



ATHENS
METROPOLITAN HOUSING AUTHORITY

ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2012

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, 2012 through December 31, 2012. 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 6, 2013

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ATHENS METROPOLITAN HOUSING AUTHORITY
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For the Year Ended December 31, 2012

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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, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2012, and the respective changes in financial position, where applicable, cash flows thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 10, during 2012 the Authority adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No.65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

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

June 13, 2013

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

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 2012 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$718,606 or 13.5% during 2012, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues increased by \$268,658 or 5.4% during 2012.
- The total expenses of all Authority programs increased by \$408,802 or 7.3%.

Authority Financial statements

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

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

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

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

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

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

Fund Financial Statements

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

The Authority's Programs

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

AUTHORITY STATEMENTS

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

TABLE 1

STATEMENT OF NET POSITION

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

	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 765,568	\$ 1,379,645
Noncurrent Assets	5,588,368	5,770,656
Total Assets	<u>\$ 6,353,936</u>	<u>\$ 7,150,301</u>
Current Liabilities	\$ 206,319	\$ 212,566
Long-Term Liabilities	1,535,209	1,607,718
Total Liabilities	<u>1,741,528</u>	<u>1,820,284</u>
Deferred Inflows of Resources		
Deferrred Revenue	<u>997</u>	<u>-</u>
Net Position		
Investment in Capital Assets	3,999,028	4,108,872
Restricted Net Position	68,683	351,803
Unrestricted Net Position	543,700	869,342
Total Net Position	<u>4,611,411</u>	<u>5,330,017</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 6,353,936</u>	<u>\$ 7,150,301</u>

Major Factors Affecting the Statement of Net Position

During 2012, current and other assets decreased by \$614,077, and current liabilities decreased by \$6,247. The change in current assets was mainly due a decrease in cash and investments due to the payment for Building and Land Improvements and to support the increase in operating and financing expenses and a decrease in receivables from programs administered by the State and Local fund.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

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Long Term Liabilities decreased by \$72,509 in 2012. This change is attributable to retiring of long term debt during the year.

Capital assets also changed, decreasing from \$5,770,656 to 5,588,368. The \$182,288 decrease may be contributed primarily to a combination of total acquisitions of \$156,436 less current year depreciation of \$338,724. The current year acquisitions included the building improvements of \$63,415 and Land Improvement of \$86,685.

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

TABLE 2
CHANGE OF UNRESTRICTED NET POSITION

Table 2 - Changes of Unrestricted Net Position

Beginning Balance - December 31, 2011	\$	869,342
Results of Operation		(718,606)
Adjustments:		
Current year Depreciation Expense (1)		338,724
Capital Expenditure (2)		(156,436)
Disposal of Assets		-
Gain on Sale of Assets		-
Loan Proceeds		-
Retirement of Debt		(72,444)
Transfer from Restricted Net Position		<u>283,120</u>
Ending Balance - December 31, 2012	\$	<u>543,700</u>

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

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

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

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

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 403,693	\$ 370,702
Operating Subsidies	4,772,044	4,499,664
Capital Grants	-	65,318
Investment Income	1,157	6,287
Other Revenues	<u>103,865</u>	<u>70,130</u>
Total Revenues	<u>5,280,759</u>	<u>5,012,101</u>
<u>Expenses</u>		
Administrative	748,760	670,933
Utilities	178,853	167,562
Maintenance	411,758	447,712
General and Interest Expenses	131,786	144,038
Housing Assistance Payments	4,189,484	3,817,449
Depreciation	<u>338,724</u>	<u>342,869</u>
Total Expenses	<u>5,999,365</u>	<u>5,590,563</u>
Net Increases (Decreases)	<u>\$ (718,606)</u>	<u>\$ (578,462)</u>

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

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

Total revenue increased by \$268,658. This increase was mainly due to an increase in operating subsidies and tenant revenue.

The expenses increased by \$408,802 during the year. Housing Assistance Payments increased by \$372,035 and Administrative Costs increased as well. These increases were offset by decreases in Maintenance expenses and Utility expenses.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$5,588,368 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$182,288 or 3.2% from the end of last year.

