# GREENE METROPOLITAN HOUSING AUTHORITY

**Financial statements**

**March 31, 2006**

**with**

**Independent Auditors' Report**

**Auditor of State**
**Betty Montgomery**

Board of Commissioners
Greene Metropolitan Housing Authority
538 North Detroit St.
Xenia, OH 42200

We have reviewed the *Independent Auditor's Report* of the Greene Metropolitan Housing Authority, Greene County, prepared by Clark, Schaefer, Hackett & Co., for the audit period April 1, 2005 through March 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 26, 2006

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# GREENE METROPOLITAN HOUSING AUTHORITY

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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, 2006, 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, 2006, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 of the notes to the financial statements, Greene Metropolitan Housing Authority has implemented for the year ended March 31, 2006, Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures.*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2006 on our consideration of Greene Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 compliance. 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 in considering the results of our audit.

*Management's Discussion and Analysis* on pages 3 through 8 are not a required part of the financial statements but are 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.

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 26 to 35 is presented for purpose of additional analysis and is not a required part of the general purpose financial statements of Greene Metropolitan Housing Authority. The accompanying schedule of expenditures of federal awards on page 36 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
June 8, 2006

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, 2006. 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 Authority-wide 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 market. The Authority earns a fixed administrative fee from HUD to cover the program's operating costs.

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. 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.

## Financial Highlights

During the fiscal year ending March 31, 2006:

Total assets of the Authority exceeded its liabilities as of March 31, 2006 by $10,127,865. Net assets were $10,576,513 in 2005 (a decrease of $448,648 in 2006 or 4 percent from March 31, 2005.)

Revenues decreased by $320,379 or a 3% decrease during 2006, and were $9,292,327 for $9,612,706 for 2006 and 2005 respectively.

Total expenses of all Authority programs decreased by $197,466 or a 2% decrease. Total expenses were $9,938,441 and $9,740,975 for 2005 and 2006 respectively.

## 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 – 26.

## Financial Analysis of the Authority

### Statement of Net Assets

**The following table represents a condensed statement of net assets.**

| | | 2006 | 2005 |
|---|---|---|---|
| Assets | | | |
| Current and other assets | $ | 2,769,844 | 2,720,755 |
| Capital assets, net | | 8,366,492 | 8,763,936 |
| Total assets | $ | 11,136,336 | 11,484,691 |
| Liabilities | | | |
| Current liabilities | $ | 504,183 | 382,074 |
| Long-term liabilities | | 504,288 | 526,104 |
| Total liabilities | | 1,008,471 | 908,178 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | | 7,751,170 | 8,245,880 |
| Restricted | | 204,534 | 62,274 |
| Unrestricted | | 2,172,161 | 2,268,359 |
| Total net assets | | 10,127,865 | 10,576,513 |
| Total liabilities and net assets | $ | 11,136,336 | 11,484,691 |

Assets decreased by $348,355 which is a 3% decrease from the prior year. The net capital assets decreased by $397,444 as a result of the current year depreciation of $726,603 offset primarily by the acquisition of Wise Manor Townhouses for $374,462 . Current and other assets increased by $49,089.

Total liabilities increased by $100,293 or 11%. Debt increased due to the assumption of a loan on the acquisition of Wise Manor properties.

Approximately 77 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:

| | | 2006 | 2005 |
|---|---|---|---|
| Revenues | | | |
| Tenant revenue | $ | 456,820 | 483,569 |
| Operating subsidy and grants | | 1,518,038 | 1,473,639 |
| Subsidy for housing assistance payment | | 6,897,855 | 7,125,803 |
| Capital grants | | 607,091 | 372,899 |
| Other Income | | 186,122 | 86,415 |
| Revenue before sale of homes | | 9,665,926 | 9,542,325 |
| Proceeds from sale of houses | | 613,346 | 1,119,365 |
| Total revenues before cost of sale of houses | | 10,279,272 | 10,661,690 |
| Less cost of sale of houses | | (986,945) | (1,048,984) |
| Total Revenues, net of cost of sale of houses | $ | 9,292,327 | 9,612,706 |
| Expenses | | | |
| Administrative | | 1,366,821 | 1,322,603 |
| Tenant services | | 20,466 | 22,491 |
| Utilities | | 130,922 | 121,014 |
| Maintenance | | 519,931 | 445,510 |
| General | | 203,484 | 173,774 |
| Housing assistance payments | | 6,772,748 | 7,125,803 |
| Depreciation | | 726,603 | 727,246 |
| Total Expenses | | 9,740,975 | 9,938,441 |
| Change in net assets | $ | (448,648) | (325,735) |

Revenues decreased by $320,379 or 3%. The decrease was primarily caused by $373,599 loss from the sale of houses in 2006 compared to $70,381 profit generated from the sale of houses in 2005. The Housing Authority received $227,984 subsidy for housing assistance payments compared to the previous year. The operating subsidy and capital grants revenues increased by $278,591.

Total expenses decreased by 2% or $197,466. Housing Assistance payments decreased by $353,055, and the total of all other expenses increased by $155,589.

## Capital Assets

As of March 31, 2006, the Authority's capital assets were $8,366,492 (capital assets net of accumulated depreciation) as reflected in the following schedule.

| | | |
|---|---|---|
| Land | $ | 2,362,964 |
| Buildings | | 17,356,534 |
| Furniture and equipment - administrative | | 415,049 |
| Leasehold improvements | | 1,826,157 |
| Construction in progress | | 73,411 |
| | | 22,034,115 |
| Accumulated depreciation | | (13,667,623) |
| Property and equipment, net of accumulated depreciation | $ | 8,366,492 |

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

## Debt

As of March 31, 2006, the Authority had eight outstanding loans totaling $615,322, $220,974 of which is due within one year. The following is a summary:

| | | |
|---|---|---|
| Federal Housing Adminstration mortgage for Village Greene Project | $ | 359,200 |
| US Bank loan for energy management equipment | | 43,713 |
| Four CHIP Program loans through Greene County Dept. of Development | | 23,400 |
| Sky Bank loan for Wise Manor town homes | | 144,059 |
| Ohio Equity Fund for Housing Limited Partnership I loans for Wise Manor homes | | 44,950 |
| Total | $ | 615,322 |

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).

