



*ATHENS  
METROPOLITAN HOUSING AUTHORITY*

---

ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2006

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Board of Trustees  
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, 2006 through December 31, 2006. 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

August 23, 2007

**This Page is Intentionally Left Blank.**

ATHENS METROPOLITAN HOUSING AUTHORITY

Table of Contents

For the Year Ended December 31, 2006

---

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b><i>BASIC FINANCIAL STATEMENTS:</i></b>	
Statement of Net Assets .....	11
Statement of Revenues, Expenses and Change in Net Assets .....	13
Statement of Cash Flows .....	14
Notes to the Basic Financial Statements .....	16
<b><i>SUPPLEMENTAL INFORMATION AND SCHEDULES:</i></b>	
Combining Financial Data Schedules .....	29
PHA's Statement and Certification of Actual Modernization Cost:	
Grant Number OH16P04150102 .....	33
Grant Number OH16P04150103 .....	34
Grant Number OH16P04150203 .....	35
Grant Number OH16P04150104 .....	36
Schedule of Federal Awards Expenditures .....	37
<b><i>AUDIT REPORTS:</i></b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards .....	38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	40
Schedule of Findings and Questioned Costs .....	42
Schedule of Prior Audit Findings .....	43

## 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, 2006. 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, 2006, 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 June 28, 2007 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.

June 28, 2007

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

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 2006 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 \$320,658 or 5.86% during 2006, 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 \$129,515 or 2.58% during 2006.
- The total expenses of all Authority programs decreased by \$57,323 or 1.13%.

**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:

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

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, 2006

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, 2006

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><b>2006</b></u>	<u><b>2005</b></u>
Current and Other Assets	\$ 1,295,521	\$ 1,194,259
Capital Assets	5,026,414	4,852,191
Total Assets	<u>\$ 6,321,935</u>	<u>\$ 6,046,450</u>
Current Liabilities	\$ 234,183	\$ 260,023
Long-Term Liabilities	295,094	314,427
Total Liabilities	<u>529,277</u>	<u>574,450</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	4,743,137	4,550,459
Unrestricted Net Assets	<u>1,049,521</u>	<u>921,541</u>
Total Net Assets	<u>5,792,658</u>	<u>5,472,000</u>
Total Liabilities and Net Assets	<u>\$ 6,321,935</u>	<u>\$ 6,046,450</u>

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

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

During 2006, current and other assets increased by \$101,262, and current liabilities decreased by \$25,840. 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 payment of debt.

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

Unaudited

Capital assets also changed, increasing from \$4,852,191 to \$5,026,414. The \$174,223 increase may be contributed primarily to a combination of total acquisitions of \$409,100, less current year depreciation and amortization. The current year acquisitions included the addition of the administration building and the purchase of the furniture for the new addition. For more detail see "Capital Assets" presented later in this report.

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

**TABLE 2**  
**CHANGE OF UNRESTRICTED NET ASSETS**

Beginning Balance - December 31, 2005	\$	921,541
Results of Operation		132,137
Adjustments:		
Current year Depreciation Expense (1)		234,877
Capital Expenditure (2)		(409,100)
Prior Period Adjustment		188,521
Loan Proceeds		-
Retirement of Debt		<u>(18,455)</u>
Ending Balance - December 31, 2006	\$	<u><u>1,049,521</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, 2006

Unaudited

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>2006</u>	<u>2005</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 193,683	\$ 165,566
Operating Subsidies	4,624,200	4,543,226
Capital Grants	183,524	48,295
Investment Income	54,339	31,355
Other Revenues	85,306	223,095
	<b>5,141,052</b>	<b>5,011,537</b>
 <b><u>Expenses</u></b>		
Administrative	534,761	640,754
Utilities	123,750	115,831
Maintenance	241,628	189,208
General and Interest Expenses	31,000	32,201
Housing Assistance Payments	3,842,899	3,855,380
Depreciation	234,877	232,864
	<b>5,008,915</b>	<b>5,066,238</b>
<b>Total Expenses</b>	<b>5,008,915</b>	<b>5,066,238</b>
 <b>Net Increases (Decreases)</b>	 <b>\$ 132,137</b>	 <b>\$ (54,701)</b>

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

Total revenue increased by \$129,515. This increase was mainly due to the change in HUD grant revenue from the Capital Fund Program for the current year activities and other revenue.