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

	<u>2012</u>	<u>2011</u>
Land and Land Rights	\$ 951,312	\$ 944,976
Buildings	8,154,294	8,090,879
Equipment	494,281	494,281
Land Improvements	86,685	-
Accumulated Depreciation	(4,098,204)	(3,759,480)
Total	<u>\$ 5,588,368</u>	<u>\$ 5,770,656</u>

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

The following reconciliation identifies the change in Capital Assets.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

Beginning Balance - December 31, 2011	\$	5,770,656
Current year Additions		156,436
Current year Depreciation Expense		(338,724)
Ending Balance - December 31, 2012	\$	<u><u>5,588,368</u></u>
Current year Additions are summarized as follows:		
- Dwelling Structures	\$	63,415
- Land		6,336
- Land Improvement		86,685
Total 2012 Additions	\$	<u><u>156,436</u></u>

Debt Outstanding

As of year-end, the Authority has \$1,589,340 in debt (mortgages) outstanding compared to \$1,661,784 last year.

**TABLE 6
CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance - December 31, 2011	\$	1,661,784
Current Year Principal Payments		<u>(72,444)</u>
Ending Balance - December 31, 2012	\$	<u><u>1,589,340</u></u>

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Unaudited

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. Specific requests may be submitted to Athens Metropolitan Housing Authority, 10 Hope Drive, Athens, OH 45701.

Athens Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2012

ASSETS

Current assets

Cash and cash equivalents	456,176
Restricted cash and cash equivalent	110,631
Investments	172,418
Receivables, net	747
Prepaid expenses and other assets	25,596

Total current assets	765,568
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Noncurrent assets

Capital assets:

Land	951,312
Building and equipment	8,735,260
Less accumulated depreciation	(4,098,204)
Total capital assets	5,588,368

Total noncurrent assets	5,588,368
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Total assets	\$6,353,936
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LIABILITIES

Current liabilities

Accounts payable	\$21,076
Accrued liabilities	83,481
Intergovernmental payables	1,635
Tenant security deposits	31,355
Notes and loans payable	68,772
Total current liabilities	206,319

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

**Athens Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2012**

Noncurrent liabilities

Notes and loans payable	1,520,568
Accrued compensated absences non-current	4,048
Noncurrent liabilities - other	10,593
<i>Total noncurrent liabilities</i>	<u>1,535,209</u>
Total liabilities	<u><u>\$1,741,528</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue	997
	<u><u>997</u></u>

NET POSITION

Investment in capital assets	\$3,999,028
Restricted net position	68,683
Unrestricted net position	543,700
Total net position	<u><u>\$4,611,411</u></u>

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

Athens Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

OPERATING REVENUES

Tenant Revenue	\$403,693
Government operating grants	4,772,044
Other revenue	103,865
Total operating revenues	<u>5,279,602</u>

OPERATING EXPENSES

Administrative	748,760
Utilities	178,853
Maintenance	411,758
General	94,066
Housing assistance payment	4,189,484
Depreciation	338,724
Total operating expenses	<u>5,961,645</u>
Operating income (loss)	<u>(682,043)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	1,157
Interest expense	(37,720)
Total nonoperating revenues (expenses)	<u>(36,563)</u>
Change in net position	(718,606)
Total net position - beginning	<u>5,330,017</u>
Total net position - ending	<u>\$4,611,411</u>

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, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,904,674
Tenant revenue received	403,693
Other revenue received	103,865
General and administrative expenses paid	(1,447,257)
Housing assistance payments	(4,189,484)

Net cash provided (used) by operating activities **(224,509)**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	1,157
Transfer from investments	215,271

Net cash provided (used) by investing activities **216,428**

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Debt principal payment	(72,444)
Interest expense paid on debt	(37,720)
Property and equipment purchased	(156,436)

Net cash provided (used) by capital and related activities **(266,600)**

Net increase (decrease) in cash	(274,681)
Cash and cash equivalents - Beginning of year	841,488

Cash and cash equivalents - End of year **\$566,807**

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, 2012

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$682,043)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
- Depreciation	338,724
- (Increases) Decreases in Accounts Receivable	125,094
- (Increases) Decreases in Prepaid Assets	(969)
- Increases (Decreases) in Accounts Payable	7,256
- Increases (Decreases) in Accrued Liabilities	(4,291)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(997)
- Increases (Decreases) in Tenant Security Deposits	(231)
- Increases (Decreases) in Deferred Inflows of Resources	(1,356)
- Increases (Decreases) in Accrued Compensated Absences	198
- Increases (Decreases) in Noncurrent Liabilities - Other	(5,894)
	(5,894)
Net cash provided by operating activities	(\$224,509)

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, 2012

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, 2012
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

Basis of Presentation

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

Fund Accounting

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(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, 2012
(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 2012 totaled \$1,157.

