

GREENE METROPOLITAN HOUSING AUTHORITY

Basic Financial Statements

March 31, 2008

with Independent Auditors' Report



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Greene Metropolitan Housing Authority, Greene County, prepared by Clark, Schaefer, Hackett & Co., for the audit period April 1, 2007 through March 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 30, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

We have audited the accompanying financial statements of Greene Metropolitan Housing Authority, as of and for the year ended March 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Greene Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene Metropolitan Housing Authority, as of March 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 of the notes to the financial statements, Greene Metropolitan Housing Authority has implemented for the year ended March 31, 2008, Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2008 on our consideration of Greene Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

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

Clark Schaefer, Hackett & Co.

Springfield, Ohio
September 29, 2008

GREENE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2008

As management of the Greene Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Significant programs consist of the following:

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

Section 8 Housing Choice Voucher Program – Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private

GREENE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2008

market. The Authority earns a fixed administrative fee from HUD to cover the program's operating costs.

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

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

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

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

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

Financial Highlights

During the fiscal year ending March 31, 2008:

- Assets increased by \$1,201,396 which is an 11% increase from the prior year.
- Total liabilities increased by \$632,442 or 39%.
- Revenues increased by \$1,195,252 or 12%.
- Total expenses increased by 3% or \$321,971.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Notes to the basic financial statements can be found on pages 13 – 24.

Financial Analysis of the Authority

Statement of Net Assets

The following table represents a condensed statement of net assets.

	<u>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$ 3,467,099	2,543,626
Capital assets, net	<u>9,165,184</u>	<u>8,887,261</u>
 Total assets	 \$ <u>12,632,283</u>	 <u>11,430,887</u>
Liabilities		
Current liabilities	\$ 1,050,042	374,811
Long-term liabilities	<u>1,189,749</u>	<u>1,232,538</u>
 Total liabilities	 <u>2,239,791</u>	 <u>1,607,349</u>
Net Assets		
Invested in capital assets, net of related debt	7,556,965	7,700,354
Restricted	924,817	162,903
Unrestricted	<u>1,910,710</u>	<u>1,960,281</u>
 Total net assets	 <u>10,392,492</u>	 <u>9,823,538</u>
 Total liabilities and net assets	 \$ <u>12,632,283</u>	 <u>11,430,887</u>

Assets increased by \$1,201,396 which is an 11% increase from the prior year. The net capital assets increased by \$277,923, primarily as a result of the construction of 7 homes and infrastructure for 7 additional homes, offset by current year depreciation of \$765,946. Current and other assets increased by \$923,473 primarily as a result of the full lease funding for Section 8 vouchers and a less than full lease-up which accumulated restricted cash.

Total liabilities increased by \$632,442 or 39%. Debt increased due to the construction loan to build the 7 new homes in Wise Manor III.

Approximately 73 percent of the Authority's net assets reflect its investments in capital assets. The Authority uses these capital assets (land, building, furniture and equipment) to provide housing services to residents and are not readily available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses and Changes in Net Assets

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

GREENE METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis (Unaudited)
March 31, 2008

	2008	2007
Revenues		
Tenant revenue	\$ 643,991	493,936
Operating subsidy and grants	1,822,917	1,579,972
Subsidy for housing assistance payment	7,924,747	7,174,611
Capital grants	495,154	556,732
Other Income	252,848	142,711
Revenue before sale of homes	11,139,657	9,947,962
Proceeds from sale of houses	263,000	59,403
Total revenues before cost of sale of houses	11,402,657	10,007,365
Less cost of sale of houses	(246,768)	(46,728)
Total Revenues, net of cost of sale of houses	\$ 11,155,889	9,960,637
 Expenses		
Administrative	1,653,290	1,461,502
Tenant services	44,539	35,729
Utilities	143,481	125,806
Maintenance	627,983	564,013
General	306,904	204,350
Housing assistance payments	7,044,792	7,116,339
Depreciation	765,946	757,225
Total Expenses	10,586,935	10,264,964
Change in net assets	\$ 568,954	(304,327)

Revenues increased by \$1,195,252 or 12%. This was primarily the result of an increase in the subsidies for housing assistance payments of \$750,136, an increase in operating subsidies and grants of \$242,945 and an increase in tenant revenue of \$150,055.

Total expenses increased by 3% or \$322,971. Administrative expenses increased by \$191,788, and the total of all other expenses increased by \$130,183.

Capital Assets

As of March 31, 2008, the Authority's capital assets were \$9,165,184 (capital assets net of accumulated depreciation) as reflected in the following schedule.

Land	\$ 2,464,624
Buildings	18,623,297
Furniture and equipment - administrative and dwellings	454,449
Leasehold improvements	1,924,742
Construction in progress	800,986
	24,268,098
Accumulated depreciation	(15,102,914)
Capital assets, net of accumulated depreciation	\$ 9,165,184

GREENE METROPOLITAN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2008

Net capital assets increased by \$277,923 from March 31, 2007 when net capital assets were \$8,887,261. Depreciation of \$765,944 reduced the assets, and the acquisition of 14 residential buildings and adjacent office building increased the capital assets by \$699,516.

