



*ATHENS  
METROPOLITAN HOUSING AUTHORITY*

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ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2010

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Athens Metropolitan Housing Authority, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 23, 2011

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For the Year Ended December 31, 2010

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## Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Athens Metropolitan Housing Authority (the Authority) as of and for the year ended December 31, 2010. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2010, and the results of its operations and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2011 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

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

We conducted our audit to opine on the financial statements that collectively comprise the authority's basic financial statements. The accompanying Schedule of Federal Awards Expenditures 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 not required part of the financial statements. The combining financial data schedules are presented for the purpose of additional analysis as required by the Department of Housing and Urban Development and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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

J. L. UHRIG AND ASSOCIATES, INC.

June 21, 2011



ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Unaudited

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

Since the MD&A is designed to focus on the 2010 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$17,548 or 0.3% during 2010, resulting from changes in operations. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.
- Revenues increased by \$245,301 or 5% during 2010.
- The total expenses of all Authority programs decreased by \$257,280 or 5%.

**Authority Financial statements**

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

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**The Authority's Programs**

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

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**AUTHORITY STATEMENTS**

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

**TABLE 1**

**STATEMENT OF NET ASSETS**

	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 1,779,511	\$ 2,160,224
Noncurrent Assets	6,022,074	5,424,859
Total Assets	<u>\$ 7,801,585</u>	<u>\$ 7,585,083</u>
Current Liabilities	\$ 210,120	\$ 513,352
Long-Term Liabilities	1,682,986	1,064,712
Total Liabilities	<u>1,893,106</u>	<u>1,578,064</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	4,287,886	4,321,751
Restricted Net Assets	375,021	121,950
Unrestricted Net Assets	<u>1,245,572</u>	<u>1,563,318</u>
Total Net Assets	<u>5,908,479</u>	<u>6,007,019</u>
Total Liabilities and Net Assets	<u>\$ 7,801,585</u>	<u>\$ 7,585,083</u>

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

During 2010, current and other assets decreased by \$380,713, and current liabilities decreased by \$303,232. The change in current assets was mainly due a decrease in receivables from programs administered by the State and Local fund and the change in accumulated depreciation. The change in current liabilities is mainly due to deferred revenue at the end of the year due to not receiving January's funds from HUD for the Housing Choice Voucher program in December.

Long Term Liabilities increased by \$618,274 in 2010. This change is mainly attributable to borrowing \$700,000 from Ohio Housing Finance Agency as well as retiring \$68,920 of long term debt during the year.

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Capital assets also changed, increasing from \$5,424,859 to \$6,022,074. The \$597,215 increase may be contributed primarily to a combination of total acquisitions of \$927,543 less current year depreciation of \$330,328. The current year acquisitions included the land of \$42,773, building improvements of \$820,645 and \$64,125 of equipment.

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

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

Beginning Balance - December 31, 2009	\$	1,563,318
Results of Operation		(17,548)
Adjustments:		
Current year Depreciation Expense (1)		330,328
Capital Expenditure (2)		(927,543)
Disposal of Assets		
Gain on Sale of Assets		
Loan Proceeds		700,000
Retirement of Debt		(68,920)
Transfer to Restricted Net Assets		<u>(334,063)</u>
Ending Balance - December 31, 2010	\$	<u><u>1,245,572</u></u>

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

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**TABLE 3**

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

	<u>2010</u>	<u>2009</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 316,017	\$ 305,716
Operating Subsidies	4,380,802	3,933,324
Capital Grants	85,949	251,625
Investment Income	9,124	16,755
Other Revenues	67,931	107,102
	<b>4,859,823</b>	<b>4,614,522</b>
 <b><u>Expenses</u></b>		
Administrative	510,173	646,758
Tenant Services	40,867	-
Utilities	150,899	118,742
Maintenance	359,310	263,236
General and Interest Expenses	149,507	86,735
Housing Assistance Payments	3,336,287	3,487,128
Depreciation	330,328	311,430
Loss on Sale of Westview	-	220,622
	<b>4,877,371</b>	<b>5,134,651</b>
<b>Net Increases (Decreases)</b>	<b>\$ (17,548)</b>	<b>\$ (520,129)</b>

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

Total revenue increased by \$245,301. This increase was mainly due to an increase in operating subsidies and tenant revenue.