The expenses decreased by \$57,323 during the year. The decrease in expenses is attributed to management controlling expenses.

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

Unaudited

**CAPITAL ASSETS**

**Capital Assets**

As of year-end, the Authority had \$5,026,414 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$174,223 or 3.59% from the end of last year.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

	<u><b>2006</b></u>	<u><b>2005</b></u>
Land and Land Rights	\$ 826,978	\$ 791,033
Buildings	5,689,755	5,301,353
Equipment	328,451	317,984
Construction in Progress	414,385	440,099
Accumulated Depreciation	<u>(2,233,155)</u>	<u>(1,998,278)</u>
Total	<u><u>\$ 5,026,414</u></u>	<u><u>\$ 4,852,191</u></u>

The following reconciliation identifies the change in Capital Assets.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance - December 31, 2005	\$ 4,852,191
Current year Additions	409,100
Current year Depreciation Expense	<u>(234,877)</u>
Beginning Balance - December 31, 2006	<u><u>\$ 5,026,414</u></u>

Current year Additions are summarized as follows:

Administration building addition	\$ 388,402
Furniture for administration building	10,467
Other Capital improvements	<u>10,231</u>
Total 2006 Additions	<u><u>\$ 409,100</u></u>

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

Unaudited

**Debt Outstanding**

As of year-end, the Authority has \$283,277 in debt (mortgages) outstanding compared to \$301,732 last year.

**TABLE 6**

**CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance - December 31, 2005	\$ 301,732
Current Year Principal Payments	<u>(18,455)</u>
Beginning Balance - December 31, 2006	\$ <u><u>283,277</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

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Jodi Rickard, Contract Control Specialist 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 Assets**  
**Proprietary Funds**  
**December 31, 2006**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$631,511
Investments	484,109
Receivables, net	160,851
Prepaid expenses and other assets	19,050

<b>Total current assets</b>	<b>1,295,521</b>
-----------------------------	------------------

**Noncurrent assets**

Capital assets:	
Land	826,978
Building and equipment	6,018,206
Construction in Progress	414,385
Less accumulated depreciation	(2,233,155)

<b>Total noncurrent assets</b>	<b>5,026,414</b>
<b>Total assets</b>	<b>6,321,935</b>

**LIABILITIES**

**Current liabilities**

Accounts payable	36,215
Accrued liabilities	69,489
Intergovernmental payables	69,852
Tenant security deposits	19,705
Deferred revenue	20,081
Bonds, notes, and loans payable	18,841

<b>Total current liabilities</b>	<b>234,183</b>
----------------------------------	----------------

**Noncurrent liabilities**

Bonds, notes, and loans payable	264,436
Accrued compensated absences non-current	3,176
Noncurrent liabilities - other	27,482

<b>Total noncurrent liabilities</b>	<b>295,094</b>
<b>Total liabilities</b>	<b>529,277</b>

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, 2006**

***NET ASSETS***

Invested in capital assets, net of related debt	4,743,137
Unrestricted net assets	1,049,521
<b>Total net assets</b>	<b><u><u>\$5,792,658</u></u></b>

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, 2006**

***OPERATING REVENUES***

Tenant Revenue	\$193,683
Government operating grants	4,624,200
Other revenue	85,306
<b>Total operating revenues</b>	<b><u>4,903,189</u></b>

***OPERATING EXPENSES***

Administrative	534,761
Utilities	123,750
Maintenance	241,628
General	28,263
Housing assistance payment	3,842,899
Depreciation	234,877
<b>Total operating expenses</b>	<b><u>5,006,178</u></b>
<b>Operating income (loss)</b>	<b><u>(102,989)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	54,339
Interest expense	(2,737)
<b>Total nonoperating revenues (expenses)</b>	<b><u>51,602</u></b>
Income (loss) before contributions and transfers	(51,387)
Capital grants	183,524
Change in net assets	132,137
Total net assets - beginning	5,472,000
Prior Period Adjustments	188,521
<b>Total net assets - ending</b>	<b><u><u>\$5,792,658</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, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$4,631,895
Tenant revenue received	191,966
Other revenue received	85,306
General and administrative expenses paid	(776,083)
Housing assistance payments	(3,842,899)

<b>Net cash provided (used) by operating activities</b>	<b><u>290,185</u></b>
---	-----------------------