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

Debt

As of March 31, 2008, the Authority had eight outstanding loans totaling \$1,608,219, of which, \$547,349 is due within one year. The following is a summary:

Federal Housing Administration mortgage for Village Greene Project	\$ 322,108
US Bank loan for energy management equipment	20,686
Huntington Bank for Wise Manor II Homes Construction	492,131
US Bank loan for Wise Manor town homes	114,808
US Bank loan for Quail Run Single Homes Project	<u>658,486</u>
 Total	 \$ <u>1,608,219</u>

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

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

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

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

Contact Information

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

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

March 31, 2008

Assets

Current assets:

Cash and cash equivalents	\$	953,113
Investments		1,731,113
Accounts receivable, net:		
Tenants, net of allowance for doubtful accounts of \$7,868		6,364
HUD		92,177
Other receivables, net of allowance for doubtful accounts of \$15,420		49,945
Inventory, net of allowance for obsolete of \$509		19,981
Prepaid expenses		104,743
Restricted cash and cash equivalents		379,184
Notes receivable, current portion		<u>2,090</u>
		<u>3,338,710</u>

Non-current assets:

Capital assets:

Depreciable capital assets, net of accumulated depreciation		5,899,574
Non-depreciable capital assets		3,265,610
Notes receivable, net of current portion		121,646
Other assets		<u>6,743</u>
		<u>9,293,573</u>
	\$	<u>12,632,283</u>

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets (continued)

March 31, 2008

Liabilities and Net Assets

Current liabilities:

Accounts payable:

Trade	\$ 128,700
HUD	15,253
Other	118,652
Accrued wages and benefits	46,272
Accrued compensated absences	24,002
Accrued interest payable	2,639
Other current liabilities	48,215
Other accrued liabilities	7,599
Unearned revenues	38,036
Notes payable, current portion	547,349

Liabilities payable from restricted assets:

Tenant security deposits	73,325
	<u>1,050,042</u>

Long-term liabilities:

Accrued compensated absences, non-current portion	128,879
Notes payable, net of current portion	<u>1,060,870</u>
Total long-term liabilities	<u>1,189,749</u>

2,239,791

Net assets:

Invested in capital assets, net of related debt	7,556,965
Restricted	924,817
Unrestricted	<u>1,910,710</u>
	<u>10,392,492</u>

\$ 12,632,283

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended March 31, 2008

Operating revenue:	
Dwelling rent	\$ 643,991
Program operating grants/subsidies	9,741,018
Other grants	198,865
Other income	<u>115,939</u>
 Total operating revenue	 <u>10,699,813</u>
Operating expenses:	
Administrative	1,699,113
Tenant services	44,539
Utilities	143,481
Maintenance	582,160
General	198,160
Bad debts	27,555
Housing assistance payments	7,044,792
Depreciation	<u>765,944</u>
 Total operating expenses	 <u>10,505,744</u>
 Operating income	 194,069
Non-operating revenue and (expenses):	
Capital grants	302,935
Interest income	132,397
Gain on sale of assets held for sale	16,232
Gain on disposal of capital assets	4,512
Interest expense	<u>(81,191)</u>
 Change in net assets	 568,954
 Net assets, beginning of the year	 <u>9,823,538</u>
 Net assets, end of the year	 \$ <u>10,392,492</u>

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITYStatement of Cash Flows
For the Year Ended March 31, 2008

Cash flows from operating activities:	
Cash received from HUD	\$ 9,694,590
Cash received from other governments	198,865
Cash received from tenants	665,726
Cash received from other income	113,851
Cash payments for housing assistance payments	(7,044,792)
Cash payments for administrative	(1,511,037)
Cash payments for other operating expenses	<u>(1,039,027)</u>
Net cash used in operating activities	<u>1,078,176</u>
Cash flows from investing activities:	
Investment earnings	132,397
Purchase of investments	(675,000)
Proceeds from sale of assets	263,000
Interest payments	<u>(81,188)</u>
Net cash provided by investing activities	<u>(360,791)</u>
Cash flows from capital and related financing activities:	
Capital acquisitions	(1,372,959)
Net borrowings on notes payables	421,312
Increase in long-term portion of accrued compensated absences	14,081
Capital grant funds received	<u>307,790</u>
Net cash used in capital and related financing activities	<u>(629,776)</u>
Increase in cash and cash equivalents	87,609
Cash and cash equivalents, beginning	<u>1,244,688</u>
Cash and cash equivalents, ending	\$ <u>1,332,297</u>
Reconciliation of cash and cash equivalents to statement of net assets	
Cash and cash equivalents	\$ 953,113
Restricted cash and cash equivalents	<u>379,184</u>
Cash and cash equivalents, ending	<u>1,332,297</u>
	(Continued)

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Cash Flows (Continued)

For the Year Ended March 31, 2008

Reconciliation of operating loss to net cash used by
operating activities:

Operating income	\$ 194,069
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	765,944
Notes receivable forgiven	2,033
(Increase) decrease in:	
Receivables, net of allowance	(51,892)
Inventories, net of allowance	(124)
Prepaid expenses and other assets	(42,984)
Increase (decrease) in:	
Accounts payable	148,095
Accrued wages and payroll taxes	6,841
Accrued compensated absences	13,379
Accrued interest payable	(3)
Tenant security deposits	(18)
Deferred credits and other liabilities	<u>42,836</u>
Net cash used in operating activities	\$ <u>1,078,176</u>

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Description of the entity

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

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

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

Reporting Entity

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves their budget, the issuance of their debt or the levying of their taxes. Based upon the application of these criteria, the Authority has no component units.

Basis of Accounting

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt" or "Restricted Net Assets." This account is similar to the former operating reserve account.

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

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

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

Description of programs

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

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

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

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

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

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

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

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

Measurement Focus/Basis of Accounting

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

Cash and Cash Equivalents

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

Restricted cash

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

Investments

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

Receivables – net of allowance

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectible receivables was \$23,288 at March 31, 2008, which includes allowance of \$7,868 for tenant receivables and \$15,420 for housing choice vouchers fraud recovery receivables.

Inventory

Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method and are expensed as they are consumed. The allowance for obsolete inventory was \$509 at March 31, 2008.

Property and Equipment

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

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

Compensated Absences

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

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

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

Due From/To Other Programs

Inter-program receivables and payables as of March 31, 2008 on the Financial Data Schedule have been eliminated on the Statement of Net Assets.

Budgetary Accounting

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

Estimates

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

Accounting and Reporting for Non-exchange Transactions

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

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

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

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

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

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

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

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

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

Operating Revenues and Expenses

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

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

2. DEPOSITS AND INVESTMENTS:

Deposits

The carrying amount of the Authority's deposits was \$1,332,297 at March 31, 2008, (including restricted deposits and tenant security deposits) and the bank balances were \$1,430,582. The carrying amount includes petty cash of \$100. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2008, \$1,230,582 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.