Tenant rental revenues are projected to decrease in part due to layoffs by several large employers. These were replaced by lower paying jobs in the service industry.

Projected increases in health insurance, property insurance and utility rates will 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, 2006

| | | |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 1,065,055 |
| Investments | | 1,286,545 |
| Accounts receivable, net: | | |
| Tenants, net of allowance for doubtful accounts of $8,444 | | 9,022 |
| HUD | | 59,284 |
| Other receivables, net of allowance for doubtful accounts of $10,341 | | 38,188 |
| Inventory, net of allowance for obsolete of $371 | | 22,795 |
| Prepaid expenses | | 41,483 |
| Restricted cash and cash equivalents | | 119,727 |
| Notes receivable, current portion | | 1,885 |
| Total current assets | | 2,643,984 |
| Non-current assets: | | |
| Property and equipment, net of accumulated depreciation | | 8,366,492 |
| Notes receivable, net of current portion | | 125,860 |
| | | 8,492,352 |
| Total assets | $ | 11,136,336 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable: | | |
| Trade | $ | 55,474 |
| HUD | | 17,515 |
| Other | | 59,616 |
| Accrued wages and benefits | | 32,643 |
| Accrued compensated absences | | 20,475 |
| Accrued interest payable | | 2,414 |
| Other current liabilities | | 8,636 |
| Other accrued liabilities | | 54 |
| Unearned revenues | | 23,681 |
| Notes payable, current portion | | 220,974 |
| Liabilities payable from restricted assets: | | |
| Tenant security deposits | | 62,701 |
| Total current liabilities | | 504,183 |
| Long-term liabilities: | | |
| Accrued compensated absences, non-current portion | | 109,940 |
| Notes payable, net of current portion | | 394,348 |
| Total long-term liabilities | | 504,288 |
| Total liabilities | | 1,008,471 |
| Net Assets: | | |
| Invested in capital assets, net of related debt | | 7,751,170 |
| Restricted | | 204,534 |
| Unrestricted | | 2,172,161 |
| Total net assets | | 10,127,865 |
| Total liabilities and net assets | $ | 11,136,336 |

See accompanying notes to the basic financial statements.

**GREENE METROPOLITAN HOUSING AUTHORITY**
Statement of Revenues, Expenses and Changes in Net Assets
March 31, 2006

| | |
|---|---|
| Operating revenue: | |
| Dwelling rent | $ 456,820 |
| Program operating grants/subsidies | 8,265,354 |
| Other grants | 165,914 |
| Other income | 91,613 |
| Total operating revenue | 8,979,701 |
| Operating expenses: | |
| Administrative | 1,366,821 |
| Tenant services | 20,466 |
| Utilities | 130,922 |
| Maintenance | 519,931 |
| General | 148,552 |
| Bad debts | 20,600 |
| Housing assistance payments | 6,772,748 |
| Depreciation | 726,603 |
| Total operating expenses | 9,706,643 |
| Operating loss | (726,942) |
| Non-operating revenue and (expenses): | |
| Capital grants | 607,091 |
| Interest income | 94,509 |
| Loss on sale of assets held for sale | (373,599) |
| Loss on disposal of capital assets | (15,375) |
| Interest expense | (34,332) |
| Change in net assets | (448,648) |
| Net assets, beginning of the year | 10,576,513 |
| Net assets, end of the year | $ 10,127,865 |

See accompanying notes to the basic financial statements.

# GREENE METROPOLITAN HOUSING AUTHORITY

Statement of Cash Flows

March 31, 2006

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from HUD | $ | 8,246,273 |
| Cash received from other governments | | 165,914 |
| Cash received from tenants | | 424,890 |
| Cash received from other income | | 121,309 |
| Cash payments for housing assistance payments | | (6,772,748) |
| Cash payments for administrative | | (858,670) |
| Cash payments for other operating expenses | | (883,556) |
| Net cash provided by operating activities | | 443,412 |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | | 58,729 |
| Investment earnings | | 94,509 |
| Purchase of investments | | (70,000) |
| Proceeds from sale of assets | | 613,346 |
| Interest payments | | (34,094) |
| Net cash provided by investing activities | | 662,490 |
| Cash flows from capital and related financing activities: | | |
| Capital acquistions | | (1,474,593) |
| Net borrowings on notes payables | | 97,266 |
| Capital grant funds received | | 581,821 |
| Net cash used by capital and related financing activities | | (795,506) |
| Increase in cash and cash equivalents | | 310,396 |
| Cash and cash equivalents, beginning | | 874,386 |
| Cash and cash equivalents, ending | $ | 1,184,782 |
| Reconciliation of cash and cash equivalents to statement of net assets | | |
| Cash and cash equivalents | $ | 1,065,055 |
| Restricted cash and cash equivalents | | 119,727 |
| Cash and cash equivalents, ending | | 1,184,782 |

(Continued)

See accompanying notes to the basic financial statements.

**GREENE METROPOLITAN HOUSING AUTHORITY**

Statement of Cash Flows (Continued)

For the Year Ended March 31, 2006

| | |
|---|---|
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | $ (726,942) |
| Adjustments to reconcile operating loss to net cash used by operating activities | |
| Depreciation | 726,603 |
| Notes receivable forgiven | 476,681 |
| (Increase) decrease in: | |
| Receivables, net of allowance | (10,738) |
| Inventories, net of allowance | (1,361) |
| Prepaid expenses and other assets | (23,858) |
| Increase (decrease) in: | |
| Accounts payable | 12,223 |
| Accrued wages and payroll taxes | (2,434) |
| Accrued compensated absences | 13,060 |
| Accrued interest payable | (238) |
| Tenant security deposits | 7,642 |
| Deferred credits and other liabilities | (27,226) |
| Net cash provided by investing activities | $ 443,412 |

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 comply with the provision of 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.

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 ate 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 theses criteria, the Authority has no component units.

