



*ATHENS*  
*METROPOLITAN HOUSING AUTHORITY*

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ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2013

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • 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, 2013 through December 31, 2013. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

July 14, 2014

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ATHENS METROPOLITAN HOUSING AUTHORITY  
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For the Year Ended December 31, 2013

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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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 the *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2013, and the respective changes in financial position, where applicable, cash flows thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiring of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The schedule of expenditures of federal awards is required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The supplemental financial data schedules are required by the Department of Housing and Urban Development. The schedule of expenditures of federal awards and the supplemental financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

The schedule of expenditures of federal awards and the supplemental financial data schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplemental financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2014 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 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 provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 23, 2014

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

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 2013 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 position decreased by \$424,899 or 9.2% during 2013, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by \$203,086 or 3.85% during 2013.
- The total expenses of all Authority programs decreased by \$496,793 or 8.28%.

**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 Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Position", 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Net Position, Invested in Capital Assets: This component of Net Position 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 Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets", or "Restricted Net Position".

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (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 Position is the "Change in Net Position", 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.

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**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.

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  
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Unaudited

**AUTHORITY STATEMENTS**

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

**Table 1 - Condensed Statement of Net Position Compared to Prior Year**

	<u><b>2013</b></u>	<u><b>2012</b></u>
Current and Other Assets	\$ 499,336	\$ 765,568
Noncurrent Assets	5,363,824	5,588,368
Total Assets	<u>\$ 5,863,160</u>	<u>\$ 6,353,936</u>
Current Liabilities	\$ 196,360	\$ 207,316
Long-Term Liabilities	1,480,288	1,535,209
Total Liabilities	<u>1,676,648</u>	<u>1,742,525</u>
Net Position		
Investment in Capital Assets	3,842,846	3,999,028
Restricted Net Position	16,146	68,683
Unrestricted Net Position	327,520	543,700
Total Net Position	<u>4,186,512</u>	<u>4,611,411</u>
Total Liabilities and Net Position	<u>\$ 5,863,160</u>	<u>\$ 6,353,936</u>

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

**Major Factors Affecting the Statement of Net Position**

During 2013, current and other assets decreased by \$266,232, and current liabilities decreased by \$10,956. The change in current assets was mainly due a decrease in cash and investments due to the current year activities.

Long Term Liabilities decreased by \$54,921 in 2013. This change is attributable to retiring of long term debt during the year.

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Capital assets also changed, decreasing from \$5,588,368 to \$5,363,824. The \$224,544 decrease may be contributed primarily to a combination of total acquisitions of \$109,037 less current year depreciation of \$333,581. The current year acquisitions included the building improvements, new roof, of \$109,037.

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

**Table 2 - Changes of Unrestricted Net Position**

Beginning Balance - December 31, 2012	\$	543,700
Results of Operation		(424,899)
Adjustments:		
Current year Depreciation Expense (1)		333,580
Capital Expenditure (2)		(109,037)
Retirement of Debt		(68,362)
Transfer to Restricted Net Position		<u>52,538</u>
Ending Balance - December 31, 2013	\$	<u><u>327,520</u></u>

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position 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.

**Table 3 - Statement of Revenue, Expenses & Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 456,098	\$ 403,693
Operating Subsidies	4,445,277	4,772,044
Capital Grants	109,040	-
Investment Income	775	1,157
Other Revenues	<u>66,483</u>	<u>103,865</u>
<b>Total Revenues</b>	<b><u>5,077,673</u></b>	<b><u>5,280,759</u></b>
<b><u>Expenses</u></b>		
Administrative	597,102	748,760
Tenant Services	41,276	-
Utilities	218,748	178,853
Maintenance	359,823	411,758
General and Interest Expenses	137,135	131,786
Housing Assistance Payments	3,814,908	4,189,484
Depreciation	<u>333,580</u>	<u>338,724</u>
<b>Total Expenses</b>	<b><u>5,502,572</u></b>	<b><u>5,999,365</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (424,899)</u></b>	<b><u>\$ (718,606)</u></b>

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

Unaudited

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

Total revenue decreased by \$203,086. This decrease was mainly due to decrease in operating subsidies provided by HUD. During 2013 HUD providing 82% funding level.