Investments

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

The Authority had the following investments at March 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturing</u>		<u>Percent</u>
		<u>Less than One Year</u>	<u>One to Five Years</u>	
Fannie Mae	\$ 320,558	171,974	148,584	18.5%
Fannie Mae Discount Notes	99,890	99,890	-	5.8%
Federal Farm Credit Bank	50,032	50,032	-	2.9%
Federal Home Loan Bank	554,192	455,445	98,747	32.0%
Federal National Mortgage Association	50,563	50,563	-	2.9%
Federal Natnl. Mtg. Assn. Disc. Notes	44,694	44,694	-	2.6%
Freddie Mac	386,581	293,657	92,924	22.3%
Freddie Mac Discount Notes	39,888	39,888	-	2.3%
US Treasury N/B	171,958	171,958	-	9.9%
Money Markets	12,757	12,757	-	0.7%
	<u>\$ 1,731,113</u>	<u>1,390,858</u>	<u>340,255</u>	

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

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

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

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

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

Concentration of credit risk – is the possibility of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to no more than 20% of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the obligations of any financial institution are limited to no more than 10% of the portfolio; (3) Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to no more than 30 % of the portfolio.

3. RESTRICTED CASH:

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

Restricted cash at March 31, 2008, are held in separate accounts and generally are not available for operating purposes, and consists of the following:

Replacement reserve	\$	13,956
Residual receipts		12,710
Mortgage escrow deposits		4,216
Tenant security deposits		69,237
Section 8 Vouchers		<u>279,065</u>
	\$	<u><u>379,184</u></u>

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

4. ACCOUNTS RECEIVABLE:

Accounts receivable at March 31, 2008 is detailed as follows:

Accounts receivable, HUD	\$	92,177
Accounts receivable, tenant rent		14,232
Allowance for doubtful accounts, tenant rent		(7,868)
Fraud recovery		20,560
Allowance for doubtful accounts, fraud recovery		(15,420)
Accounts receivable, interest		17,813
Accounts receivable, other		<u>26,992</u>
	\$	<u><u>148,486</u></u>

5. NOTES RECEIVABLE:

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

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

Note 2 – \$63,687 notes receivable from a homeowner, payable in monthly installments of \$471. Interest is calculated at 5%, amortized over a period of thirty years with the entire balance due on or before April 30, 2009.

The minimum principal on the notes receivables are due as follows as of March 31, 2008:

<u>Year ending March 31,</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Total</u>
2009	1,058	1,032	2,090
2010	<u>61,315</u>	<u>60,331</u>	<u>121,646</u>
	\$ <u><u>62,373</u></u>	<u><u>61,363</u></u>	<u><u>123,736</u></u>

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

6. CAPITAL ASSETS:

The following is a summary of property and equipment as of March 31, 2008:

	<u>Balance</u>	<u>Additions/</u>	<u>Deletions/</u>	<u>Balance</u>
	<u>03/31/07</u>	<u>Reclass</u>	<u>Reclass *</u>	<u>03/31/08</u>
Capital assets not being depreciated:				
Land	\$ 2,515,042	-	50,418	2,464,624
Construction in progress	<u>101,470</u>	<u>978,190</u>	<u>278,674</u>	<u>800,986</u>
	<u>2,616,512</u>	<u>978,190</u>	<u>329,092</u>	<u>3,265,610</u>
Capital assets being depreciated:				
Buildings	18,268,795	354,502	-	18,623,297
Furniture and equipment				
- administrative	414,182	40,267	-	454,449
Leasehold improvements	1,924,742	-	-	1,924,742
Less accumulated depreciation	<u>(14,336,970)</u>	<u>(765,944)</u>	<u>-</u>	<u>(15,102,914)</u>
	<u>6,270,749</u>			<u>5,899,574</u>
Net capital assets	\$ <u>8,887,261</u>			<u>9,165,184</u>

7. PAYMENT IN LIEU OF TAXES

The Authority has executed Cooperation Agreements with the City of Xenia, Beavercreek, Cedarville, Yellow Springs and Fairborn that provides for tax exemption of the housing projects but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. Accrued PILOT liability as of March 31, 2008 was \$32,405.

8. NOTES PAYABLE:

FHA Project No. 046-35438-NP-L8

To raise funds for FHA Project No. 046-35438-NP-L8, a mortgage note payable was issued to the Federal Housing Administration, payable in monthly installments of \$3,682 including interest at 7.5%. The mortgage note matures in the year 2018 and is collateralized by a mortgage on the Project's land and buildings, and is insured by the FHA. The remaining principal balance as of March 31, 2008 was \$322,108.

Public Housing

Greene Metropolitan Housing Authority obtained a loan in the amount of \$114,078 on October 4, 2000. The proceeds were used for acquisition and installation of energy management equipment payable in monthly installments of \$1,136.99. The maturity date is October 4, 2012. The remaining principal balance as of March 31, 2008 was \$20,686.

Business Activities

On August 3, 2006, the Authority obtained a loan in the amount of \$122,000 payable in monthly installment of \$1,140 including interest at 7.49%. The note matures on August 10, 2021 and is collateralized by the land and property of Sensible Shelter, Inc. The outstanding principal balance as of March 31, 2008 was \$114,808.

On March 28, 2007, the Authority obtained a mortgage note in the amount of \$674,320 payable in monthly installments of \$5,180 including interest at 6.79%. The note matures on March 28, 2017 and is secured by

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

real and personal property from sixteen rental properties owned and operated by the Authority in Greene County, Ohio. The outstanding principal balance as of March 31, 2008 was \$658,486.

On May 22, 2007, the Authority obtained a draw down line of credit loan in the maximum amount of \$1,447,200. The note accrues interest at a rate of 5% and is secured by a mortgage on the property of Sensible Shelter, Inc. All accrued interest and outstanding principal is due on May 22, 2009. The outstanding principal balance as of March 31, 2008 was \$492,131.