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

Basis of Accounting

The Authority implemented GASB 34 for the year ended March 31, 2005, 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.

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.

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.

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.

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 $18,785 at March 31, 2006, which includes allowance of $8,444 for tenant receivables and $10,341 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 $371 at March 31, 2006.

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

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.

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, 2006 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 Nonexchange Transactions

Nonexchange 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 nonexchange 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 nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

- Government-mandated nonexchange 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 nonexchange 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 nonexchange 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 nonexchange 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 nonexchange 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 deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange 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.

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 $1,184,781 at March 31, 2006, (including restricted deposits and tenant security deposits) and the bank balances were $1,257,480. 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, 2006, $894,431 was exposed to custodial risk as discussed below, while $254,718 was covered by the Federal Depository Insurance Corporation. On March 31, 2006 uninsured deposits in excess of the FDIC limits by $108,331 were held in the name of a subsidiary.

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, 2006:

| Investment type | | Fair Value | Investment Maturing Less than One Year | One to Five Years | Percent |
|---|---|---|---|---|---|
| Fannie Mae | $ | 217,909 | 153,401 | 64,508 | 16.9% |
| Fannie Mae Discount Notes | | 89,042 | 89,042 | - | 6.9% |
| Freddie Mac | | 218,118 | 133,411 | 84,707 | 17.0% |
| Federal Home Loan Bank | | 223,907 | 134,226 | 89,681 | 17.4% |
| Fed Home Loan Mtg Corp Discount Notes | | 54,384 | 54,384 | - | 4.2% |
| Fre Discount Notes | | 291,710 | 262,110 | 29,600 | 22.7% |
| US Treasury N/B | | 148,411 | 148,411 | - | 11.5% |
| Money Markets | | 43,064 | 43,064 | - | 3.3% |
| | $ | 1,286,545 | 1,018,049 | 268,496 | |

*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 City's obligations can be met without selling securities.

| | Moody's/Standard & Poors Ratings |
|---|---|
| Fannie Mae | Aaa/AAA |
| Fannie Mae Discount Notes | Aaa/AAA |
| Freddie Mac | Aaa/AAA |
| Federal Home Loan Bank | Aaa/AAA |
| Fed Home Loan Mtg Corp Discount Notes | 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.

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, 2006, are held in separate accounts and generally are not available for operating purposes, and consists of the following:

| | | |
|---|---|---|
| Replacement reserve | $ | 38,373 |
| Residual receipts | | 12,695 |
| Mortgage escrow deposits | | 5,152 |
| Tenant security deposits | | 63,506 |
| | $ | 119,726 |

4. Accounts Receivable:

Accounts receivable at March 31, 2006 is detailed as follows:

| | | |
|---|---|---|
| Accounts receivable, HUD | $ | 59,284 |
| Accounts receivable, tenant rent | | 17,466 |
| Allowance for doubtful accounts, tenant rent | | (8,444) |
| Fraud recovery | | 13,788 |
| Allowance for doubtful accounts, fraud recovery | | (10,341) |
| Accounts receivable, interest | | 6,946 |
| Accounts receivable, other | | 27,795 |
| | $ | 106,494 |

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 $471.24. 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, 2006:

| Year ending March 31, | | Note 1 | Note 2 | Total |
|---|---|---|---|---|
| 2007 | $ | 951 | 934 | 1,885 |
| 2008 | | 1,000 | 981 | 1,981 |
| 2009 | | 1,051 | 1,031 | 2,082 |
| 2010 | | 61,466 | 60,331 | 121,797 |
| | $ | 64,468 | 63,277 | 127,745 |

6. Property and Equipment:

The following is a summary of property and equipment as of March 31, 2006:

| | | Balance 03/31/05 | Additions/ Reclass | Deletions/ Reclass * | Balance 03/31/06 |
|---|---|---|---|---|---|
| Property and equipment not being depreciated: | | | | | |
| Land | $ | 2,362,964 | - | - | 2,362,964 |
| Construction in progress | | 316,735 | 43,597 | 286,921 | 73,411 |
| | | 2,679,699 | 43,597 | 286,921 | 2,436,375 |
| Property and equipment being depreciated: | | | | | |
| Buildings | | 16,716,805 | 1,626,674 | 986,945 | 17,356,534 |
| Furniture and equipment - administrative | | 464,727 | 73,353 | 123,031 | 415,049 |
| Leasehold improvements | | 1,808,267 | 17,890 | - | 1,826,157 |
| Less accumulated depreciation | | (12,905,562) | (726,603) | 35,458 | (13,667,623) |
| | | 6,084,237 | | | 5,930,117 |
| Net Property and equipment | $ | 8,763,936 | | | 8,366,492 |

* - The deletions/reclass amount of $986,945 was for cost of houses sold during fiscal year 2006. The depreciation expense for the year ended March 31, 2006 was $726,603.

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, 2006 was $25,540.

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, 2006 was $359,200.

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, 2006 was $43,713.

State/Local
Greene Metropolitan Housing Authority obtained four loans through Greene County Department of Development (CHIP Program) for rehabilitation. The loans are deferred for a five-year period and the outstanding balances are forgiven at 10% per year during the deferment period. The remaining balance (50%) of each loan will be due and payable on August 7, 2007. The outstanding principal balance as of March 31, 2006 was $23,400.

Business Activities
On December 31, 2005, a wholly owned subsidiary of the Authority, Sensible Shelter, Inc. assumed a mortgage note payable, bearing an interest rate of 8% with a maturity date of July 1, 2006 in the amount of $285,196 payable to Sky Bank. The outstanding principal balance as of March 31, 2006 was $144,059.

Also, on December 31, 2005, a wholly owned subsidiary of the Authority, Sensible Shelter, Inc. obtained a $44,950 loan from the Ohio Equity Fund for Housing Limited Partnership I to purchase the remainder interest of an 18-unit low income residential housing project located in Xenia, Ohio. The note bears interest at the short term applicable federal rate as of March 1, 2006 and is due in full on June 1, 2006. The outstanding principal balance as of March 31, 2006 was $44,950.