The expenses decreased by \$496,793 during the year. Housing Assistance Payments decreased by \$374,576 due to HUD cost cutting. The remaining decrease in expenses related to administration expenses are due to cost cutting efforts taken due to less administration grant funds available.

**CAPITAL ASSETS**

**Capital Assets**

As of year-end, the Authority had \$5,363,824 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$224,544 or 4.0% from the end of last year.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	<u>2013</u>	<u>2012</u>
Land and Land Rights	\$ 951,312	\$ 951,312
Buildings	8,263,331	8,154,294
Equipment	494,281	494,281
Land Improvements	86,685	86,685
Accumulated Depreciation	(4,431,785)	(4,098,204)
Total	<u>\$ 5,363,824</u>	<u>\$ 5,588,368</u>



ATHENS METROPOLITAN HOUSING AUTHORITY  
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DECEMBER 31, 2013

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The following reconciliation identifies the change in Capital Assets.

**Table 5 - Changes in Capital Assets**

Beginning Balance - December 31, 2012	\$	5,588,368
Current year Additions		109,037
Current year Depreciation Expense		(333,580)
Rounding Adjustment		(1)
Ending Balance - December 31, 2013	\$	<u><u>5,363,824</u></u>

Current year Additions are summarized as follows:

- Dwelling Structures - New Roof	\$	<u>109,037</u>
Total 2013 Additions	\$	<u><u>109,037</u></u>

**Debt Outstanding**

As of year-end, the Authority has \$1,520,978 in debt (mortgages) outstanding compared to \$1,589,340 last year.

**Table 6 - Condensed Statement of Changes in Debt Outstanding**

Beginning Balance - December 31, 2012	\$	1,589,340
Current Year Principal Payments		<u>(68,362)</u>
Ending Balance - December 31, 2013	\$	<u><u>1,520,978</u></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

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

Unaudited

**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](mailto: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 Position**  
**Proprietary Funds**  
**December 31, 2013**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$355,233
Restricted cash and cash equivalent	62,525
Investments	51,897
Receivables, net	1,268
Prepaid expenses and other assets	<u>28,413</u>
<b>Total current assets</b>	<b><u>499,336</u></b>

**Noncurrent assets**

Capital assets:

Land	951,312
Building and equipment	8,844,297
Less accumulated depreciation	<u>(4,431,785)</u>
<b>Total capital assets</b>	<b><u>5,363,824</u></b>

<b>Total noncurrent assets</b>	<b><u>5,363,824</u></b>
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<b>Total assets</b>	<b><u><u>\$5,863,160</u></u></b>
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**LIABILITIES**

**Current liabilities**

Accounts payable	\$9,815
Accrued liabilities	81,789
Intergovernmental payables	5,986
Tenant security deposits	31,446
Unearned Revenue	8,347
Notes and loans payable	<u>58,977</u>
<b>Total current liabilities</b>	<b><u>196,360</u></b>

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

**Athens Metropolitan Housing Authority**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**December 31, 2013**

<b>Noncurrent liabilities</b>	
Notes and loans payable	1462001
Accrued compensated absences non-current	3,466
Noncurrent liabilities - other	14,821
<b><i>Total noncurrent liabilities</i></b>	<u><b>1,480,288</b></u>
<b>Total liabilities</b>	<u><u><b>\$1,676,648</b></u></u>
 <b><i>NET POSITION</i></b>	
Invested in capital assets, net of related debt	\$3,842,846
Restricted net position	16,146
Unrestricted net position	327,520
<b>Total net position</b>	<u><u><b>\$4,186,512</b></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 Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2013**

***OPERATING REVENUES***

Tenant Revenue	\$456,098
Government operating grants	4,445,277
Other revenue	66,483
<b>Total operating revenues</b>	<b><u>4,967,858</u></b>

***OPERATING EXPENSES***

Administrative	597,102
Tenant Services	41,276
Utilities	218,748
Maintenance	359,823
General	101,301
Housing assistance payment	3,814,908
Depreciation	333,580
<b>Total operating expenses</b>	<b><u>5,466,738</u></b>
<b>Operating income (loss)</b>	<b><u>(498,880)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Capital Grant Revenue	109,040
Interest and investment revenue	775
Interest expense	(35,834)
<b>Total nonoperating revenues (expenses)</b>	<b><u>73,981</u></b>
Change in net position	(424,899)
Total net position - beginning	<u>4,611,411</u>
<b>Total net position - ending</b>	<b><u><u>\$4,186,512</u></u></b>