The expenses decreased by \$257,280 during the year. The decrease in expenses is mainly attributed to not having the loss on the sale of the Westview property. Maintenance expenses also increased by \$96,074 during the year due to contract costs.

ATHENS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Unaudited

**CAPITAL ASSETS**

**Capital Assets**

As of year-end, the Authority had \$6,022,074 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$597,215 or 11% from the end of last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

	<u>2010</u>	<u>2009</u>
Land and Land Rights	\$ 944,976	\$ 902,203
Buildings	7,999,428	7,062,759
Equipment	494,281	430,155
Construction in Progress	-	116,024
Accumulated Depreciation	(3,416,611)	(3,086,282)
Total	<u>\$ 6,022,074</u>	<u>\$ 5,424,859</u>

The following reconciliation identifies the change in Capital Assets.

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

Beginning Balance - December 31, 2009	\$ 5,424,859
Current year Additions	927,543
Current year Depreciation Expense	(330,328)
Ending Balance - December 31, 2010	<u>\$ 6,022,074</u>

Current year Additions are summarized as follows:

- Dwelling Structures	\$ 684,244
- Ranges & Refrigerators	25,207
- Equipment	28,039
- Parking Lot	42,774
- Roof Replacement	147,279
Total 2010 Additions	<u>\$ 927,543</u>

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**Debt Outstanding**

As of year-end, the Authority has \$1,734,188 in debt (mortgages) outstanding compared to \$1,103,108 last year. The Authority received a \$700,000 open-ended mortgage from the Ohio Housing Finance Agency for maintaining low and moderate income rental housing known as the Preservation Project.

**TABLE 6**

**CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance - December 31, 2009	\$ 1,103,108
Current Year Loan Proceeds	700,000
Current Year Principal Payments	<u>(68,920)</u>
Ending Balance - December 31, 2010	\$ <u><u>1,734,188</u></u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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



**Athens Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2010**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$629,166
Restricted cash and cash equivalent	413,329
Investments	453,987
Receivables, net	258,471
Prepaid expenses and other assets	24,558

**Total current assets** 1,779,511

**Noncurrent assets**

Capital assets:

Land	944,976
Building and equipment	8,493,709
Less accumulated depreciation	(3,416,611)
<b>Total capital assets</b>	6,022,074

**Total noncurrent assets** 6,022,074

**Total assets** \$7,801,585

**LIABILITIES**

**Current liabilities**

Accounts payable	\$17,366
Accrued liabilities	83,540
Intergovernmental payables	15,335
Tenant security deposits	21,311
Notes and loans payable	71,606
Deferred Revenue	962

**Total current liabilities** 210,120

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

**Athens Metropolitan Housing Authority**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**December 31, 2010**

**Noncurrent liabilities**

Notes and loans payable	1,662,582
Accrued compensated absences non-current	3,407
Noncurrent liabilities - other	16,997
<b><i>Total noncurrent liabilities</i></b>	<b><u>1,682,986</u></b>
<b>Total liabilities</b>	<b><u><u>\$1,893,106</u></u></b>

***NET ASSETS***

Invested in capital assets, net of related debt	\$4,287,886
Restricted for other purposes	375,021
Unrestricted net assets	1,245,572
<b>Total net assets</b>	<b><u><u>\$5,908,479</u></u></b>

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

**Athens Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

***OPERATING REVENUES***

Tenant Revenue	\$316,017
Government operating grants	4,380,802
Other revenue	67,931
<b>Total operating revenues</b>	<b><u>4,764,750</u></b>