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

<u>Loans</u>	<u>Balance</u> <u>03/31/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>03/31/08</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Greene County Development	\$ 19,500	-	(19,500)	-	-
FHA Project No. 046-3548	341,346	-	(19,238)	322,108	20,733
2000 US Bank, 6.40%	32,568	-	(11,882)	20,686	12,688
2006 US Bank, 7.49%	119,173	-	(4,365)	114,808	5,254
2007 US Bank, 6.79%	674,320	-	(15,834)	658,486	16,543
2008 Huntington, 5.00%	-	492,131	-	492,131	492,131
Total loans	<u>1,186,907</u>	<u>492,131</u>	<u>(70,819)</u>	<u>1,608,219</u>	<u>547,349</u>
<u>Other obligations</u>					
Compensated absences	<u>139,502</u>	<u>43,848</u>	<u>(30,469)</u>	<u>152,881</u>	<u>24,002</u>
	<u>\$ 1,326,409</u>	<u>535,979</u>	<u>(101,288)</u>	<u>1,761,100</u>	<u>571,351</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 547,349	78,443	625,792
2010	55,354	72,836	128,190
2011	50,886	69,131	120,017
2012	54,679	65,338	120,017
2013 - 2017	340,982	259,103	600,085
2018 - 2022	306,600	176,384	482,984
Thereafter	<u>252,369</u>	<u>42,737</u>	<u>295,106</u>
Total	<u>\$ 1,608,219</u>	<u>763,972</u>	<u>2,372,191</u>

9. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

GREENE METROPOLITAN HOUSING AUTHORITY

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March 31, 2008

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

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2007, the Authority employees were required to contribute 9.5% of their annual covered salary. For the year ended December 31, 2006, the Authority employees were required to contribute 9.0% of their annual covered salary. The Authority's contribution rate for 2007 was 13.85%, of which 7.85% was used to fund the pension benefits and 6.0% was used to fund healthcare. For 2006, the Authority's contribution rate was 13.7%, of which 9.2% was used to fund the pension benefits and 4.5% was used to fund healthcare. For 2005, the Authority's contribution rate was 13.55%, of which 9.55% was used to fund the pension benefits and 4.0% was used to fund healthcare. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$162,946, \$145,757, and \$141,696 respectively; 95.0% has been contributed for 2007 and 100% for 2006 and 2005.

10. POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM:

OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 9.

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

The Ohio Revised Code provides statutory authority for employer contributions. The 2007 local government employer contribution rate was 13.85% of covered payroll, of which 5.0% was used to fund healthcare from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007. The 2006 local government employer contribution rate was 13.7% of covered payroll, of which 9.2% was used to fund pension benefits and 4.5% was used to fund healthcare. The 2005 local government employer contribution rate was 13.55% of covered payroll, of which 9.55% was used to fund pension benefits and 4.0% was used to fund healthcare. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2006 and 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. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2006 and 2005 was 6.5%, respectively. An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.0% percent (the projected wage inflation rate).

GREENE METROPOLITAN HOUSING AUTHORITY

Notes to the Financial Statements

March 31, 2008

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 374,979 for 2007 and 369,214 for 2006. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$64,877 and \$47,881, respectively. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2006, (the latest available information) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

11. RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the Authority was a member of the State Housing Authority Risk Pool Authority, Inc. (SHARP), an insurance pool for housing authorities in Ohio. Property insurance carries a \$500 deductible. There is no deductible for general liability insurance. Vehicle insurance carries a \$500 per vehicle comprehensive deductible.

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

12. CONTINGENT LIABILITIES:

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

13. ADOPTION OF ACCOUNTING PRINCIPLES:

In 2008, the Authority adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension. The statement changed the required disclosures for post-employment benefits other than pensions.

SUPPLEMENTARY INFORMATION

GREENE METROPOLITAN HOUSING AUTHORITY

Balance Sheet
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 March 31, 2008

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Capital Grant 14.872	Section 8 Vouchers 14.871	Section 8 N/C S/R 14.182	Shelter Plus Care 14.238	Mortgage Ins Rental Corp 14.135	AFIA 93.602	State/Local	Business Activities	Eliminations	Total
ASSETS												
111	Cash - unrestricted	\$ 245,498	-	359,389	-	-	2,848	108,212	74,986	162,180	-	953,113
113	Cash - other restricted	-	-	279,065	-	-	30,882	-	-	-	-	309,947
114	Cash - tenant security deposits	65,200	-	-	-	-	4,037	-	-	-	-	69,237
100	Total cash	310,698	-	638,454	-	-	37,767	108,212	74,986	162,180	-	1,332,297
122	Accounts receivable - HUD other project	-	3,097	-	80,701	8,379	-	-	-	-	-	92,177
124	Accounts receivable - other state local	-	-	195	-	-	-	-	9,978	-	-	10,173
125	Accounts receivable - miscellaneous	1,000	-	-	-	-	-	-	-	15,819	-	16,819
126	A/R Tenants - dwelling rents	12,811	-	-	-	-	744	-	-	677	-	14,232
126.1	Allowance for doubtful accounts	(7,293)	-	-	-	-	(399)	-	-	(176)	-	(7,868)
127	Notes receivable - current	-	-	-	-	-	-	-	-	2,090	-	2,090
128	Fraud recovery	-	-	20,560	-	-	-	-	-	-	-	20,560
128.1	Allowance for doubtful accounts	-	-	(15,420)	-	-	-	-	-	-	-	(15,420)
129	Accrued interest receivable	3,110	-	6,327	-	-	-	-	-	8,376	-	17,813
120	Total receivables, net of allowance	9,628	3,097	11,662	80,701	8,379	345	-	9,978	26,786	-	150,576
131	Investments	302,206	-	-	-	-	-	-	-	814,038	-	1,116,244
132	Investments - restricted	-	-	614,869	-	-	-	-	-	-	-	614,869
142	Prepaid expenses and other assets	57,218	-	14,584	-	-	9,203	1,542	915	21,281	-	104,743
143	Inventories	20,490	-	-	-	-	-	-	-	-	-	20,490
143.1	Allowance for obsolete inventory	(509)	-	-	-	-	-	-	-	-	-	(509)
144	Interprogram due from	90,534	-	78,408	62,236	34,306	-	-	-	152,680	(418,164)	-
150	Total current assets	790,265	3,097	1,357,977	142,937	42,685	47,315	109,754	85,879	1,176,965	(418,164)	3,338,710
161	Land	2,133,579	-	-	-	-	31,400	-	-	299,645	-	2,464,624
162	Buildings	15,770,139	693,435	99,915	-	-	838,161	-	39,000	1,182,647	-	18,623,297
163	Furniture and equipment - dwellings	-	4,006	-	-	-	-	-	-	-	-	4,006
164	Furniture and equipment - admin	265,305	112,941	50,811	-	-	21,386	-	-	-	-	450,443
165	Leasehold improvements	1,902,339	18,802	-	-	-	-	-	-	3,601	-	1,924,742
166	Accumulated depreciation	(14,046,113)	(131,370)	(75,358)	-	-	(564,543)	-	(14,300)	(271,230)	-	(15,102,914)
167	Construction in progress	-	25,556	-	-	-	-	-	-	775,430	-	800,986
160	Total capital assets, net	6,025,249	723,370	75,368	-	-	326,404	-	24,700	1,990,093	-	9,165,184
171	Notes receivable - non current	-	-	-	-	-	-	-	-	121,646	-	121,646
174	Other assets	-	-	-	-	-	-	-	-	6,743	-	6,743
180	Total non-current assets	6,025,249	723,370	75,368	-	-	326,404	-	24,700	2,118,482	-	9,293,573
190	Total assets	\$ 6,815,514	726,467	1,433,345	142,937	42,685	373,719	109,754	110,579	3,295,447	(418,164)	12,632,283