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, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$4,445,277
Tenant revenue received	456,004
Other revenue received	66,483
General and administrative expenses paid	(1,319,008)
Housing assistance payments	(3,814,908)

**Net cash provided (used) by operating activities** (166,152)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	775
Transfer from investments	120,521

**Net cash provided (used) by investing activities** 121,296

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Debt principal payment	(68,362)
Interest expense paid on debt	(35,834)
Property and equipment purchased	(109,037)

**Net cash provided (used) by capital and related activities** (104,193)

Net increase (decrease) in cash	(149,049)
Cash and cash equivalents - Beginning of year	566,807

**Cash and cash equivalents - End of year** \$417,758

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, 2013**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$498,880)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	333,580
- (Increases) Decreases in Accounts Receivable	(521)
- (Increases) Decreases in Prepaid Assets	(2,817)
- Increases (Decreases) in Accounts Payable	(11,260)
- Increases (Decreases) in Accrued Liabilities	(1,692)
- Increases (Decreases) in Accounts Payable - Intergovernmental	4,351
- Increases (Decreases) in Tenant Security Deposits	91
- Increases (Decreases) in Unearned Revenue	7,350
- Increases (Decreases) in Accrued Compensated Absences	(582)
- Increases (Decreases) in Noncurrent Liabilities - Other	4,228
	4,228
<b>Net cash provided (used) by operating activities</b>	<b>(\$166,152)</b>

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, 2013

**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, 2013  
(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.

**Basis of Presentation**

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes net position, 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, 2013  
(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. The financial statements of 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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

**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, 2013  
(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. **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.

E. **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 2013 totaled \$775.

**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 Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets 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 position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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: 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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

At fiscal year-end December 31, 2013, the carrying amount of the Authority's deposits totaled \$469,655 and its bank balance was \$492,175. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2013, \$242,175 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**Investments**

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 5 years.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirement.

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer.

*Foreign Currency Risk* - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

A reconciliation of cash and investments as shown on the statement of net position follows:

	<b>Cash and Cash Equivalents</b>	<b>Investment</b>
Per Statement of Net Position	\$ 226,748	\$ 51,897
Certificate of Deposits	198,736	\$ (7,726)
Savings Accounts	44,171	\$ (44,171)
Total Per GASB Statement No. 3	\$ 469,655	\$ -

**NOTE 3: 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. 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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 4: SCHEDULE OF EXPENDITURES OF FEDERAL AWARD**

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

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes:

	Balance 12/31/12	Rounding Adjust.	Additions	Deletions	Balance 12/31/13
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 951,312	\$ -	\$ -	\$ -	\$ 951,312
Construction in Progress	-	-	-	-	-
<b>Total Capital Assets Not Being Depreciated</b>	<b>951,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>951,312</b>
<b>Capital Assets Being Depreciated</b>					
Buildings	8,154,294	-	109,037	-	8,263,331
Furnt, Mach. And Equip.	494,281	-	-	-	494,281
Land Improvement	86,685	-	-	-	86,685
<b>Total Capital Assets Being Depreciated</b>	<b>8,735,260</b>	<b>-</b>	<b>109,037</b>	<b>-</b>	<b>8,844,297</b>
<b>Accumulated Depreciation:</b>					
Buildings	(3,673,546)	(1)	(303,648)	-	(3,977,195)
Furnt, Mach. And Equip.	(421,768)	-	(24,153)	-	(445,921)
Land Improvement	(2,890)	-	(5,779)	-	(8,669)
<b>Total Accumulated Depreciation:</b>	<b>(4,098,204)</b>	<b>(1)</b>	<b>(333,580)</b>	<b>-</b>	<b>(4,431,785)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,637,056</b>	<b>(1)</b>	<b>(224,543)</b>	<b>-</b>	<b>4,412,512</b>
<b>Total Capital Assets, Net</b>	<b>\$ 5,588,368</b>	<b>\$ (1)</b>	<b>\$ (224,543)</b>	<b>\$ -</b>	<b>\$ 5,363,824</b>



ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 6: 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"> <li>• 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.</li> </ul>	\$151,671
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	141,487
<ul style="list-style-type: none"> <li>• Note payable to JP Morgan Chase Bank to purchase and rehab 6 MRDD Properties in 2008. Total borrowing was \$601,176 with a term of 15 years at 4.9% interest rate. From February 23, 2008 through February 23, 2009, AMHA is only required to pay interest on this loan. AMHA borrowed another \$98,824 in 2009. Monthly installments of principal and interest will commence on February 23, 2009.</li> </ul>	527,820
<ul style="list-style-type: none"> <li>• The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was \$700,000 with a term of 30 years at 2% interest rate. The interest is to accrue each year with a balloon payment at the end of the 30 years.</li> </ul>	700,000
Total Debt	\$1,520,978

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

Description	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Due Within One Year
Loan Payable	\$ 1,589,340	\$ -	\$ 68,362	\$ 1,520,978	\$ 58,977
Compensated Absences	83,474	66,874	71,271	79,077	75,611
Total	\$ 1,672,814	\$ 66,874	\$ 139,633	\$ 1,600,055	\$ 134,588

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 6: LONG-TERM DEBT** (Continued)

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 58,977	\$ 32,295	\$ 91,272
2015	61,759	29,513	91,272
2016	64,684	26,588	91,272
2017	67,761	23,511	91,272
2018	70,996	20,276	91,272
2019-2023	395,129	33,310	428,439
2024-2028	25,001	5	25,006
2029-2033	25,002	3	25,005
2034-2038	25,003	2	25,005
2039-2043	726,666	1	726,667
Total	\$ 1,520,978	\$ 165,504	\$ 1,686,482

**NOTE 7: NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2013 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$14,821.

**NOTE 8: DEFINED BENEFIT PENSION PLANS**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer rates were consistent across all three plans. The 2013 member contribution rates were 10.0% for members and 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2013, 2012, and 2011 amounted to \$64,756, \$64,957, and \$68,174. These costs have been charged to the employee fringe benefit account. Ninety-two percent has been contributed for 2013. All required contributions for the two previous years have been paid.

**NOTE 9: POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

The Public Employees Retirement System of Ohio (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 9: POST-EMPLOYMENT BENEFITS** (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2013, 2012 and 2011, which were used to fund post-employment benefits, were \$4,625, \$25,519 and \$19,478 respectively.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 9: POSTEMPLOYMENT BENEFITS** (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 10: ECONOMIC DEPENDENCY**

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

Athens Metropolitan Housing Authority  
Combining Financial Data Schedule  
December 31, 2013

Account Description	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
111 Cash – Unrestricted	\$246,811	\$79,960	\$0	\$28,462	\$355,233	\$0	\$355,233
113 Cash – Other Restricted	\$0	\$30,967	\$0	\$0	\$30,967	\$0	\$30,967
114 Cash – Tenant Security Deposits	\$15,685	\$0	\$0	\$15,761	\$31,446	\$0	\$31,446
115 Cash – Restricted for Payment of Current Liabilities	\$0	\$112	\$0	\$0	\$112	\$0	\$112
100 Total Cash	\$262,496	\$111,039	\$0	\$44,223	\$417,758	\$0	\$417,758
126 Accounts Receivable – Tenants	\$1,196	\$0	\$0	\$72	\$1,268	\$0	\$1,268
120 Total Receivables, net of allowances for doubtful accounts	\$1,196	\$0	\$0	\$72	\$1,268	\$0	\$1,268
131 Investments – Unrestricted	\$0	\$0	\$0	\$51,897	\$51,897	\$0	\$51,897
142 Prepaid Expenses and Other Assets	\$12,625	\$6,005	\$0	\$9,783	\$28,413	\$0	\$28,413
150 Total Current Assets	\$276,317	\$117,044	\$0	\$105,975	\$499,336	\$0	\$499,336
161 Land	\$696,850	\$0	\$0	\$254,462	\$951,312	\$0	\$951,312
162 Buildings	\$6,092,271	\$0	\$0	\$2,171,060	\$8,263,331	\$0	\$8,263,331
163 Furniture, Equipment & Machinery - Dwellings	\$370,590	\$0	\$0	\$0	\$370,590	\$0	\$370,590
164 Furniture, Equipment & Machinery - Administration	\$0	\$72,037	\$0	\$51,654	\$123,691	\$0	\$123,691
165 Leasehold Improvements	\$0	\$0	\$0	\$86,685	\$86,685	\$0	\$86,685
166 Accumulated Depreciation	(\$3,772,736)	(\$72,037)	\$0	(\$587,012)	(\$4,431,785)	\$0	(\$4,431,785)
160 Total Capital Assets, Net of Accumulated	\$3,386,975	\$0	\$0	\$1,976,849	\$5,363,824	\$0	\$5,363,824
180 Total Non-Current Assets	\$3,386,975	\$0	\$0	\$1,976,849	\$5,363,824	\$0	\$5,363,824
190 Total Assets	\$3,663,292	\$117,044	\$0	\$2,082,824	\$5,863,160	\$0	\$5,863,160
290 Total Assets and Deferred Outflows of Resources	\$3,663,292	\$117,044	\$0	\$2,082,824	\$5,863,160	\$0	\$5,863,160