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	<u>54,339</u>
-----------------	---------------

<b>Net cash provided (used) by investing activities</b>	<b><u>54,339</u></b>
---	----------------------

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Capital grant funds received	183,524
Debt principal payment	(18,455)
Interest expense paid on debt	(2,737)
Property and equipment purchased	(409,100)

<b>Net cash provided (used) by capital and related activities</b>	<b><u>(246,768)</u></b>
---	-------------------------

Net increase (decrease) in cash	97,756
Cash and cash equivalents - Beginning of year	<u>1,017,864</u>

<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$1,115,620</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 (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2006**

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

Net Operating Income (Loss)	(\$102,989)
Activities	
- Depreciation	234,877
- (Increases) Decreases in Accounts Receivable	5,614
- (Increases) Decreases in Prepaid Assets	(9,120)
- Increases (Decreases) in Accounts Payable	(11,192)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(3,012)
- Increases (Decreases) in Accrued Expenses Payable	(5,243)
- Increases (Decreases) in Deferred Revenue	(36,562)
- Increases (Decreases) in Other Noncurrent Liabilities	(3,699)
- Increases (Decreases) in Accrued Compensated Absences	38,742
- Increases (Decreases) in Tenant Security Deposits	(5,752)
- Prior Period Adjustments	188,521
<b>Net cash provided by operating activities</b>	<b>\$290,185</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, 2006

**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, 2006  
(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.

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

**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.

**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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

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

**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.

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 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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

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

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 2006 totaled \$54,339.

**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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(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, 2006  
(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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

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

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, 2006, the carrying amount of the Authority's deposits totaled \$1,113,620 and its bank balance was \$1,134,764. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2006, \$934,764 was exposed to custodial risk as discussed below, while \$200,000 was covered by the Federal Depository Insurance Corporation.

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

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

**NOTE 3: 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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

**NOTE 4: 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.

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 12/31/05</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 12/31/06</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$791,033	\$35,945	\$0	\$826,978
Construction in Progress	440,099	0	(25,714)	414,385
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,231,132</b>	<b>35,945</b>	<b>(25,714)</b>	<b>1,241,363</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	5,301,353	362,688	25,714	5,689,755
Furnt, Mach. and Equip.	317,984	10,467	0	328,451
Total Capital Assets Being Depreciated	5,619,337	373,155	25,714	6,018,206
<b>Accumulated Depreciation:</b>				
Buildings	(1,771,199)	(209,311)	0	(1,980,510)
Furnt, Mach. and Equip.	(227,079)	(25,566)		(252,645)
<b>Total Accumulated Depreciation</b>	<b>(1,998,278)</b>	<b>(234,877)</b>	<b>(0)</b>	<b>(2,233,155)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,621,059</b>	<b>138,278</b>	<b>25,714</b>	<b>3,785,051</b>
<b>Total Capital Assets, Net</b>	<b>\$4,852,191</b>	<b>\$174,223</b>	<b>\$0</b>	<b>\$5,026,414</b>

**NOTE 6: LONG-TERM DEBT**

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

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

<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <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>	<p style="margin: 0;">\$76,070</p> <p style="margin: 0;">20,540</p> <p style="margin: 0;">186,667</p> <p style="margin: 0;"><b>\$283,277</b></p>
Total Debt	

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

DESCRIPTION	BALANCE 12/31/05	ISSUED	RETIRED	BALANCE 12/31/06
Loan Payable	\$301,732	\$0	\$18,455	\$283,277
TOTAL	\$301,732	\$0	\$18,455	\$283,277

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>
2007	\$18,841	\$2,351	\$21,192
2008	19,205	1,987	21,192
2009	19,579	1,613	21,192
2010	19,962	1,230	21,192
2011	20,357	835	21,192
2012 – 2016	48,666	621	49,287
2017 – 2021	25,000	0	25,000
2022 – 2026	25,000	0	25,000
2027 – 2031	25,000	0	25,000
2032 – 2036	25,000	0	25,000
2037 – 2041	25,000	0	25,000
2042 - 2044	11,667	0	11,667
Total	\$283,277	\$8,637	\$291,914

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

**NOTE 7: NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2006 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$27,482.