Future minimum principal payments are as follows:

| Year | | Greene County Development | FHA Project No. 046-3548 NP-L8 | US Bank | Business Activities | Total |
|---|---|---|---|---|---|---|
| 2007 | $ | 3,900 | 17,853 | 10,212 | 189,009 | 220,974 |
| 2008 | | 19,500 | 19,239 | 11,846 | - | 50,585 |
| 2009 | | - | 20,733 | 12,627 | - | 33,360 |
| 2010 | | - | 22,342 | 9,028 | - | 31,370 |
| 2011 - 2015 | | - | 140,583 | - | - | 140,583 |
| 2016 - 2019 | | - | 138,450 | - | - | 138,450 |
| Total | $ | 23,400 | 359,200 | 43,713 | 189,009 | 615,322 |

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

| Year | | Principal | Interest | Total |
|---|---|---|---|---|
| 2007 | $ | 220,974 | 31,746 | 252,720 |
| 2008 | | 50,585 | 26,747 | 77,332 |
| 2009 | | 33,360 | 24,472 | 57,832 |
| 2010 | | 31,370 | 22,065 | 53,435 |
| 2011 - 2015 | | 140,583 | 80,355 | 220,938 |
| 2016 - 2019 | | 138,450 | 19,863 | 158,313 |
| Total | $ | 615,322 | 205,248 | 820,570 |

9. Defined Benefit Pension Plans – Ohio Public Employees Retirement System

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

a. The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan.
b. 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). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
c. The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides basic retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed

Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 8.5 percent of their annual covered payroll to fund pension obligations and the Authority was required to contribute 13.55 percent of covered payroll during 2005. The Authority's required contributions, including the pick up portion for certain employees for the periods ended March 31, 2006, 2005 and 2004 were $130,085, $140,556 and $138,212, respectively.

10. Postemployment Benefits – Ohio Public Employees Retirement System:

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

OPERS provides retirement, disability, survivor and post retirement health care benefits to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor 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. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by the Ohio Revised Code. The 2005 employer contribution rate was 13.55 percent of covered payroll, and 4.00 percent was used to fund health care for the year.

The assumptions and calculations below were based on the System's latest actuarial review performed as of December 31, 2004.

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 the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2004 was 8.00 percent. An annual increase of 4.00%, 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 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The number of active contributing participants for both plans used in the December 31, 2004, actuarial valuation was

355,287. The Authority's actual contributions for 2006 that were used to fund post employment benefits were $38,401, including the employee pick up portion. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004 were $10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were, $29.5 billion and $18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Prevention Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service to retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the option selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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 2006, the Authority was a member of the State Housing Authority Risk Pool Association, 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. Change in Accounting Principle

For fiscal year 2006, the Authority adopted the provisions of GASB Statement No. 40, Deposits and Investment Risk Disclosures. This statement modifies and expands existing disclosure requirements for deposits and investments. These additional disclosures can be found in Note 2.

# SUPPLEMENTARY INFORMATION

**GREENE METROPOLITAN HOUSING AUTHORITY**
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
March 31, 2006

| 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 | Other Federal 1 | Other Federal 2 | Other Federal 3 | AFIA 93.602 | State/Local | Business Activities | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ASSETS | | | | | | | | | | | | | | |
| 111 | Cash - unrestricted | $ 139,585 | - | 617,541 | - | - | 5,309 | - | - | - | 16,420 | 23 | 286,177 | - | 1,065,055 |
| 113 | Cash - other restricted | - | - | - | - | - | 56,221 | - | - | - | - | - | - | - | 56,221 |
| 114 | Cash - tenant security deposits | 59,474 | - | - | - | - | 4,032 | - | - | - | - | - | - | - | 63,506 |
| 100 | Total cash | 199,059 | - | 617,541 | - | - | 65,562 | - | - | - | 16,420 | 23 | 286,177 | - | 1,184,782 |
| 122 | Accounts receivable - HUD other project | - | 51,207 | - | - | 8,077 | - | - | - | - | - | - | - | - | 59,284 |
| 124 | Accounts receivable - other state local | - | - | - | - | - | - | - | - | - | - | 27,795 | - | - | 27,795 |
| 126 | A/R Tenants - dwelling rents | 15,566 | - | - | - | - | 736 | - | - | - | - | - | 1,164 | - | 17,466 |
| 126.1 | Allowance for doubtful accounts | (7,661) | - | - | - | - | (299) | - | - | - | - | - | (484) | - | (8,444) |
| 127 | Notes receivable - current | - | - | - | - | - | - | - | - | - | - | - | 1,885 | - | 1,885 |
| 128 | Fraud recovery | - | - | 13,788 | - | - | - | - | - | - | - | - | - | - | 13,788 |
| 128.1 | Allowance for doubtful accounts | - | - | (10,341) | - | - | - | - | - | - | - | - | - | - | (10,341) |
| 129 | Accrued interest receivable | 1,137 | - | - | - | - | - | - | - | - | - | - | 5,809 | - | 6,946 |
| 120 | Total receivables, net of allowance | 9,042 | 51,207 | 3,447 | - | 8,077 | 437 | - | - | - | - | 27,795 | 8,374 | - | 108,379 |
| 131 | Investments | 204,256 | - | - | - | - | - | - | - | - | - | - | 1,082,289 | - | 1,286,545 |
| 142 | Prepaid expenses and other assets | 32,498 | - | 5,964 | - | - | 1,743 | - | - | - | - | - | 1,278 | - | 41,483 |
| 143 | Inventories | 23,166 | - | - | - | - | - | - | - | - | - | - | - | - | 23,166 |
| 143.1 | Allowance for obsolete inventory | (371) | - | - | - | - | - | - | - | - | - | - | - | - | (371) |
| 144 | Interprogram due from | 57,349 | - | - | 51,260 | 20,053 | - | - | - | 2,216 | - | - | 94,738 | (225,616) | - |
| 150 | Total current assets | 524,999 | 51,207 | 626,952 | 51,260 | 28,130 | 67,742 | - | - | 2,216 | 16,420 | 27,818 | 1,472,856 | (225,616) | 2,643,984 |
| 161 | Land | 2,134,997 | - | - | - | - | 31,400 | - | - | - | - | - | 196,567 | - | 2,362,964 |
| 162 | Buildings | 15,492,752 | 444,038 | 99,915 | - | - | 781,624 | - | - | - | - | 39,000 | 499,205 | - | 17,356,534 |
| 164 | Furniture and equipment - admin | 245,340 | 100,596 | 49,671 | - | - | 19,442 | - | - | - | - | - | - | - | 415,049 |
| 165 | Leasehold improvements | 1,806,876 | 15,679 | - | - | - | - | - | - | - | - | - | 3,601 | - | 1,826,156 |
| 166 | Accumulated depreciation | (12,781,101) | (38,592) | (60,473) | - | - | (521,077) | - | - | - | - | (9,100) | (257,279) | - | (13,667,622) |
| 167 | Construction in progress | - | 40,492 | - | - | - | - | - | - | - | - | - | 32,919 | - | 73,411 |
| 160 | Total fixed assets, net | 6,898,864 | 562,213 | 89,113 | - | - | 311,389 | - | - | - | - | 29,900 | 475,013 | - | 8,366,492 |
| 170 | Notes receivable - non current | - | - | - | - | - | - | - | - | - | - | - | 125,860 | - | 125,860 |
| 180 | Total non-current assets | 6,898,864 | 562,213 | 89,113 | - | - | 311,389 | - | - | - | - | 29,900 | 600,873 | - | 8,492,352 |
| 190 | Total assets | $ 7,423,863 | 613,420 | 716,065 | 51,260 | 28,130 | 379,131 | - | - | 2,216 | 16,420 | 57,718 | 2,073,729 | (225,616) | 11,136,336 |