GREENE METROPOLITAN HOUSING AUTHORITY

Balance Sheet
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 March 31, 2008

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Capital Grant 14.872	Section 8 Vouchers 14.871	Section 8 N/C S/R 14.182	Shelter Plus Care 14.238	Mortgage Ins Rental Corp 14.135	AFIA 93.602	State/Local	Business Activities	Eliminations	Total
LIABILITIES												
312	Accounts payable >=90 days	\$ 14,116	3,097	4,733	80,701	-	43	11,751	-	14,259	-	128,700
321	Accrued wages/payroll taxes	-	-	-	-	-	-	-	2,750	43,522	-	46,272
322	Accrued compensated absences, current	12,490	-	9,016	729	-	418	-	811	538	-	24,002
325	Accrued interest payable	-	-	-	-	-	2,013	-	-	626	-	2,639
331	Accounts payable - HUD PHA programs	-	-	-	559	-	14,694	-	-	-	-	15,253
333	Accounts payable - other govt	32,405	-	-	-	-	20,424	43,506	-	22,317	-	118,652
341	Tenant security deposits	61,857	-	-	-	-	2,648	-	-	8,820	-	73,325
342	Deferred revenue	8,555	-	-	-	-	342	-	24,433	4,706	-	38,036
343	Current portion of long-term debt	12,688	-	-	-	-	20,733	-	-	21,797	-	55,218
348	Loan liability - current	-	-	-	-	-	-	-	-	492,131	-	492,131
345	Other current liabilities	-	-	-	-	-	-	43,506	-	4,709	-	48,215
346	Accrued liabilities - other	53	-	-	-	-	-	6,910	-	636	-	7,599
347	Interprogram due to	-	-	-	-	-	5,420	3,905	73,081	335,758	(418,164)	-
310	Total current liabilities	142,164	3,097	13,749	81,989	-	66,735	109,578	101,075	949,819	(418,164)	1,050,042
351	Long-term debt, net of current portion	7,998	-	-	-	-	301,375	-	-	751,497	-	1,060,870
354	Accrued compensated absences, non-currer	67,066	-	48,412	3,915	-	2,246	-	4,354	2,886	-	128,879
350	Total noncurrent liabilities	75,064	-	48,412	3,915	-	303,621	-	4,354	754,383	-	1,189,749
300	Total liabilities	217,228	3,097	62,161	85,904	-	370,356	109,578	105,429	1,704,202	(418,164)	2,239,791
NET ASSETS												
508.1	Invested in capital assets, net of related debt	6,004,563	723,370	75,368	-	-	4,296	-	24,700	724,668	-	7,556,965
511.1	Restricted net assets	-	-	893,934	-	-	30,883	-	-	-	-	924,817
512.1	Unrestricted net assets	593,723	-	401,882	57,033	42,685	(31,816)	176	(19,550)	866,577	-	1,910,710
513	Total net assets	6,598,286	723,370	1,371,184	57,033	42,685	3,363	176	5,150	1,591,245	-	10,392,492
600	Total liabilities and net assets	\$ 6,815,514	726,467	1,433,345	142,937	42,685	373,719	109,754	110,579	3,295,447	(418,164)	12,632,283

GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
For the Year Ended March 31, 2008