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2013							
Account Description	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
312 Accounts Payable <= 90 days	\$6,122	\$309	\$0	\$3,384	\$9,815	\$0	\$9,815
321 Accrued Wage/Payroll Taxes Payable	\$1,293	\$3,467	\$0	\$1,418	\$6,178	\$0	\$6,178
322 Accrued Compensated Absences	\$12,222	\$47,498	\$0	\$15,891	\$75,611	\$0	\$75,611
331 Accounts Payable – HUD PHA Programs	\$0	\$112	\$0	\$0	\$112	\$0	\$112
333 Accounts Payable - Other Government	\$5,874	\$0	\$0	\$0	\$5,874	\$0	\$5,874
341 Tenant Security Deposits	\$15,685	\$0	\$0	\$15,761	\$31,446	\$0	\$31,446
342 Unearned Revenue	\$8,236	\$0	\$0	\$111	\$8,347	\$0	\$8,347
343 Current portion of Long-Term debt - capital projects/mortgage revenue bonds	\$0	\$0	\$0	\$58,977	\$58,977	\$0	\$58,977
310 Total Current Liabilities	\$49,432	\$51,386	\$0	\$95,542	\$196,360	\$0	\$196,360
351 Long-term debt, net of current- capital projects/ mortgage revenue bonds	\$0	\$0	\$0	\$1,462,001	\$1,462,001	\$0	\$1,462,001
353 Non-current Liabilities - Other	\$0	\$14,821	\$0	\$0	\$14,821	\$0	\$14,821
354 Accrued Compensated Absences – Non Current	\$1,024	\$1,972	\$0	\$470	\$3,466	\$0	\$3,466
350 Total Non-Current Liabilities	\$1,024	\$16,793	\$0	\$1,462,471	\$1,480,288	\$0	\$1,480,288
300 Total Liabilities	\$50,456	\$68,179	\$0	\$1,558,013	\$1,676,648	\$0	\$1,676,648
508.4 Invested in Capital Assets, Net of Related Debt	\$3,386,975	\$0	\$0	\$455,871	\$3,842,846	\$0	\$3,842,846
511.1 Restricted Net Position	\$0	\$16,146	\$0	\$0	\$16,146	\$0	\$16,146
512.1 Unrestricted Net Position	\$225,861	\$32,719	\$0	\$68,940	\$327,520	\$0	\$327,520
513 Total Equity/Net Position	\$3,612,836	\$48,865	\$0	\$524,811	\$4,186,512	\$0	\$4,186,512
600 Total Liabilities and Equity/Net Position	\$3,663,292	\$117,044	\$0	\$2,082,824	\$5,863,160	\$0	\$5,863,160

Athens Metropolitan Housing Authority  
Combining Financial Data Schedule  
December 31, 2013