**NOTE 8: 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.

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.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)

**NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

Plan members are required to contribute 9.0 percent of their annual covered salary to fund pension obligations. The 2006 employer pension contribution rate for Authority was 13.70 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2006, 2005, and 2004 amounted to \$48,441, \$50,703 and \$47,400 respectively. Ninety-Two percent has been contributed for 2006. All required contributions for the two previous years have been paid.

**NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2006 was 4.0 percent of covered payroll, which amounted to \$14,143. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

ATHENS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (CONTINUED)

**NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
 RETIREMENT SYSTEM** (Continued)

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2005 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

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

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$155,521 was necessary to properly state the beginning balance. The adjustment are as follows:

**N/C S/R Section 8 Programs:**

- Adjustment to reflect HUD changes to prior year form HUD-52781	\$721
--	-------

**Housing Choice Voucher Program:**

- To Write-off Deferred Revenue to reflect HUD changes in funding	50,801
- To record prior year settlement money received from HUD	30,141

**Public Housing Capital Fund Program:**

- To correct prior year construction in progress balance	106,858
--	---------

Total Prior Period Adjustment	\$188,521
-------------------------------	-----------

**This page intentionally left blank.**

Athens Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2006

Line Item No.	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	Total
111	Cash - Unrestricted	\$107,164	\$0	\$12,466	\$426,033	\$0	\$36,651	\$582,314
113	Cash - Other Restricted	\$0	\$0	\$0	\$27,482	\$0	\$0	\$27,482
114	Cash - Tenant Security Deposits	\$0	\$0	\$13,797	\$0	\$0	\$7,918	\$21,715
100	Total Cash	\$107,164	\$0	\$26,263	\$453,515	\$0	\$44,569	\$631,511
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$4,196	\$0	\$0	\$154,955	\$159,151
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$5,001	\$0	\$0	\$170	\$5,171
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$3,471)	\$0	\$0	\$0	(\$3,471)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$5,726	\$0	\$0	\$155,125	\$160,851
131	Investments - Unrestricted	\$0	\$0	\$261,108	\$35,324	\$0	\$187,677	\$484,109
142	Prepaid Expenses and Other Assets	\$0	\$0	\$12,665	\$2,563	\$0	\$3,822	\$19,050
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$79,772	\$2,365	\$14,840	\$40,042	\$137,019
150	Total Current Assets	\$107,164	\$0	\$385,534	\$493,767	\$14,840	\$431,235	\$1,432,540
161	Land	\$0	\$0	\$696,850	\$0	\$0	\$130,128	\$826,978
162	Buildings	\$0	\$0	\$4,884,420	\$0	\$105,358	\$699,977	\$5,689,755
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$254,915	\$72,037	\$1,499	\$0	\$328,451
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$0	\$0	(\$2,040,927)	(\$37,528)	(\$23,972)	(\$130,728)	(\$2,233,155)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$414,385	\$0	\$414,385
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$3,795,258	\$34,509	\$497,270	\$699,377	\$5,026,414

Athens Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2006

Line Item No.	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	Total
180	Total Non-Current Assets	\$0	\$0	\$3,795,258	\$34,509	\$497,270	\$699,377	\$5,026,414
190	Total Assets	\$107,164	\$0	\$4,180,792	\$528,276	\$512,110	\$1,130,612	\$6,458,954
312	Accounts Payable <= 90 Days	\$0	\$0	\$28,122	\$3,695	\$0	\$4,398	\$36,215
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$7,326	\$0	\$0	\$0	\$7,326
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$62,163	\$0	\$0	\$0	\$62,163
331	Accounts Payable - HUD PHA Programs	\$68,878	\$0	\$0	\$0	\$0	\$0	\$68,878
333	Accounts Payable - Other Government	\$0	\$0	\$974	\$0	\$0	\$0	\$974
341	Tenant Security Deposits	\$0	\$0	\$11,787	\$0	\$0	\$7,918	\$19,705
342	Deferred Revenues	\$0	\$0	\$28	\$0	\$14,840	\$5,213	\$20,081
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$18,841	\$18,841
347	Interprogram Due To	\$0	\$0	\$54,882	\$79,772	\$0	\$2,365	\$137,019
310	Total Current Liabilities	\$68,878	\$0	\$165,282	\$83,467	\$14,840	\$38,735	\$371,202
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$264,436	\$264,436
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$3,176	\$0	\$0	\$0	\$3,176
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$27,482	\$0	\$0	\$27,482
350	Total Noncurrent Liabilities	\$0	\$0	\$3,176	\$27,482	\$0	\$264,436	\$295,094
300	Total Liabilities	\$68,878	\$0	\$168,458	\$110,949	\$14,840	\$303,171	\$666,296
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$3,795,258	\$34,509	\$497,270	\$416,100	\$4,743,137
512.1	Unrestricted Net Assets	\$38,286	\$0	\$217,076	\$382,818	\$0	\$411,341	\$1,049,521
513	Total Equity/Net Assets	\$38,286	\$0	\$4,012,334	\$417,327	\$497,270	\$827,441	\$5,792,658
600	Total Liabilities and Equity/Net Assets	\$107,164	\$0	\$4,180,792	\$528,276	\$512,110	\$1,130,612	\$6,458,954