**GREENE METROPOLITAN HOUSING AUTHORITY**
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
March 31, 2006

| 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 | Other Federal 1 | Other Federal 2 | Other Federal 3 | AFIA 93.602 | State/Local | Business Activities | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | LIABILITIES | | | | | | | | | | | | | | |
| 312 | Accounts payable >=90 days | $ 16,600 | 13,548 | 212 | - | - | 4 | - | - | - | 300 | 2,135 | 22,675 | - | 55,474 |
| 321 | Accrued wages/payroll taxes | - | - | - | - | - | - | - | - | - | - | - | 32,643 | - | 32,643 |
| 322 | Accrued compensated absences, current | 10,367 | - | 8,461 | 427 | - | 471 | - | - | - | - | 416 | 333 | - | 20,475 |
| 325 | Accrued interest payable | - | - | - | - | - | 2,245 | - | - | - | - | - | 169 | - | 2,414 |
| 331 | Accounts payable - HUD PHA programs | - | - | - | 1,640 | - | 14,694 | - | - | 1,181 | - | - | - | - | 17,515 |
| 333 | Accounts payable - other govt | 25,540 | - | - | - | - | 16,678 | - | - | - | 7,823 | - | 9,575 | - | 59,616 |
| 341 | Tenant security deposits | 55,805 | - | - | - | - | 3,372 | - | - | - | - | - | 3,524 | - | 62,701 |
| 342 | Deferred revenue | 8,400 | - | - | - | - | 94 | - | - | - | - | - | 15,187 | - | 23,681 |
| 343 | Current portion of long-term debt | 10,212 | - | - | - | - | 17,853 | - | - | - | - | 3,900 | 144,059 | - | 176,024 |
| 348 | Loan liability - current | - | - | - | - | - | - | - | - | - | - | - | 44,950 | - | 44,950 |
| 345 | Other current liabilities | - | - | - | - | - | - | - | - | - | 7,822 | - | 814 | - | 8,636 |
| 346 | Accrued liabilities - other | 54 | - | - | - | - | - | - | - | - | - | - | - | - | 54 |
| 347 | Interprogram due to | - | 37,659 | 27,635 | - | - | 534 | - | - | - | 350 | 23,034 | 136,404 | (225,616) | - |
| 310 | Total current liabilities | 126,978 | 51,207 | 36,308 | 2,067 | - | 55,945 | - | - | 1,181 | 16,295 | 29,485 | 410,333 | (225,616) | 504,183 |
| 351 | Long-term debt, net of current portion | 33,501 | - | - | - | - | 341,347 | - | - | - | - | 19,500 | - | - | 394,348 |
| 354 | Accrued compensated absences, non-current | 55,663 | - | 45,433 | 2,292 | - | 2,533 | - | - | - | - | 2,233 | 1,786 | - | 109,940 |
| 350 | Total noncurrent liabilities | 89,164 | - | 45,433 | 2,292 | - | 343,880 | - | - | - | - | 21,733 | 1,786 | - | 504,288 |
| 300 | Total liabilities | 216,142 | 51,207 | 81,741 | 4,359 | - | 399,825 | - | - | 1,181 | 16,295 | 51,218 | 412,119 | (225,616) | 1,008,471 |
| | NET ASSETS | | | | | | | | | | | | | | |
| 508.1 | Invested in capital assets, net of related debt | 6,855,151 | 562,213 | 89,113 | - | - | (47,811) | - | - | - | - | 6,500 | 286,004 | - | 7,751,170 |
| 511.1 | Restricted net assets | - | - | 148,313 | - | - | 56,221 | - | - | - | - | - | - | - | 204,534 |
| 512.1 | Unrestricted net assets | 352,570 | - | 396,898 | 46,901 | 28,130 | (29,104) | - | - | 1,035 | 125 | - | 1,375,606 | - | 2,172,161 |
| 513 | Total net assets | 7,207,721 | 562,213 | 634,324 | 46,901 | 28,130 | (20,694) | - | - | 1,035 | 125 | 6,500 | 1,661,610 | - | 10,127,865 |
| 600 | Total liabilities and equity | $ 7,423,863 | 613,420 | 716,065 | 51,260 | 28,130 | 379,131 | - | - | 2,216 | 16,420 | 57,718 | 2,073,729 | (225,616) | 11,136,336 |