Capital Assets

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

Net Position

Net Position represents the difference between assets and liabilities. Net Position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position 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, 2012
(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, 2012
(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, 2012
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

At fiscal year-end December 31, 2012, the carrying amount of the Authority's deposits totaled \$739,226 and its bank balance was \$771,275. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2012, \$521,225 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, 2012
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

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

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

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

A reconciliation of cash and investments as shown on the statement of Net Position follows:

	Cash and Cash Equivalent	Investment
Per Statement of Net Position	\$ 566,807	\$ 172,418
Certificate of Deposits	136,854	\$ (136,854)
Savings Accounts	35,564	\$ (35,564)
Total Per GASB Statement No. 3	\$ 739,225	\$ -

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, 2012
(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:

	Balance 12/31/11	Adjust.	Additions	Deletions	Balance 12/31/12
Capital Assets Not Being Depreciated					
Land	\$ 944,976		\$ 6,336		\$ 951,312
Construction in Progress	0				0
Total Capital Assets Not Being Depreciated	944,976	0	6,336	0	951,312
Capital Assets Being Depreciated					
Buildings	8,090,879		63,415		8,154,294
Furnt, Mach. And Equip.	494,281				494,281
Land Improvement	0		86,685		86,685
Total Capital Assets Being Depreciated	8,585,160	0	150,100	0	8,735,260
Accumulated Depreciation:					
Buildings	(3,362,611)	1	(310,935)		(3,673,545)
Furnt, Mach. And Equip.	(396,869)		(24,899)		(421,768)
Land Improvement	0		(2,890)		(2,890)
Total Accumulated Depreciation:	(3,759,481)	1	(338,724)	0	(4,098,204)
Total Capital Assets Being Depreciated, Net	4,825,679	1	(188,624)	0	4,637,056
Total Capital Assets, Net	5,770,655	1	(182,288)	0	5,588,368

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 6: LONG-TERM DEBT

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

<ul style="list-style-type: none"> • 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. • 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. • 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. • 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. • 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. • 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. • The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was \$700,000 with a term of 30 years at 2% interest rate. The interest is to accrue each year with a balloon payment at the end of the 30 years. 	<p>\$4,859</p> <p>1,312</p> <p>156,670</p> <p>152,692</p> <p>6,613</p> <p>567,194</p> <p>700,000</p> <hr style="width: 100%;"/>
<p>Total Debt</p>	<p><u>\$1,589,340</u></p>

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 6: LONG-TERM DEBT(Continued)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

Description	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Due Within One Year
Loan Payable	\$ 1,661,784	\$ -	\$ 72,444	\$ 1,589,340	\$ 68,772
Compensated Absences	68,426	62,935	47,887	83,474	79,426
Total	\$ 1,730,210	\$ 62,935	\$ 120,331	\$ 1,672,814	\$ 148,198

Maturities of the debt over the next forty-eight years are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 68,772	\$ 34,982	\$ 103,754
2014	58,977	32,296	91,273
2015	61,759	29,513	91,272
2016	64,684	26,588	91,272
2017	67,761	23,511	91,272
2018-2022	458,791	53,584	512,375
2023-2027	25,000	5	25,005
2028-2032	25,002	4	25,006
2033-2037	25,003	2	25,005
2038-2042	725,004	1	725,005
2043-2047	8,587	-	8,587
Total	\$ 1,589,340	\$ 200,486	\$ 1,789,826

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2012 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$10,593.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(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, 2012
(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 2012 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, 2012, 2011, and 2010 amounted to \$64,957 \$68,174, and \$66,559, 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 2012 and 2011, 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, 2012
(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 postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. 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, 2012, which were used to fund post-employment benefits was \$25,519.

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: CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Housing Authority implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65, "Items Previously Reported as Assets and Liabilities." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. GASB Statement No. 65, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. There was no effect on beginning net position/fund balance.