Account Description	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
70300 Net Tenant Rental Revenue	\$167,827	\$0	\$0	\$272,035	\$439,862	\$0	\$439,862
70400 Tenant Revenue-Other	\$8,643	\$0	\$0	\$7,593	\$16,236	\$0	\$16,236
70500 Total Tenant Revenue	\$176,470	\$0	\$0	\$279,628	\$456,098	\$0	\$456,098
70600 HUD PHA Operating Grants	\$318,649	\$3,871,878	\$254,750	\$0	\$4,445,277	\$0	\$4,445,277
70610 Other Governmental Grants	\$109,040	\$0	\$0	\$0	\$109,040	\$0	\$109,040
71100 Investment Income - Unrestricted	\$381	\$260	\$0	\$134	\$775	\$0	\$775
71400 Fraud Recovery	\$0	\$17,578	\$0	\$0	\$17,578	\$0	\$17,578
71500 Other Revenue	\$11,355	\$0	\$0	\$37,550	\$48,905	\$0	\$48,905
70000 Total Revenue	\$615,895	\$3,889,716	\$254,750	\$317,312	\$5,077,673	\$0	\$5,077,673
91100 Administrative Salaries	\$23,197	\$210,001	\$23,055	\$55,912	\$312,165	\$0	\$312,165
91200 Auditing Fees	\$5,267	\$2,900	\$0	\$2,100	\$10,267	\$0	\$10,267
91400 Advertising and Marketing	\$0	\$75	\$0	\$0	\$75	\$0	\$75
91500 Employee Benefit Contributions – Administrative	\$18,581	\$151,764	\$0	\$6,015	\$176,360	\$0	\$176,360
91600 Office Expenses	\$18,027	\$20,784	\$0	\$7,178	\$45,979	\$0	\$45,979
91700 Legal Expenses	\$11,276	\$4,819	\$0	\$5,222	\$21,317	\$0	\$21,317
91800 Travel	\$113	\$208	\$0	\$26	\$347	\$0	\$347
91900 Other	\$11,747	\$12,799	\$0	\$6,046	\$30,592	\$0	\$30,592
91000 Total Operating – Administrative	\$88,198	\$403,350	\$23,055	\$82,499	\$597,102	\$0	\$597,102
92100 Tenant Services – Salaries	\$0	\$33,701	\$0	\$0	\$33,701	\$0	\$33,701
92300 Employee Benefit Contributions – Tenant Services	\$0	\$7,575	\$0	\$0	\$7,575	\$0	\$7,575
92500 Total Tenant Services	\$0	\$41,276	\$0	\$0	\$41,276	\$0	\$41,276



Athens Metropolitan Housing Authority  
Combining Financial Data Schedule  
December 31, 2013

Account Description	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
93100 Water	\$12,215	\$1,089	\$0	\$3,732	\$17,036	\$0	\$17,036
93200 Electricity	\$99,837	\$16,857	\$0	\$26,698	\$143,392	\$0	\$143,392
93300 Gas	\$24,214	\$184	\$0	\$5,709	\$30,107	\$0	\$30,107
93600 Sewer	\$16,156	\$1,255	\$0	\$10,802	\$28,213	\$0	\$28,213
93000 Total Utilities	\$152,422	\$19,385	\$0	\$46,941	\$218,748	\$0	\$218,748
94100 Ordinary Maintenance and Operations – Labor	\$58,754	\$0	\$0	\$40,104	\$98,858	\$0	\$98,858
94200 Ordinary Maintenance and Operations – Materials	\$56,172	\$7,635	\$0	\$15,338	\$79,145	\$0	\$79,145
94300 Ordinary Maintenance and Operations –Contracts	\$78,466	\$17,720	\$0	\$38,689	\$134,875	\$0	\$134,875
94500 Employee Benefit Contributions – Ordinary Maintenance	\$43,890	\$0	\$0	\$3,005	\$46,945	\$0	\$46,945
94000 Total Maintenance	\$237,282	\$25,355	\$0	\$97,186	\$359,823	\$0	\$359,823
96110 Property Insurance	\$12,150	\$0	\$0	\$9,792	\$21,942	\$0	\$21,942
96120 Liability Insurance	\$0	\$8,005	\$0	\$0	\$8,005	\$0	\$8,005
96100 Total Insurance Premiums	\$12,150	\$8,005	\$0	\$9,792	\$29,947	\$0	\$29,947
96200 Other General Expenses	\$0	\$0	\$0	\$241	\$241	\$0	\$241
96210 Compensated Absences	\$11,738	\$38,274	\$0	\$16,862	\$66,874	\$0	\$66,874
96300 Payments in Lieu of Taxes	\$4,239	\$0	\$0	\$0	\$4,239	\$0	\$4,239
96000 Total Other General Expenses	\$15,977	\$38,274	\$0	\$17,103	\$71,354	\$0	\$71,354
96710 Interest of Mortgage (or bonds) Payable	\$0	\$0	\$0	\$35,834	\$35,834	\$0	\$35,834
96700 Total Interest Expenses and Amortization Cost	\$0	\$0	\$0	\$35,834	\$35,834	\$0	\$35,834
96900 Total Operating Expenses	\$506,029	\$535,645	\$23,055	\$289,355	\$1,354,084	\$0	\$1,354,084