**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, 2006

| 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 | Other Federal 1 | Other Federal 2 | Other Federal 3 | AFIA 93.602 | State/Local | Business Activities | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | REVENUE | | | | | | | | | | | | | |
| 703 | Net tenant revenue | $ 394,636 | - | - | - | - | 9,297 | - | - | - | - | - | 18,912 | 422,845 |
| 704 | Tenant revenue - other | 30,392 | - | - | - | - | 3,373 | - | - | - | - | - | 210 | 33,975 |
| 705 | Total tenant revenue | 425,028 | - | - | - | - | 12,670 | - | - | - | - | - | 19,122 | 456,820 |
| 706 | PHA HUD grants | 547,126 | 218,847 | 7,022,557 | 480,651 | 81,393 | 131,705 | - | - | 1,922 | - | - | - | 8,484,201 |
| 706.1 | Capital contribution | - | 388,244 | - | - | - | - | - | - | - | - | - | - | 388,244 |
| 708 | Other government grants | - | - | - | - | - | - | - | - | - | 5,138 | 160,776 | - | 165,914 |
| 711 | Investment income - unrestricted | 12,316 | - | 19,459 | 3,674 | - | 38 | - | - | - | 45 | - | 32,175 | 67,707 |
| 712 | Mortgage interest income | - | - | - | - | - | - | - | - | - | - | - | 25,482 | 25,482 |
| 713 | Proceeds from disposition of assets held for sale | - | - | - | - | - | - | - | - | - | - | - | 613,346 | 613,346 |
| 713.1 | Cost of sale of assets | - | - | - | - | - | - | - | - | - | - | - | (986,945) | (986,945) |
| 714 | Fraud recovery | - | - | 3,409 | - | - | - | - | - | - | - | - | - | 3,409 |
| 715 | Other revenue | 1,200 | - | 5,232 | - | - | - | - | 4,555 | - | 5,138 | - | 72,079 | 88,204 |
| 716 | Gain/(loss) on sale of fixed assets | (15,976) | - | 601 | - | - | - | - | - | - | - | - | - | (15,375) |
| 720 | Investment income - restricted | - | - | - | - | - | 1,320 | - | - | - | - | - | - | 1,320 |
| | Total revenue | 969,694 | 607,091 | 7,051,258 | 484,325 | 81,393 | 145,733 | - | 4,555 | 1,922 | 10,321 | 160,776 | (224,741) | 9,292,327 |
| | EXPENSES | | | | | | | | | | | | | |
| 911 | Administrative salaries | 187,299 | 38,510 | 371,337 | 16,507 | 936 | 16,589 | - | - | - | 3,199 | 60,988 | 43,731 | 739,096 |
| 912 | Auditing fees | 5,018 | - | 4,376 | 117 | - | 146 | - | - | - | - | - | 68 | 9,725 |
| 914 | Compensated absences | 76,284 | - | 63,294 | 2,568 | - | 3,338 | - | - | - | - | 1,226 | 2,396 | 149,106 |
| 915 | Employee benefit contribution - admin | 85,522 | 15,600 | 150,199 | 5,165 | 306 | 5,814 | - | - | - | 1,001 | 15,733 | 5,110 | 284,450 |
| 916 | Other operating - administrative | 47,010 | 30,768 | 54,254 | 2,087 | 26 | 7,733 | - | - | - | 6,075 | 27,860 | 8,631 | 184,444 |
| 921 | Tenant services - salaries | 8,944 | - | - | - | - | - | - | - | - | - | - | - | 8,944 |
| 923 | Employee benefit contrib - ten svcs | 5,309 | - | - | - | - | - | - | - | - | - | - | - | 5,309 |
| 924 | Tenant services - other | 6,055 | - | 158 | - | - | - | - | - | - | - | - | - | 6,213 |
| 931 | Water | 16,954 | - | - | - | - | 85 | - | - | - | - | - | 26 | 17,065 |
| 932 | Electricity | 30,016 | - | - | - | - | 488 | - | - | - | - | - | 32 | 30,536 |
| 933 | Gas | 47,973 | - | - | - | - | - | - | - | - | - | - | - | 47,973 |
| 934 | Fuel | 9,627 | - | - | - | - | - | - | - | - | - | - | - | 9,627 |
| 938 | Other utilities expense | 25,591 | - | - | - | - | 130 | - | - | - | - | - | - | 25,721 |
| 941 | Ord maintenance/op-labor | 169,302 | 30,352 | - | - | - | - | - | - | - | - | - | - | 199,654 |
| 942 | Ord maintenance/op - materials | 57,020 | 5,426 | 7,935 | - | - | 5,019 | - | - | - | - | - | 352 | 75,752 |
| 943 | Ord maintenance/op - cont costs | 89,679 | 63,191 | 7,765 | - | - | 16,720 | - | - | - | - | - | 1,625 | 178,980 |
| 945 | Emp benefit contrib - ord main | 65,545 | - | - | - | - | - | - | - | - | - | - | - | 65,545 |
| 961 | Insurance premiums | 77,693 | - | 14,359 | - | - | 4,593 | - | - | - | - | - | 1,521 | 98,166 |
| 962 | Other general expenses | 1,935 | - | - | - | - | 17,779 | - | - | - | - | - | 5,132 | 24,846 |
| 963 | PILOT | 25,540 | - | - | - | - | - | - | - | - | - | - | - | 25,540 |
| 964 | Bad debts - tenant rents | 11,694 | - | - | - | - | 8,422 | - | - | - | - | - | 484 | 20,600 |
| 967 | Interest expense | 3,201 | - | - | - | - | 27,517 | - | - | - | - | - | 3,614 | 34,332 |
| 969 | Total operating expenses | $ 1,053,211 | 183,847 | 673,677 | 26,444 | 1,268 | 114,373 | - | - | - | 10,275 | 105,807 | 72,722 | 2,241,624 |