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2012							
Account Description	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
111 Cash – Unrestricted	\$209,807	\$240,825	\$0	\$5,544	\$456,176	\$0	\$456,176
113 Cash – Other Restricted	\$0	\$79,276	\$0	\$0	\$79,276	\$0	\$79,276
114 Cash – Tenant Security Deposits	\$16,290	\$0	\$0	\$15,065	\$31,355	\$0	\$31,355
100 Total Cash	\$226,097	\$320,101	\$0	\$20,609	\$566,807	\$0	\$566,807
126 Accounts Receivable – Tenants	\$861	\$0	\$0	\$313	\$1,174	\$0	\$1,174
126.1 Allowance for Doubtful Accounts	(\$346)	\$0	\$0	(\$81)	(\$427)	\$0	(\$427)
120 Total Receivables, net of allowances for doubtful accounts	\$515	\$0	\$0	\$232	\$747	\$0	\$747
131 Investments – Unrestricted	\$0	\$0	\$0	\$172,418	\$172,418	\$0	\$172,418
142 Prepaid Expenses and Other Assets	\$11,137	\$6,005	\$0	\$8,454	\$25,596	\$0	\$25,596
144 Inter Program Due From	\$57,000	\$12,000	\$0	\$0	\$69,000	(\$69,000)	\$0
150 Total Current Assets	\$294,749	\$338,106	\$0	\$201,713	\$834,568	(\$69,000)	\$765,568
161 Land	\$696,850	\$0	\$0	\$254,462	\$951,312	\$0	\$951,312
162 Buildings	\$5,983,234	\$0	\$0	\$2,171,060	\$8,154,294	\$0	\$8,154,294
163 Furniture, Equipment & Machinery - Dwellings	\$370,590	\$0	\$0	\$0	\$370,590	\$0	\$370,590
164 Furniture, Equipment & Machinery - Administration	\$0	\$72,037	\$0	\$51,654	\$123,691	\$0	\$123,691
165 Leasehold Improvements	\$0	\$0	\$0	\$86,685	\$86,685	\$0	\$86,685
166 Accumulated Depreciation	(\$3,531,567)	(\$72,037)	\$0	(\$494,600)	(\$4,098,204)	\$0	(\$4,098,204)
160 Total Capital Assets, Net of Accumulated	\$3,519,107	\$0	\$0	\$2,069,261	\$5,588,368	\$0	\$5,588,368
180 Total Non-Current Assets	\$3,519,107	\$0	\$0	\$2,069,261	\$5,588,368	\$0	\$5,588,368
190 Total Assets	\$3,813,856	\$338,106	\$0	\$2,270,974	\$6,422,936	(\$69,000)	\$6,353,936

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2012							
Account Description	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
312 Accounts Payable <= 90 days	\$18,076	\$417	\$0	\$2,583	\$21,076	\$0	\$21,076
321 Accrued Wage/Payroll Taxes Payable	\$843	\$2,281	\$0	\$931	\$4,055	\$0	\$4,055
322 Accrued Compensated Absences	\$19,115	\$44,463	\$0	\$15,848	\$79,426	\$0	\$79,426
333 Accounts Payable - Other Government	\$1,635	\$0	\$0	\$0	\$1,635	\$0	\$1,635
341 Tenant Security Deposits	\$16,290	\$0	\$0	\$15,065	\$31,355	\$0	\$31,355
342 Revenues	\$510	\$0	\$0	\$487	\$997	\$0	\$997
343 Current portion of Long-Term debt - capital projects/mortgage revenue bonds	\$0	\$0	\$0	\$68,772	\$68,772	\$0	\$68,772
347 Inter Program – Due To	\$12,000	\$0	\$0	\$57,000	\$69,000	(\$69,000)	\$0
310 Total Current Liabilities	\$68,469	\$47,161	\$0	\$160,686	\$276,316	(\$69,000)	\$207,316
351 Long-term debt, net of current- capital projects/ mortgage revenue bonds	\$0	\$0	\$0	\$1,520,568	\$1,520,568	\$0	\$1,520,568
353 Non-current Liabilities - Other	\$0	\$10,593	\$0	\$0	\$10,593	\$0	\$10,593
354 Accrued Compensated Absences – Non Current	\$1,249	\$2,345	\$0	\$454	\$4,048	\$0	\$4,048
350 Total Non-Current Liabilities	\$1,249	\$12,938	\$0	\$1,521,022	\$1,535,209	\$0	\$1,535,209
300 Total Liabilities	\$69,718	\$60,099	\$0	\$1,681,708	\$1,811,525	(\$69,000)	\$1,742,525
508.1 Invested in Capital Assets, Net of Related Debt	\$3,519,107	\$0	\$0	\$479,921	\$3,999,028	\$0	\$3,999,028
511.1 Restricted Net Position	\$0	\$68,683	\$0	\$0	\$68,683	\$0	\$68,683
512.1 Unrestricted Net Position	\$225,031	\$209,324	\$0	\$109,345	\$543,700	\$0	\$543,700
513 Total Equity/Net Position	\$3,744,138	\$278,007	\$0	\$589,266	\$4,611,411	\$0	\$4,611,411
600 Total Liabilities and Equity/Net Position	\$3,813,856	\$338,106	\$0	\$2,270,974	\$6,422,936	(\$69,000)	\$6,353,936