FDS Line Item	Account Description	Low Rent Public Housing	Capital Grant	Section 8 Vouchers	Section 8 N/C S/R	Shelter Plus Care	Mortgage Ins Rental Corp	AFIA	State/Local	Business Activities	Total
		<u>14.850a</u>	<u>14.872</u>	<u>14.871</u>	<u>14.182</u>	<u>14.238</u>	<u>14.135</u>	<u>93.602</u>			
	REVENUE										
703	Net tenant revenue	\$ 476,404	-	-	-	-	3,444	-	-	141,133	620,981
704	Tenant revenue - other	<u>18,524</u>	-	-	-	-	<u>705</u>	-	-	<u>3,781</u>	<u>23,010</u>
705	Total tenant revenue	494,928	-	-	-	-	4,149	-	-	144,914	643,991
706	PHA HUD grants	901,090	192,219	7,924,747	500,084	89,643	133,235	-	-	-	9,741,018
706.1	Capital contribution	-	302,935	-	-	-	-	-	-	-	302,935
708	Other government grants	-	-	-	-	-	-	42,222	156,643	-	198,865
711	Investment income - unrestricted	24,781	-	8,208	-	-	36	157	-	46,454	79,636
713	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	263,000	263,000
713.1	Cost of sale of assets	-	-	-	-	-	-	-	-	(246,768)	(246,768)
714	Fraud recovery	-	-	23,037	-	60	-	-	-	-	23,097
715	Other revenue	1,750	-	353	-	-	-	52,222	20,468	18,049	92,842
716	Gain/(loss) on sale of fixed assets	1,567	-	2,945	-	-	-	-	-	-	4,512
720	Investment income - restricted	-	-	51,207	-	-	1,554	-	-	-	52,761
	Total revenue	<u>1,424,116</u>	<u>495,154</u>	<u>8,010,497</u>	<u>500,084</u>	<u>89,703</u>	<u>138,974</u>	<u>94,601</u>	<u>177,111</u>	<u>225,649</u>	<u>11,155,889</u>
	EXPENSES										
911	Administrative salaries	205,819	7,835	402,597	16,830	3,552	11,586	7,267	109,380	58,879	823,745
912	Auditing fees	5,282	-	4,606	123	-	154	-	-	72	10,237
913	Outside management fees	-	-	-	-	-	-	-	-	9,000	9,000
914	Compensated absences	99,256	-	76,098	3,313	-	1,770	-	11,454	6,577	198,468
915	Employee benefit contribution - admin	84,257	10,975	164,786	5,448	494	5,217	2,805	31,305	5,206	310,493
916	Other operating - administrative	68,563	84,506	69,460	1,392	42	5,737	84,529	25,022	7,919	347,170
921	Tenant services - salaries	26,629	-	-	-	-	-	-	-	-	26,629
923	Employee benefit contrib - ten svcs	11,683	-	-	-	-	-	-	-	-	11,683
924	Tenant services - other	6,227	-	-	-	-	-	-	-	-	6,227
931	Water	18,662	-	-	-	-	120	-	-	1,093	19,875
932	Electricity	32,846	-	-	-	-	280	-	-	4,412	37,538
933	Gas	42,892	-	-	-	-	9	-	-	2,123	45,024
934	Fuel	12,820	-	-	-	-	-	-	-	-	12,820
938	Other utilities expense	27,263	-	-	-	-	183	-	-	778	28,224
941	Ord maintenance/op-labor	172,397	24,350	-	-	-	-	-	-	2,538	199,285
942	Ord maintenance/op - materials	74,001	2,714	11,080	-	-	2,119	-	-	4,350	94,264
943	Ord maintenance/op - cont costs	102,298	60,658	8,202	-	-	13,253	-	-	14,783	199,194
945	Emp benefit contrib - ord main	87,190	1,178	-	-	-	-	-	-	1,049	89,417
961	Insurance premiums	77,210	-	10,670	-	-	3,745	-	-	4,922	96,547
962	Other general expenses	513	-	-	-	-	21,863	-	-	46,832	69,208
963	PILOT	32,405	-	-	-	-	-	-	-	-	32,405
964	Bad debts - tenant rents	13,588	-	-	-	-	445	-	-	13,522	27,555
967	Interest expense	1,746	-	-	-	-	24,838	-	-	54,607	81,191
969	Total operating expenses	\$ <u>1,203,547</u>	<u>192,216</u>	<u>747,499</u>	<u>27,106</u>	<u>4,088</u>	<u>91,319</u>	<u>94,601</u>	<u>177,161</u>	<u>238,662</u>	<u>2,776,199</u>

GREENE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
For the Year Ended March 31, 2008

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Capital Grant 14.872	Section 8 Vouchers 14.871	Section 8 N/C S/R 14.182	Shelter Plus Care 14.238	Mortgage Ins Rental Corp 14.135	NAIDA 93.602	State/Local	Business Activities	Total
970	EXCESS OPERATING REVENUE OVER EXPENSES	\$ 220,569	302,938	7,262,998	472,978	85,615	47,655	-	(50)	(13,013)	8,379,690
973	Housing Assistance Payments	-	-	6,493,801	470,561	80,430	-	-	-	-	7,044,792
974	Depreciation expense	633,981	54,984	9,553	-	-	23,872	-	2,600	40,954	765,944
975	Fraud losses	-	-	-	-	-	-	-	-	-	-
	Total expenses	<u>1,837,528</u>	<u>247,200</u>	<u>7,250,853</u>	<u>497,667</u>	<u>84,518</u>	<u>115,191</u>	<u>94,601</u>	<u>179,761</u>	<u>279,616</u>	<u>10,586,935</u>
1000	EXCESS OF REVENUE OVER EXPENSES	(413,412)	247,954	759,644	2,417	5,185	23,783	-	(2,650)	(53,967)	568,954
1001	Operating transfers in	378,765	-	-	-	-	-	-	-	-	378,765
1002	Operating transfers out	-	(378,765)	-	-	-	-	-	-	-	(378,765)
1103	Beginning equity	6,632,933	854,181	611,540	54,616	37,500	(20,420)	176	7,800	1,645,212	9,823,538
1105	Transfer of equity	-	-	-	-	-	-	-	-	-	-
	Ending equity	\$ <u>6,598,286</u>	<u>723,370</u>	<u>1,371,184</u>	<u>57,033</u>	<u>42,685</u>	<u>3,363</u>	<u>176</u>	<u>5,150</u>	<u>1,591,245</u>	<u>10,392,492</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Balance Sheet Data