***OPERATING EXPENSES***

Administrative	510,173
Tenant Services	40,867
Utilities	150,899
Maintenance	359,310
General	105,796
Housing assistance payment	3,336,287
Depreciation	330,328
<b>Total operating expenses</b>	<b><u>4,833,660</u></b>
<b>Operating income (loss)</b>	<b><u>(68,910)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Capital Grant Revenue	85,949
Interest and investment revenue	9,124
Interest expense	(43,711)
<b>Total nonoperating revenues (expenses)</b>	<b><u>51,362</u></b>
Change in net assets	(17,548)
Total net assets - beginning (restated)	<u>5,926,027</u>
<b>Total net assets - ending</b>	<b><u><u>\$5,908,479</u></u></b>

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

**Athens Metropolitan Housing Authority  
Statement of Cash Flows  
Proprietary Fund Type  
For the Year Ended December 31, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$4,867,557
Tenant revenue received	313,465
Other revenue received	67,931
General and administrative expenses paid	(1,791,797)
Housing assistance payments	<u>(3,336,287)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>120,869</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	9,124
Transfer to investments	<u>387,057</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>396,181</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital Grant Funds Received	85,949
New Debt Issued	700,000
Debt principal payment	(68,920)
Interest expense paid on debt	(43,711)
Property and equipment purchased	<u>(927,543)</u>
<b>Net cash provided (used) by capital and related activities</b>	<b><u>(254,225)</u></b>
Net increase (decrease) in cash	262,825
Cash and cash equivalents - Beginning of year (restated)	<u>779,670</u>
<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$1,042,495</u></u></b>

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

**Athens Metropolitan Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

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

Net Operating Income (Loss)	(\$68,910)
Activities	
- Depreciation	330,328
- (Increases) Decreases in Accounts Receivable	175,520
- (Increases) Decreases in Prepaid Assets	(31)
- Increases (Decreases) in Accounts Payable	(8,196)
- Increases (Decreases) in Accrued Liabilities	(4,097)
- Increases (Decreases) in Accounts Payable - Intergovernmental	10,485
- Increases (Decreases) in Tenant Security Deposits	(2,613)
- Increases (Decreases) in Deferred Revenue	(307,760)
- Increases (Decreases) in Current Liabilities - Other	(3,932)
- Increases (Decreases) in Accrued Compensated Absences	29
- Increases (Decreases) in Noncurrent Liabilities - Other	46
	46
<b>Net cash provided by operating activities</b>	<b>\$120,869</b>

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

**Reporting Entity** (Continued)

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

**Proprietary Fund Types**

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

**Measurement Focus/Basis of Accounting**

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

**Description of programs**

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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



ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

**C. Housing Choice Voucher Program**

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

**D. Shelter Plus Care**

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

**E. State / Local**

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

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2010 totaled \$9,124.

**Capital Assets**

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

**Net Assets**

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**Cash and Cash Equivalents**

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

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

**Budgetary Accounting**

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

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

At fiscal year-end December 31, 2010, the carrying amount of the Authority's deposits totaled \$1,496,482 and its bank balance was \$1,554,861. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2009, \$1,304,861 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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

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

**Investments**

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 (CONTINUED)

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

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

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

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

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

	<b>Cash and Cash Equivalent</b>	<b>Investments</b>
Per Statement of Net Assets	\$1,042,495	\$453,987
Certificate of Deposits	236,891	(236,891)
Savings Accounts	217,096	(217,096)
Total Per GASB Statement No. 3	\$1,496,482	\$0