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2012							
Account Description	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
70300 Net Tenant Rental Revenue	\$148,301	\$0	\$0	\$238,382	\$386,683	\$0	\$386,683
70400 Tenant Revenue-Other	\$8,515	\$0	\$0	\$8,495	\$17,010	\$0	\$17,010
70500 Total Tenant Revenue	\$156,816	\$0	\$0	\$246,877	\$403,693	\$0	\$403,693
70600 HUD PHA Operating Grants	\$359,272	\$4,209,986	\$202,786	\$0	\$4,772,044	\$0	\$4,772,044
70800 Other Governmental Grants	\$0	\$0	\$0	\$33,187	\$33,187	\$0	\$33,187
71100 Investment Income - Unrestricted	\$460	\$336	\$0	\$251	\$1,047	\$0	\$1,047
71400 Fraud Recovery	\$0	\$17,630	\$0	\$0	\$17,630	\$0	\$17,630
71500 Other Revenue	\$8,107	\$4,226	\$0	\$40,715	\$53,048	\$0	\$53,048
72000 Investment Income - Restricted	\$0	\$110	\$0	\$0	\$110	\$0	\$110
70000 Total Revenue	\$524,655	\$4,232,288	\$202,786	\$321,030	\$5,280,759	\$0	\$5,280,759
91100 Administrative Salaries	\$23,064	\$242,995	\$12,187	\$74,552	\$352,798	\$0	\$352,798
91200 Auditing Fees	\$6,241	\$2,900	\$0	\$2,117	\$11,258	\$0	\$11,258
91400 Advertising and Marketing	\$1,482	\$100	\$0	\$0	\$1,582	\$0	\$1,582
91500 Employee Benefit Contributions – Administrative	\$17,192	\$164,254	\$0	\$60,449	\$241,895	\$0	\$241,895
91600 Office Expenses	\$24,279	\$24,098	\$0	\$7,966	\$56,343	\$0	\$56,343
91700 Legal Expenses	\$9,856	\$2,943	\$0	\$2,319	\$15,118	\$0	\$15,118
91800 Travel	\$1,416	\$1,571	\$0	\$187	\$3,174	\$0	\$3,174
91900 Other	\$21,135	\$17,412	\$0	\$28,045	\$66,592	\$0	\$66,592
91000 Total Operating – Administrative	\$104,665	\$456,273	\$12,187	\$175,635	\$748,760	\$0	\$748,760

Athens Metropolitan Housing Authority Combining Financial Data Schedule December 31, 2012							
Account Description	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
93100 Water	\$11,016	\$815	\$0	\$3,914	\$15,745	\$0	\$15,745
93200 Electricity	\$82,191	\$11,717	\$0	\$19,727	\$113,635	\$0	\$113,635
93300 Gas	\$21,071	\$240	\$0	\$4,245	\$25,556	\$0	\$25,556
93600 Sewer	\$12,351	\$649	\$0	\$10,917	\$23,917	\$0	\$23,917
93000 Total Utilities	\$126,629	\$13,421	\$0	\$38,803	\$178,853	\$0	\$178,853
94100 Ordinary Maintenance and Operations – Labor	\$65,380	\$0	\$0	\$35,880	\$101,260	\$0	\$101,260
94200 Ordinary Maintenance and Operations – Materials	\$48,158	\$3,100	\$0	\$21,513	\$72,771	\$0	\$72,771
94300 Ordinary Maintenance and Operations –Contracts	\$84,939	\$36,211	\$0	\$50,254	\$171,404	\$0	\$171,404
94500 Employee Benefit Contributions – Ordinary Maintenance	\$45,185	\$0	\$0	\$21,138	\$66,323	\$0	\$66,323
94000 Total Maintenance	\$243,662	\$39,311	\$0	\$128,785	\$411,758	\$0	\$411,758
96110 Property Insurance	\$12,406	\$0	\$0	\$8,086	\$20,492	\$0	\$20,492
96120 Liability Insurance	\$0	\$8,703	\$0	\$0	\$8,703	\$0	\$8,703
96100 Total Insurance Premiums	\$12,406	\$8,703	\$0	\$8,086	\$29,195	\$0	\$29,195
96200 Other General Expenses	\$0	\$0	\$0	\$301	\$301	\$0	\$301
96210 Compensated Absences	\$10,888	\$36,180	\$0	\$15,867	\$62,935	\$0	\$62,935
96300 Payments in Lieu of Taxes	\$1,635	\$0	\$0	\$0	\$1,635	\$0	\$1,635
96000 Total Other General Expenses	\$12,523	\$36,180	\$0	\$16,168	\$64,871	\$0	\$64,871
96710 Interest of Mortgage (or bonds) Payable	\$0	\$0	\$	\$37,720	\$37,720	\$0	\$37,720
96700 Total Interest Expenses and Amortization Cost	\$0	\$0	\$0	\$37,720	\$37,720	\$0	\$37,720
96900 Total Operating Expenses	\$499,885	\$553,888	\$12,187	\$405,197	\$1,471,157	\$0	\$1,471,157