**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, 2006

| 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 | Other Federal 1 | Other Federal 2 | Other Federal 3 | NAIDA 93.602 | State/Local | Business Activities | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 970 | EXCESS OPERATING REVENUE OVER EXPENSES | $ | (83,517) | 423,244 | 6,377,581 | 457,881 | 80,125 | 31,360 | - | 4,555 | 1,922 | 46 | 54,969 | (297,463) | 7,050,703 |
| 973 | Housing Assistance Payments | | - | - | 6,184,059 | 450,452 | 71,597 | 14,523 | - | - | 887 | - | 51,230 | - | 6,772,748 |
| 974 | Depreciation expense | | 648,320 | 30,867 | 12,075 | - | - | 22,378 | - | - | - | - | 2,600 | 10,363 | 726,603 |
| | Total expenses | | 1,701,531 | 214,714 | 6,869,811 | 476,896 | 72,865 | 151,274 | - | - | 887 | 10,275 | 159,637 | 83,085 | 9,740,975 |
| 1000 | EXCESS OF REVENUE OVER EXPENSES | | (731,837) | 392,377 | 181,447 | 7,429 | 8,528 | (5,541) | - | 4,555 | 1,035 | 46 | 1,139 | (307,826) | (448,648) |
| 1001 | Operating transfers in | | 35,000 | - | - | - | - | - | - | - | - | - | - | - | 35,000 |
| 1002 | Operating transfers out | | - | (35,000) | - | - | - | - | - | - | - | - | - | - | (35,000) |
| 1103 | Beginning equity | | 7,449,898 | 659,496 | 192,516 | 39,472 | 19,602 | (15,153) | 255,806 | - | - | 79 | 5,361 | 1,969,436 | 10,576,513 |
| 1105 | Transfer of equity | | 454,660 | (454,660) | 260,361 | - | - | - | (255,806) | (4,555) | - | - | - | - | - |
| | Ending equity | $ | 7,207,721 | 562,213 | 634,324 | 46,901 | 28,130 | (20,694) | - | - | 1,035 | 125 | 6,500 | 1,661,610 | 10,127,865 |

**GREENE METROPOLITAN HOUSING AUTHORITY**
**Yellow Springs Village Greene**
Project No. 046-35438-NP-L8
Balance Sheet Data
March 31, 2006

## Assets

| Account Number: | | | |
|---|---|---|---|
| | Current assets: | | |
| 1120 | Cash, operations | | $ 5,309 |
| 1130 | Accounts receivable, tenants | 736 | |
| 1131 | Allowance for doubtful accounts | (299) | |
| 1130N | Net accounts receivables | | 437 |
| 1200 | Miscellaneous prepaid expenses | | 1,743 |
| 1100T | Total current assets | | 7,489 |
| 1191 | Tenant deposits held in trust | | 4,032 |
| | Restricted deposits: | | |
| 1310 | Escrow deposits | | 5,152 |
| 1320 | Replacement reserve | | 38,373 |
| 1340 | Residual receipts | | 12,695 |
| 1300T | Total deposits | | 56,220 |
| | Property: | | |
| 1410 | Land | | 31,400 |
| 1420 | Buildings | | 781,624 |
| 1440 | Furniture and equipment | | 8,775 |
| 1490 | Miscellaneous fixed assets | | 10,667 |
| 1400T | Total property | | 832,466 |
| 1495 | Less accumulated depreciation | | (521,076) |
| 1400N | Net property | | 311,390 |
| 1000T | Total assets | | $ 379,131 |

## Liabilities and Net Deficit

| Account Number: | | |
|---|---|---|
| | Current liabilities: | |
| 2110 | Accounts payable, operations | $ 4 |
| 2116 | Accounts payable, Section 8 & other | 14,694 |
| 2131 | Accrued interest payable, first mortgage | 2,245 |
| 2150 | Accrued property taxes | 16,678 |
| 2170 | Mortgage payable, first mortgage, current portion | 17,853 |
| 2190 | Miscellaneous current liabilities | 1,006 |
| 2210 | Prepaid revenue | 94 |
| 2122T | Total current liabilities | 52,574 |
| 2191 | Tenant deposits held in trust | 3,372 |
| Long-term liabilities: | | |
| 2320 | Mortgage payable, long term portion | 341,347 |
| 2390 | Miscellaneous long term liabilities | 2,532 |
| 2300T | Total long term liabilities | 343,879 |
| 2001T | Total liabilities | 399,825 |
| Net deficit: | | |
| 3131 | Unrestricted net deficit | (20,694) |
| 3130 | Total net deficit | (20,694) |
| 2033T | Total liabilities and net deficit | $ 379,131 |

## GREENE METROPOLITAN HOUSING AUTHORITY
**Yellow Springs Village Greene**
Project No. 046-35438-NP-L8
Statements of Activities Data
For the Year Ended March 31, 2006

| Account Number: | | |
|---|---|---|
| | REVENUE: | |
| | Rent revenue: | |
| 5120 | Rent revenue, gross potential | $ 14,674 |
| 5121 | Tenant assistance payments | 131,705 |
| 5100T | Total rent revenue | 146,379 |
| | Vacancies: | |
| 5220 | Apartments | (5,377) |
| 5200T | Total vacancies | (5,377) |
| 5152N | Net rental revenue | 141,002 |
| | Financial revenue: | |
| 5410 | Revenue from investments, operations | 38 |
| 5440 | Revenue from investments, replacement reserves | 1,320 |
| 5400T | Total financial revenue | 1,358 |
| | Other revenue: | |
| 5920 | Tenant charges | 3,373 |
| 5900T | Total other revenue | 3,373 |
| 5000T | Total revenue | 145,733 |
| | EXPENSES: | |
| | Operating expenses: | |
| | Administrative expenses: | |
| 6250 | Other Renting expenses | 14,523 |
| 6310 | Office salaries | 19,927 |
| 6311 | Office expenses | 7,027 |
| 6340 | Legal expense - Project | 795 |
| 6350 | Audit expense | 146 |
| 6370 | Bad debts | 8,422 |
| 6263T | Total administrative expenses | 50,840 |
| | Utilities expense: | |
| 6450 | Electricity | 488 |
| 6451 | Water | 85 |
| 6453 | Sewer | 130 |
| 6400T | Total utilities expense | 703 |