**NOTE 3: INSURANCE AND RISK MANAGEMENT**

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

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

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 12/31/09</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 12/31/10</b>
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$902,203	\$0	\$42,773	\$0	\$944,976
Construction in Progress	116,024	(116,024)	0	0	0
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,018,227</b>	<b>(116,024)</b>	<b>42,773</b>	<b>0</b>	<b>944,976</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	7,062,759	116,024	820,645	0	7,999,428
Furnt, Mach. and Equip.	430,155	1	64,125	0	494,281
Total Capital Assets Being Depreciated	7,492,914	116,025	884,770	0	8,493,709
<b>Accumulated Depreciation:</b>					
Buildings	(2,739,229)	0	(305,942)	0	(3,045,171)
Furnt, Mach. and Equip.	(347,053)	(1)	(24,386)	0	(371,440)
<b>Total Accumulated Depreciation</b>	<b>(3,086,282)</b>	<b>(1)</b>	<b>(330,328)</b>	<b>0</b>	<b>(3,416,611)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,406,632</b>	<b>116,024</b>	<b>554,442</b>	<b>0</b>	<b>5,077,098</b>
<b>Total Capital Assets, Net</b>	<b>\$5,424,859</b>	<b>\$0</b>	<b>\$597,215</b>	<b>0</b>	<b>\$6,022,074</b>

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

**NOTE 6: LONG-TERM DEBT**

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

• Loan payable to Bank One to purchase State Route 78 Buchtel Property. Total borrowing was \$158,275 with a term of 15 years at 2.6% interest rate.	\$29,981
• Loan payable to Bank One to purchase Walnut Street at Nelsonville Property. Total borrowing was \$42,665 with a term of 15 years at 2.6% interest rate.	8,083
• Loan payable to Ohio Department of Mental Health to purchase 430 Union Street Property. Total borrowing was \$200,000 with a term of 20 years at 0% interest rate.	166,668
• Note payable to JP Morgan Chase Bank to purchase and rehab 5 MRDD Properties. Total borrowing was \$200,000 with a term of 15 years at 5.5% interest rate.	173,805
• The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities where the Authority received 5 properties valued \$110,485 to be use as a residential facility for MRDD clients. This agreement carried a restriction that the properties were to be used as residential facilities for MRDD clients and it had a remaining obligation amount of \$32,862. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients. The expiration date for each property varies, with the longest obligation expiring on April 2015.	15,408
• Note payable to JP Morgan Chase Bank to purchase and rehab 6 MRDD Properties in 2008. Total borrowing was \$601,176 with a term of 15 years at 4.9% interest rate. From February 23, 2008 through February 23, 2009, AMHA is only required to pay interest on this loan. AMHA borrowed another \$98,824 in 2009. Monthly installments of principal and interest will commence on February 23, 2009.	640,243
• The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was \$700,000 with a term of 30 years at 2% interest rate. The interest is at accrue each year with a balloon payment at the end of the 30 years.	700,000
Total Debt	\$1,734,188

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

The following is a summary of changes in long-term liabilities for the year ended December 31, 2010:

<b>DESCRIPTION</b>	<b>BALANCE 12/31/09</b>	<b>ISSUED</b>	<b>RETIRED</b>	<b>BALANCE 12/31/10</b>	<b>Due Within One Year</b>
Loan Payable	\$1,103,108	\$700,000	\$68,920	\$1,734,188	\$71,606
Compensated Absences	79,724	51,882	69,513	62,093	58,686
<b>TOTAL</b>	<b>\$1,182,832</b>	<b>\$751,882</b>	<b>\$138,433</b>	<b>\$1,796,281</b>	<b>\$130,292</b>

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

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 71,606	\$ 54,668	\$ 126,274
2012	74,403	51,871	126,274
2013	69,537	48,994	118,531
2014	58,977	46,295	105,272
2015	61,759	43,513	105,272
2016-2020	355,815	170,544	526,359
2021-2025	250,419	73,144	323,563
2026-2030	25,001	70,004	95,005
2031-2035	25,002	70,003	95,005
2036-2040	725,004	70,001	795,005
2041-2045	16,665	1	16,666
<b>Total</b>	<b>\$ 1,734,188</b>	<b>\$ 699,038</b>	<b>\$ 2,433,226</b>

**NOTE 7: NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2010 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$16,997.



ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

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

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The 2010 employer pension contribution rate for Authority was 14 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2010, 2009, and 2008 amounted to \$66,559, \$64,311, and \$60,729, respectively. All required contributions for all years have been paid.

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

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

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

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

**A. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

ATHENS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1, 2010 through February 28, 2010 and 5.0% from March 1 through December 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual Authority contributions for the year ended December 31, 2010, which were used to fund post-employment benefits were \$54,087.

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 to January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 10: CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the Authority implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of the Authority.

**NOTE 11: PRIOR PERIOD ADJUSTMENTS**

Prior Period Adjustment of \$80,662 occurred in the books due to computer software conversion from MCS to YARDI system.

ATHENS METROPOLITAN HOUSING AUTHORITY  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2010

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct from Federal Government:</i>			
Shelter Plus Care	---	14.238	\$150,594
Low Rent Public Housing	---	14.850A	336,225
Housing Choice Voucher Program	---	14.871	3,751,530
Public Housing Capital Fund Program	---	14.872	80,290
Formula Capital Fund Stimulus	---	14.885	31,255
Veterans Affairs Supportive Housing Program	---	14.871	<u>116,857</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>4,466,751</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$4,466,751</u></u>

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

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

We have audited the financial statements of the Athens Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2010 and have issued our report thereon dated June 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Authority's response to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

**Compliance and Other Matters**

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

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

We intend this report solely for the information and use of the audit committee, the Board of Directors, management and federal awarding agencies. It is not intended for anyone other than these specified parties.

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

J. L. UHRIG AND ASSOCIATES, INC.

June 21, 2011

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

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

**Compliance**

We have audited the compliance of Athens Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the Authority's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2010.

**Internal Control over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect 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 the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, the Board of Directors, management and federal awarding agencies. It is not intended for anyone other than these specified parties.

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

J. L. UHRIG AND ASSOCIATES, INC.

June 21, 2011



**ATHENS METROPOLITAN HOUSING AUTHORITY**

*Schedule of Findings and Questioned Costs*

*For the Year Ended December 31, 2010*

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

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

**ATHENS METROPOLITAN HOUSING AUTHORITY**

*Schedule of Findings and Questioned Costs*

*For the Year Ended December 31, 2010*

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

***Finding Number 2010-001***

**Financial Statement Adjustments - Significant Deficiency**

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

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

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

The following prior period adjustment was made to the December 31, 2010 financial statements:

There was an error in a prior period which resulted in the reduction of cash and net assets at the beginning of the fiscal year 2010. The Authority became aware of this error when they switched accounting systems and made the necessary adjustment to their financial statements.

The necessity for the Authority to make these corrections indicates a significant deficiency in the design of the internal control system over the reliability of financial reporting. The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Authority review their internal controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data throughout the year.

**Officials' Response**

Athens Metropolitan Housing Authority's (AMHA) policies and procedures for the internal control structure are put in place to ensure that the information accurately reflects the activity and reliability of the financial data throughout the year. These controls over the posting of financial transactions and financial reporting detected as they were designed revealing irregularities in the AMHA financial data during the transfer of AMHA's information from our previous software company Management Computer Services (MCS) to our current software company YARDI Voyager.

***ATHENS METROPOLITAN HOUSING AUTHORITY***

*Schedule of Findings and Questioned Costs*

*For the Year Ended December 31, 2010*

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AMHA concedes that an error occurred during the transfer of information from the previous software to the system the AMHA is currently utilizing; the discovery of the irregularity was a result of the AMHA's sound proper controls in force during the transition. It would not be possible for these controls to detect what exactly occurred within the software programming during transfer but did detect an erroneous occurrence that could only be corrected by a prior period adjustment.

Therefore the AMHA will continue to follow the sound policies and internal procedures currently in place for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the authority and reliability of the financial data throughout the year.

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

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# Dave Yost • Auditor of State

**ATHENS METROPOLITAN HOUSING AUTHORITY**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 6, 2011**