Athens Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2006

Line Item No.	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	Total
703	Net Tenant Rental Revenue	\$0	\$0	\$106,641	\$0	\$0	\$87,042	\$193,683
705	Total Tenant Revenue	\$0	\$0	\$106,641	\$0	\$0	\$87,042	\$193,683
706	HUD PHA Operating Grants	\$877,899	\$10,365	\$269,276	\$3,433,440	\$33,220	\$0	\$4,624,200
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$183,524	\$0	\$183,524
711	Investment Income - Unrestricted	\$0	\$0	\$16,711	\$24,576	\$0	\$13,052	\$54,339
715	Other Revenue	\$0	\$0	\$12,221	\$38,026	\$0	\$35,059	\$85,306
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$877,899	\$10,365	\$404,849	\$3,496,042	\$216,744	\$135,153	\$5,141,052
911	Administrative Salaries	\$38,564	\$0	\$33,612	\$235,831	\$0	\$12,311	\$320,318
912	Auditing Fees	\$818	\$0	\$1,997	\$4,325	\$0	\$239	\$7,379
915	Employee Benefit Contributions - Administrative	\$8,346	\$0	\$26,580	\$44,130	\$0	\$1,985	\$81,041
916	Other Operating - Administrative	\$14,555	\$1,945	\$29,837	\$76,964	\$0	\$2,722	\$126,023
931	Water	\$0	\$668	\$21,738	\$0	\$0	\$4,182	\$26,588
932	Electricity	\$0	\$3,022	\$60,876	\$0	\$0	\$3,843	\$67,741
933	Gas	\$0	\$0	\$26,117	\$0	\$0	\$3,304	\$29,421
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$66,977	\$0	\$0	\$1,654	\$68,631
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$25,806	\$0	\$0	\$8,236	\$34,042
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$4,730	\$36,928	\$0	\$22,971	\$21,093	\$85,722
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$52,966	\$0	\$0	\$267	\$53,233
961	Insurance Premiums	\$287	\$0	\$13,481	\$1,520	\$0	\$5,138	\$20,426
963	Payments in Lieu of Taxes	\$0	\$0	\$974	\$0	\$0	\$63	\$1,037
964	Bad Debt - Tenant Rents	\$0	\$0	\$5,559	\$0	\$0	\$1,241	\$6,800
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$2,737	\$2,737
969	Total Operating Expenses	\$62,570	\$10,365	\$403,448	\$362,770	\$22,971	\$69,015	\$931,139

Athens Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
December 31, 2006

Line Item No.	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	Total
970	Excess Operating Revenue over Operating Expenses	\$815,329	\$0	\$1,401	\$3,133,272	\$193,773	\$66,138	\$4,209,913
973	Housing Assistance Payments	\$814,512	\$0	\$0	\$3,028,387	\$0	\$0	\$3,842,899
974	Depreciation Expense	\$0	\$0	\$190,177	\$11,259	\$7,324	\$26,117	\$234,877
900	Total Expenses	\$877,082	\$10,365	\$593,625	\$3,402,416	\$30,295	\$95,132	\$5,008,915
1001	Operating Transfers In	\$0	\$0	\$5,875	\$0	\$0	\$0	\$5,875
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	(\$5,875)	\$0	(\$5,875)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$5,875	\$0	(\$5,875)	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$817	\$0	(\$182,901)	\$93,626	\$180,574	\$40,021	\$132,137
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$36,748	\$0	\$4,195,235	\$242,759	\$209,838	\$787,420	\$5,472,000
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$721	\$0	\$0	\$80,942	\$106,858	\$0	\$188,521
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	1,608	60	852	8,376	0	96	10,992
1121	Number of Unit Months Leased	1,608	44	789	8,376	0	96	10,913
1117	Administrative Fee Equity	\$0	\$0	\$0	\$282,145	\$0	\$0	\$282,145
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$135,182	\$0	\$0	\$135,182