March 31, 2008

Assets			
Account			
Number:	Current assets:		
1120	Cash, operations	\$	2,848
1130	Accounts receivable, tenants	744	
1131	Allowance for doubtful accounts	<u>(399)</u>	
1130N	Net accounts receivables		345
1200	Miscellaneous prepaid expenses		<u>9,203</u>
1100T	Total current assets		<u>12,396</u>
1191	Tenant deposits held in trust		<u>4,037</u>
	Restricted deposits:		
1310	Escrow deposits		4,216
1320	Replacement reserve		13,956
1340	Residual receipts		<u>12,710</u>
1300T	Total deposits		<u>30,882</u>
	Property:		
1410	Land		31,400
1420	Buildings		838,161
1440	Furniture and equipment		8,775
1490	Miscellaneous capital assets		<u>12,611</u>
1400T	Total property		890,947
1495	Less accumulated depreciation		<u>(564,543)</u>
1400N	Net property		<u>326,404</u>
1000T	Total assets	\$	<u><u>373,719</u></u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene
Project No. 046-35438-NP-L8
Balance Sheet Data (continued)
March 31, 2008

Liabilities and Net Assets

Account

Number: Current liabilities:

2116	Accounts payable, Section 8 & other	\$	14,694
2131	Accrued interest payable, first mortgage		2,013
2150	Accrued property taxes		20,424
2170	Mortgage payable, first mortgage, current portion		20,733
2190	Miscellaneous current liabilities		5,838
2210	Prepaid revenue		<u>342</u>

2122T Total current liabilities 64,087

2191 Tenant deposits held in trust 2,648

Long-term liabilities:

2320	Mortgage payable, long term portion		301,375
2390	Miscellaneous long term liabilities		<u>2,246</u>

2300T Total long term liabilities 303,621

2001T Total liabilities 370,356

Net assets:

3131 Unrestricted net assets 3,363

3130 Total net assets 3,363

2033T Total liabilities and net assets \$ 373,719

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene
 Project No. 046-35438-NP-L8
 Statements of Activities Data
 For the Year Ended March 31, 2008

Account	REVENUE:	
Number:	Rent revenue:	
5120	Rent revenue, gross potential	\$ 6,913
5121	Tenant assistance payments	<u>133,235</u>
5100T	Total rent revenue	<u>140,148</u>
	Vacancies:	
5220	Apartments	<u>(3,469)</u>
5200T	Total vacancies	<u>(3,469)</u>
5152N	Net rental revenue	<u>136,679</u>
	Financial revenue:	
5410	Revenue from investments, operations	36
5440	Revenue from investments, replacement reserves	<u>1,554</u>
5400T	Total financial revenue	<u>1,590</u>
	Other revenue:	
5920	Tenant charges	<u>705</u>
5900T	Total other revenue	<u>705</u>
5000T	Total revenue	<u>138,974</u>
	EXPENSES:	
	Operating expenses:	
	Administrative expenses:	
6310	Office salaries	13,356
6311	Office expenses	5,737
6340	Legal expense - Project	9
6350	Audit expense	154
6370	Bad debts	<u>445</u>
6263T	Total administrative expenses	<u>19,701</u>
	Utilities expense:	
6450	Electricity	280
6451	Water	120
6453	Sewer	<u>183</u>
6400T	Total utilities expense	<u>583</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Statements of Activities Data (Continued)

For the Year Ended March 31, 2008

	Operating and maintenance expenses:	
6515	Supplies	2,119
6520	Contracts	8,888
6525	Garbage and trash removal	<u>4,365</u>
6500T	Total operating and maintenance expenses	<u>15,372</u>
	Taxes and insurance:	
6710	Real estate taxes	21,863
6720	Property and liability insurance	3,745
6723	Health insurance and other employee benefits	<u>5,217</u>
6700T	Total taxes and insurance	<u>30,825</u>
	Financial expenses:	
6820	Interest on mortgage payable	<u>24,838</u>
6800T	Total financial expenses	<u>24,838</u>
6000T	Total cost of operations before depreciation	<u>91,319</u>
5060T	Change in net assets before depreciation	<u>47,655</u>
6600	Depreciation expense	<u>23,872</u>
5060N	Change in net assets	<u>23,783</u>
S1100-050	Net assets, beginning of year	<u>(20,420)</u>
3130	Net assets, end of year	\$ <u>3,363</u>
S1000-010	Total mortgage principal payments required during the year	\$ <u>19,238</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	\$ <u>16,092</u>
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement	\$ <u>-</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement	\$ <u>-</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Computation of Surplus Cash

March 31, 2008

Cash (accounts 1120, 1191)	\$	<u>6,885</u>
Total cash		<u>6,885</u>
Current obligations:		
Accrued interest (account 2131)		2,013
Accounts payable (accounts 2110, 2116, 2123)		14,737
Prepaid revenues (account 2210)		342
Accrued expenses (not escrowed)		5,838
Tenant security deposits liability (account 2191)		<u>2,648</u>
Total Current Obligations		<u>25,578</u>
Surplus Cash (Deficiency)	\$	<u>(18,693)</u>

GREENE METROPOLITAN HOUSING AUTHORITY

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

Reserve for Replacements:

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

Balance, April 1, 2007	\$	39,653
Required deposit		16,092
Interest deposited		1,554
Less HUD approved withdrawals		<u>(43,343)</u>
Balance, March 31, 2008, confirmed or validated with depositories	\$	<u>13,956</u>

Residual Receipts:

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

Balance, April 1, 2007	\$	12,708
Required deposit		12,000
Interest deposited		2
Less HUD approved withdrawals		<u>(12,000)</u>
Balance, March 31, 2008, confirmed or validated with depositories	\$	<u>12,710</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Yellow Springs Village Greene

Project No. 046-35438-NP-L8

Schedule of Changes in Fixed Asset Accounts

March 31, 2008

	Assets			Depreciation				
	<u>Balance 04/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 03/31/08</u>	<u>Balance 04/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 03/31/08</u>
Changes in property for the year ended March 31, 2008:								
Land	\$ 31,400	-	-	31,400	-	-	-	-
Buildings	781,623	56,537	-	838,160	525,835	22,695	-	548,530
Furniture and equipment	8,775	-	-	8,775	8,775	-	-	8,775
Miscellaneous fixed assets	<u>12,611</u>	<u>-</u>	<u>-</u>	<u>12,611</u>	<u>6,060</u>	<u>1,178</u>	<u>-</u>	<u>7,238</u>
	<u>\$ 834,409</u>	<u>56,537</u>	<u>-</u>	<u>890,946</u>	<u>540,670</u>	<u>23,873</u>	<u>-</u>	<u>564,543</u>