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2012

Account Description	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
97000 Excess of Operating Revenue over Operating Expenses	\$24,770	\$3,678,400	\$190,599	(\$84,167)	\$3,809,602	\$0	\$3,809,602
97300 Housing Assistance Payments	\$0	\$3,965,698	\$190,599	\$33,187	\$4,189,484	\$0	\$4,189,484
97400 Depreciation Expense	\$250,238	\$0	\$0	\$88,486	\$338,724	\$0	\$338,724
90000 Total Expenses	\$750,123	\$4,519,586	\$202,786	\$526,870	\$5,999,365	\$0	\$5,999,365
10010 Operating Transfer In	\$30,506	\$0	\$0	\$0	\$30,506	(\$30,506)	\$0
10020 Operating Transfer Out	(\$30,506)	\$0	\$0	\$0	(\$30,506)	\$30,506	\$0
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$225,488)	(\$287,298)	\$0	(\$205,840)	(\$718,606)	\$0	(\$718,606)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$68,772	\$68,772	\$0	\$68,772
11030 Beginning Equity	\$3,969,606	\$565,305	\$0	\$795,106	\$5,330,017	\$0	\$5,330,017
11170 Administrative Fee Equity	\$0	\$209,324	\$0	\$0	\$209,324	\$0	\$209,324
11180 Housing Assistance Payments Equity	\$0	\$68,683	\$0	\$0	\$68,683	\$0	\$68,683
11190 Unit Months Available	2	1	0	0	3	0	3
11210 Number of Unit Months Leased	2	1	0	0	3	0	3
11270 Excess Cash	\$173,487	\$0	\$0	\$0	\$173,487	\$0	\$173,487

ATHENS METROPOLITAN HOUSING AUTHORITY
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2012

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct from Federal Government:</i>			
Shelter Plus Care	---	14.238	\$202,786
Low Rent Public Housing	---	14.850A	328,766
Housing Choice Voucher Program	---	14.871	4,209,986
Public Housing Capital Fund Program	---	14.872	<u>30,506</u>
Total U.S. Department of Housing and Urban Development			<u>4,772,044</u>
Total Federal Financial Assistance			<u><u>\$4,772,044</u></u>

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

We have audited in accordance with auditing standards generally accepted in the United States 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, the financial statements of the Athens Metropolitan Housing Authority (the Authority), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 13, 2013. We also noted that the Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 we must report under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

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

June 13, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Athens Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal program for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

J. L. Uhrig and Associates, Inc.

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

June 13, 2012

ATHENS METROPOLITAN HOUSING AUTHORITY

Schedule of Findings

For the Year Ended December 31, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other significant deficiencies internal control reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other significant internal control deficiencies reported for major federal programs?	No
7. Type of Major Program Compliance Opinion	Unqualified
8. Are there any reportable findings under § .510?	No
9. Major Program (list):	Shelter Plus Care CFDA #14.238 Housing Choice Voucher Program CFDA# 14.871
10. Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Other Programs
11. Low Risk Auditee?	No

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

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

C. FINDINGS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.



Dave Yost • Auditor of State

ATHENS METROPOLITAN HOUSING AUTHORITY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 20, 2013**