## 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, 2006

| | | | |
|---|---|---|---|
| | Operating and maintenance expenses: | | |
| 6515 | Supplies | | 4,931 |
| 6520 | Contracts | | 12,593 |
| 6525 | Garbage and trash removal | | 4,127 |
| 6500T | Total operating and maintenance expenses | | 21,651 |
| | Taxes and insurance: | | |
| 6710 | Real estate taxes | | 17,778 |
| 6720 | Property and liability insurance | | 4,593 |
| 6723 | Health insurance and other employee benefits | | 5,814 |
| 6700T | Total taxes and insurance | | 28,185 |
| | Financial expenses: | | |
| 6820 | Interest on mortgage payable | | 27,518 |
| 6800T | Total financial expenses | | 27,518 |
| 6000T | Total cost of operations before depreciation | | 128,897 |
| 5060T | Change in net deficit before depreciation | | 16,836 |
| 6600 | Depreciation expense | | 22,377 |
| 5060N | Change in net deficit | | (5,541) |
| S1100-050 | Net deficit, beginning of year | | (15,153) |
| 3130 | Net deficit, end of year | $ | (20,694) |
| S1000-010 | Total mortgage principal payments required during the year | $ | 16,567 |
| S1000-020 | Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement | $ | 3,709 |
| S1000-030 | Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement | $ | - |
| S1000-040 | Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement | $ | - |

**GREENE METROPOLITAN HOUSING AUTHORITY**
**Yellow Springs Village Greene**
Project No. 046-35438-NP-L8
Computation of Surplus Cash
March 31, 2006

| | | |
|---|---|---|
| Cash (accounts 1120, 1191) | $ | 9,341 |
| Total cash | | 9,341 |
| Current obligations: | | |
| Accrued interest (account 2131) | | 2,245 |
| Accounts payable (accounts 2110, 2116, 2123) | | 14,698 |
| Prepaid revenues (account 2210) | | 94 |
| Accrued expenses (not escrowed) | | 1,006 |
| Tenant security deposits liability (account 2191) | | 3,372 |
| Total Current Obligations | | 21,415 |
| Surplus Cash (Deficiency) | $ | (12,074) |

**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, 2005 | $ | 33,344 |
| Required deposit | | 3,709 |
| Interest deposited | | 1,320 |
| Less HUD approved withdrawals | | - |
| Balance, March 31, 2006, confirmed or validated with depositories | $ | 38,373 |

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, 2005 | $ | 20,747 |
| Required deposit | | - |
| Interest deposited | | 18 |
| Less HUD approved withdrawals | | (8,070) |
| Balance, March 31, 2006, confirmed or validated with depositories | $ | 12,695 |

**GREENE METROPOLITAN HOUSING AUTHORITY**
**Yellow Springs Village Greene**
Project No. 046-35438-NP-L8
Schedule of Changes in Fixed Asset Accounts
March 31, 2006

| | Assets | | | | Depreciation | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance 04/01/05 | Additions | Disposals | Balance 03/31/06 | Balance 04/01/05 | Additions | Disposals | Balance 03/31/06 |
| Changes in property for the year ended March 31, 2006: | | | | | | | | |
| Land | $ 31,400 | - | - | 31,400 | - | - | - | - |
| Buildings | 778,814 | 2,810 | - | 781,624 | 483,413 | 21,140 | - | 504,553 |
| Furniture and equipment | 8,775 | - | - | 8,775 | 8,775 | - | - | 8,775 |
| Miscellaneous fixed assets | 10,667 | - | - | 10,667 | 6,511 | 1,238 | - | 7,749 |
| | $ 829,656 | 2,810 | - | 832,466 | 498,699 | 22,378 | - | 521,077 |

**GREENE METROPOLITAN HOUSING AUTHORITY**

Schedule of Expenditures of Federal Awards

March 31, 2006

| Federal Grantor/Program Title | Federal CFDA Number | | Funds Expended |
|---|---|---|---|
| U.S. Department of Housing and Urban Development: | | | |
| PHA Owned Housing: | | | |
| Public and Indian Housing (operating subsidiary) | 14.850 | $ | 547,126 |
| Public Housing Capital Fund | 14.872 | | 607,091 |
| | | | 1,154,217 |
| Housing Assistance Payments: | | | |
| Annual Contribution - | | | |
| Housing choice vouchers | 14.871 | | 6,869,811 |
| Section 8 Project-Based Cluster: | | | |
| Section 8 New Construction and Substantial Rehabilitation | 14.182 | | 476,896 |
| Section 8 Housing Assistance Payments | 14.195 | * | 131,705 |
| | | | 608,601 |
| Shelter Plus Care | 14.238 | | 72,865 |
| Mortgage Insurance Rental and Cooperative | 14.135 | * | 359,200 |
| KDHAP | 14.XXX | | 887 |
| U.S. Department of Health and Human Services: | | | |
| Passed through Ohio CDC Association: | | | |
| New Assets for Independence Demonstration Program | 93.602 | | 5,138 |
| Total - All Programs | | $ | 9,070,719 |

* 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 Based on an Audit of Financial Statements Performed in Accordance with *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, 2006, wherein we noted the Authority implemented GASB Statement 40, *Deposits and Investment Risk Disclosures* and have issued our report thereon dated June 8, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### 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.*

This report is intended solely for the information and use of the audit committee, 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
June 8, 2006

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, 2006. 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, 2006.

Internal Control Over Compliance

The management of 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 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 and to test and report on internal control over compliance with OMB Circular A-133.

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

This report is intended solely for the information and use of the audit committee, 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
June 8, 2006

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## OMB CIRCULAR A-133 § .505

GREENE METROPOLITAN HOUSING AUTHORITY
MARCH 31, 2006

### 1. Summary of Auditors' Results

| | | |
|---|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions 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 internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions 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): | <u>Program</u> <u>CFDA #</u><br>Section 8 Housing Choice Vouchers 14.871<br>Public Housing Capital Fund 14.872 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > $300,000<br>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, 2006

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

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**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 9, 2006**