, that they are, in substance, the same as the MHA and need to be reclassified as a Blended Component Unit and to record the loan receivables as prior period adjustments.

In regard to the reclassification from construction in progress to the building, it is common practice in Ohio housing authorities and the AMHA policy to state all Capital Fund Program expenditures be recorded as construction in progress until the grant is closed and the assets transferred to Public Housing Program. The AMHA has elected to post these adjustments and agree to review the Capital Fund Program expenditures each year to determine eligible assets for transfer to the Public Housing Program regardless of the grant status of open or closed

ATHENS METROPOLITAN HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

AMHA concedes that an error occurred which was an unusual occurrence related to a single isolated transaction that caused an overstatement of Capital Assets related to double booking as a prior period adjustment.

AMHA policies and procedures for the internal control structure are put in place to ensure that the information accurately reflects the activity and reliability of the financial data throughout the year. These controls over the posting of financial transactions and financial reporting led to the mentioned errors and admissions, detecting as they were designed. It is inconceivable to believe that these controls can detect and eliminate all errors or irregularities when related to an unusual occurrence of a single isolated transaction, but when proper controls are in force, they minimize the number of occurrences of misstatements and erroneous entries. Therefore the AMHA will continue to follow the policies and procedures currently in place for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the authority and reliability of the financial data throughout the year.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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There were no findings and questioned costs for federal awards.

ATHENS METROPOLITAN HOUSING AUTHORITY
Corrective Action Plan
For the Year Ended December 31, 2007

Finding Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2007-001	The Authority will continue to review financial statements and journal entries thoroughly prior to audits, as part of their internal control structure.	N/A	Keith Andrews, Executive Director



Mary Taylor, CPA
Auditor of State

ATHENS METROPOLITAN HOUSING AUTHORITY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2008**