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2013							
Account Description	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
97000 Excess of Operating Revenue over Operating Expenses	\$109,866	\$3,354,071	\$231,695	\$27,957	\$3,723,589	\$0	\$3,723,589
97300 Housing Assistance Payments	\$0	\$3,583,213	\$231,695	\$0	\$3,814,908	\$0	\$3,814,908
97400 Depreciation Expense	\$241,168	\$0	\$0	\$92,412	\$333,580	\$0	\$333,580
90000 Total Expenses	\$747,197	\$4,118,858	\$254,750	\$381,767	\$5,502,572	\$0	\$5,502,572
10010 Operating Transfer In	\$24,745	\$0	\$0	\$0	\$24,745	(\$24,745)	\$0
10020 Operating Transfer Out	(\$24,745)	\$0	\$0	\$0	(\$24,745)	\$24,745	\$0
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$131,302)	(\$229,142)	\$0	(\$64,455)	(\$424,899)	\$0	(\$424,899)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$58,977	\$58,977	\$0	\$58,977
11030 Beginning Equity	\$3,744,138	\$278,007	\$0	\$589,266	\$4,611,411	\$0	\$4,611,411
11170 Administrative Fee Equity	\$0	\$32,719	\$0	\$0	\$32,719	\$0	\$32,719
11180 Housing Assistance Payments Equity	\$0	\$16,146	\$0	\$0	\$16,146	\$0	\$16,146
11190 Unit Months Available	852	9553	504	456	11365	0	11365
11210 Number of Unit Months Leased	845	9730	498	386	11459	0	11459
11270 Excess Cash	\$172,091	\$0	\$0	\$0	\$172,091	\$0	\$172,091
11620 Building Purchases	\$109,040	\$0	\$0	\$0	\$109,040	\$0	\$109,040

ATHENS METROPOLITAN HOUSING AUTHORITY  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2013

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct from Federal Government:</i>			
Shelter Plus Care	---	14.238	\$254,750
Low Rent Public Housing	---	14.850A	293,904
Housing Choice Voucher Program	---	14.871	3,871,878
Public Housing Capital Fund Program	---	14.872	<u>133,785</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>4,554,317</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$4,554,317</u></u>

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With Government Auditing Standards**

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Athens Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 23, 2014.

**Internal Control over Financial Reporting**

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent, or detect and timely correct a misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all in internal control deficiencies that might be material weakness or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors  
Athens Metropolitan Housing Authority  
Independent Auditor's 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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 we must report under *Government Auditing Standards*.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and out testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 23, 2014

**Independent Auditor's 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, OH 45701

**Report on Compliance for Each Major Federal Program**

We have audited Athens Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal program for the year ended December 31, 2013. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

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

***Opinion on Each Major Federal Programs***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

### **Report on Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 23, 2014

**ATHENS METROPOLITAN HOUSING AUTHORITY**

*Schedule of Findings*

*For the Year Ended December 31, 2013*

**A. SUMMARY OF AUDITOR'S RESULTS**

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

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

There were no findings related to the financial statements to be reported in accordance with GAGAS.

**C. FINDINGS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.





# Dave Yost • 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  
JULY 24, 2014**