ATHENS METROPOLITAN HOUSING AUTHORITY  
PHA's Statement and Certification of Actual Modernization Cost  
For the Year Ended December 31, 2006

---

Capital Fund Program Number OH16P04150102

1. The Program Costs are as follows:	Amount
Funds Approved	\$148,747
Funds Expended	<u>148,747</u>
Excess (Deficiency) of Funds Approved	<u><u>\$0</u></u>
Funds Advanced	\$148,747
Funds Expended	<u>148,747</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$0</u></u>
2. All costs have been paid and there are no outstanding obligations.	
3. The Final Financial Status Report was signed and filed on January 9, 2007.	
4. The final costs on the certification agree to the Authority's records.	

ATHENS METROPOLITAN HOUSING AUTHORITY  
PHA's Statement and Certification of Actual Modernization Cost  
For the Year Ended December 31, 2006

---

Capital Fund Program Number OH16P04150103

5. The Program Costs are as follows:	Amount
Funds Approved	\$115,484
Funds Expended	<u>115,484</u>
Excess (Deficiency) of Funds Approved	<u><u>\$0</u></u>
Funds Advanced	\$115,484
Funds Expended	<u>115,484</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$0</u></u>
6. All costs have been paid and there are no outstanding obligations.	
7. The Final Financial Status Report was signed and filed on January 9, 2007.	
8. The final costs on the certification agree to the Authority's records.	

ATHENS METROPOLITAN HOUSING AUTHORITY  
PHA's Statement and Certification of Actual Modernization Cost  
For the Year Ended December 31, 2006

---

Capital Fund Program Number OH16P04150203

9. The Program Costs are as follows:	Amount
Funds Approved	\$24,391
Funds Expended	<u>24,391</u>
Excess (Deficiency) of Funds Approved	<u><u>\$0</u></u>
Funds Advanced	\$24,391
Funds Expended	<u>24,391</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$0</u></u>
10. All costs have been paid and there are no outstanding obligations.	
11. The Final Financial Status Report was signed and filed on January 9, 2007.	
12. The final costs on the certification agree to the Authority's records.	

ATHENS METROPOLITAN HOUSING AUTHORITY  
PHA's Statement and Certification of Actual Modernization Cost  
For the Year Ended December 31, 2006

---

Capital Fund Program Number OH16P04150104

13. The Program Costs are as follows:	Amount
Funds Approved	\$135,137
Funds Expended	<u>135,137</u>
Excess (Deficiency) of Funds Approved	<u><u>\$0</u></u>
Funds Advanced	\$135,137
Funds Expended	<u>135,137</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$0</u></u>
14. All costs have been paid and there are no outstanding obligations.	
15. The Final Financial Status Report was signed and filed on January 9, 2007.	
16. The final costs on the certification agree to the Authority's records.	

ATHENS METROPOLITAN HOUSING AUTHORITY  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2006

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>			
Section 8 New Construction Program	---	14.182	\$877,899
Shelter Plus Care	---	14.238	10,365
Low Rent Public Housing	---	14.850A	269,276
Housing Choice Voucher Program	---	14.871	3,433,440
Public Housing Capital Fund Program	---	14.872	<u>221,118</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>4,812,098</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$4,812,098</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, 2006 and have issued our report thereon dated June 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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.

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.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements 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.

June 28, 2007

**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, 2006. 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, 2006.

**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

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

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.

June 28, 2007

ATHENS METROPOLITAN HOUSING AUTHORITY  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2006

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

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other reportable internal control weaknesses 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 reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Program Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Program (list):</b>	Section 8 New Construction Program CFDA #14.182 and 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>	Yes

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
Schedule of Prior Audit Findings  
For the Year Ended December 31, 2006

---

Description	Status	Comments
1. The Authority is required to obtain supporting documentation of each tenants citizenship.	Corrected	N/A
2. The Authority is to ensure that all data used in the calculation of the allowances is verified to the physical inspection of the residence.	Corrected	N/A



**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  
SEPTEMBER 6, 2007**