GREENE METROPOLITAN HOUSING AUTHORITY

Cost Certification of Capital Fund Grant Programs

March 31, 2008

Capital Fund Grant Number OH10R02250203

Management improvements	\$	4,657
Administration		10,707
Fees and costs		601
Dwelling structure		25,035
Non-dwelling equipment		16,937
Development activities		<u>49,137</u>
Total expensed	\$	<u>107,074</u>
Total received	\$	<u>107,074</u>

- 1 The actual modernization cost certificate was signed and filed on June 27, 2007.
- 2 The final costs on the certificate agree with the Authority's records.

Capital Fund Grant Number OH10R02250104

Development activities	\$	<u>2,169</u>
Total expensed	\$	<u>2,169</u>
Total received	\$	<u>2,169</u>

- 1 The actual modernization cost certificate was signed and filed on June 27, 2007.
- 2 The final costs on the certificate agree with the Authority's records.

Capital Fund Grant Number OH10P02250105

Management improvements	\$	59,000
Operations		5,000
Administration		65,571
Fees and costs		13,065
Site improvement		20,688
Dwelling structure		363,791
Dwelling equipment		16,855
Non-dwelling structure		3,783
Non-dwelling equipment		<u>23,173</u>
Total expensed	\$	<u>570,926</u>
Total received	\$	<u>570,926</u>

- 1 The actual modernization cost certificate was signed and filed on Februar 28, 2008.
- 2 The final costs on the certificate agree with the Authority's records.

GREENE METROPOLITAN HOUSING AUTHORITY

Cost Certification of Capital Fund Grant Programs

March 31, 2008

Capital Fund Grant Number OH10R02250106

Administration	\$	2,364
Dwelling structure		<u>1,076</u>
Total expensed	\$	<u><u>3,440</u></u>
Total received	\$	<u><u>3,440</u></u>

- 1 The actual modernization cost certificate was signed and filed on June 27, 2007.
- 2 The final costs on the certificate agree with the Authority's records.

GREENE METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

March 31, 2008

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
U.S. Department of Housing and Urban Development:		
PHA Owned Housing:		
Public and Indian Housing (operating subsidiary)	14.850	\$ 901,090
Public Housing Capital Fund	14.872	<u>495,154</u>
		1,396,244
Housing Assistance Payments:		
Annual Contribution -		
Housing choice vouchers	14.871	7,924,747
Section 8 Project-Based Cluster:		
Section 8 New Construction and Substantial Rehabilitation	14.182	500,084
Section 8 Housing Assistance Payments	14.195	* <u>133,235</u>
		633,319
Shelter Plus Care		
Mortgage Insurance Rental and Cooperative	14.238	89,643
	14.135	* 322,108
U.S. Department of Health and Human Services:		
Passed through Ohio CDC Association:		
New Assets for Independence Demonstration Program	93.602	<u>42,222</u>
Total - All Programs		\$ <u>10,408,283</u>

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

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS AS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

We have audited the financial statements of Greene Metropolitan Housing Authority as of and for the year ended March 31, 2008, wherein we noted the Authority implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greene Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greene Metropolitan Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 29, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Greene Metropolitan Housing Authority
Xenia, Ohio

Compliance

We have audited the compliance of Greene Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2008. Greene Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greene Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Greene Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Greene Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

Internal Control Over Compliance

The management of the Greene Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greene Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greene Metropolitan Housing Authority's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Clark, Schaeter, Hackett & Co.

Springfield, Ohio
September 29, 2008

GREENE METROPOLITAN HOUSING AUTHORITY

March 31, 2008

Schedule of Findings and Questioned Costs

OMB Circular A-133 § .505

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified												
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No												
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No												
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No												
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No												
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No												
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified												
(d)(1)(vi)	Are there any reportable findings under §.510?	No												
(d)(1)(vii)	Major Programs (list):	<table border="0"> <thead> <tr> <th><u>Program</u></th> <th><u>CFDA #</u></th> </tr> </thead> <tbody> <tr> <td>Public and Indian Housing (Operating Subsidy)</td> <td>14.850</td> </tr> <tr> <td>Housing Choice Vouchers</td> <td>14.871</td> </tr> <tr> <td>Section 8 Project Based Cluster:</td> <td></td> </tr> <tr> <td>Sec. 8 New Construction</td> <td>14.182</td> </tr> <tr> <td>Sec. 8 Housing Assistance Payments</td> <td>14.195</td> </tr> </tbody> </table>	<u>Program</u>	<u>CFDA #</u>	Public and Indian Housing (Operating Subsidy)	14.850	Housing Choice Vouchers	14.871	Section 8 Project Based Cluster:		Sec. 8 New Construction	14.182	Sec. 8 Housing Assistance Payments	14.195
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Housing Choice Vouchers	14.871													
Section 8 Project Based Cluster:														
Sec. 8 New Construction	14.182													
Sec. 8 Housing Assistance Payments	14.195													
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$302,585 Type B: All others												
(d)(1)(ix)	Low Risk Auditee?	Yes												

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

- NONE -

3. Findings and Questioned Costs for Federal Awards

- NONE -

GREENE METROPOLITAN HOUSING AUTHORITY
March 31, 2008
Schedule of Prior Audit Findings and Questioned Costs
OMB Circular A-133 § .315(B)¹

-NONE-

GREENE METROPOLITAN HOUSING AUTHORITY

Project No. 046-35438-NP-L8
Certification of the Executive Director

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

Susan Stiles
Executive Director

Corporate Federal Identification
Number 31-0669308

Date



Mary Taylor, CPA
Auditor of State

GREENE METROPOLITAN HOUSING AUTHORITY

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2008**