

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**ALLEN METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended June 30, 2008



Mary Taylor, CPA

Auditor of State

Board of Directors
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

We have reviewed the *Independent Auditors' Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Jones, Cochenour & Co., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 23, 2009

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**ALLEN METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of Allen Metropolitan Housing Authority, as of and for the year ended June 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Allen Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Allen Metropolitan Housing Authority, as of June 30, 2008, and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2009 on our consideration of Allen Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

much more than an accounting firm

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplemental data listed in the table of contents as the FDS Schedule is presented for purposes of additional analysis and is not a required part of the financial statements of the Allen Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
May 28, 2009

Allen Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008
UNAUDITED

The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2008 with selected comparative information for the fiscal year ended June 30, 2007. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2008 by \$13,441,194 (net assets). Of this amount, \$3,231,704 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Capital assets decreased by \$575,533.
- Net assets decreased by \$42,622 for the fiscal year ended June 30, 2008.
- Operating revenues decreased \$468,364 primarily due to decreased funding. The capital contributions decreased \$375,443 due to less funding from HUD.
- Non-operating revenue decreased due to investment incomes and collections in both Public Housing and the Housing Choice Voucher program. Decreasing interest rates and decreases in revenue for both the money market, sweep, and CD accounts and a gain on sale of properties help account for the difference of \$74,934.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 6,990,124	\$ 7,467,698
Operating expenses (as restated 2007)	<u>7,342,134</u>	<u>8,347,368</u>
Operating income (loss)	(352,010)	(879,670)
Nonoperating:		
Revenue	124,046	189,770
Capital contributions	<u>185,342</u>	<u>560,785</u>
Change in net assets (as restated 2007)	(42,622)	(129,115)
Total Net Assets- Beginning of year as previously reported	13,447,701	13,612,931
Prior period adjustments	<u>36,115</u>	<u>-</u>
Total Net Assets- Beginning of year, restated	<u>13,483,816</u>	<u>13,612,931</u>
Total Net Assets- End of year	<u>\$ 13,441,194</u>	<u>\$ 13,483,816</u>

Allen Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008
UNAUDITED

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Owned by Authority	248	251
Units under vouchers	1,041	1,041
Units under NC SR	108	386
Total Housing Units Managed	<u>1,397</u>	<u>1,678</u>

The Authority began 2007 with 251 properties but decreased that inventory to 249 through the 5H home sale program. In 2008 the Authority sold an additional property leaving its inventory at 248 at the end of that fiscal year. In July of 2007 we lost the contract administration for three NC SR properties lowering our units to 108 from the previous 386 for the 2008 fiscal year thus losing that administrative income and lowering our operational revenues.

Changes in Capital Assets

Total capital assets decreased from the previous year by \$575,533. The decrease is a result of less capital asset additions than the depreciation expense for the year. The largest component of net assets is *invested in capital assets, net of related debt*. The following table shows how this amount is calculated for the fiscal years ended June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Capital assets	\$ 20,087,993	\$ 19,955,139
Less:		
Accumulated depreciation	<u>(10,707,093)</u>	<u>(9,998,706)</u>
Total capital assets, net	<u>\$ 9,380,900</u>	<u>\$ 9,956,433</u>
Beginning capital assets	\$ 9,956,433	
Capital Fund Additions	185,342	
Building Sold - NBV	(23,500)	
Depreciation expense	(737,676)	
Corrections	<u>301</u>	
Ending Capital Assets	<u>\$ 9,380,900</u>	

Allen Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008
UNAUDITED

Financial Position

The statement of net assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets are the difference between total assets and total liabilities and are an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at June 30, 2008 and 2007.

	<u>2008</u>	<u>Restated 2007</u>
Assets:		
Current assets	\$ 4,264,200	\$ 3,991,839
Capital assets	9,380,900	9,956,433
Other assets	56,266	-
Total Assets	<u>13,701,366</u>	<u>13,948,272</u>
Liabilities:		
Current liabilities	223,387	256,442
Long-term liabilities	36,785	208,014
Total Liabilities	<u>260,172</u>	<u>464,456</u>
Net Assets:		
Invested in capital assets, net of related debt	9,380,900	9,791,336
Restricted - HAP	828,590	548,805
Unrestricted	3,231,704	3,143,675
Total net assets	<u>\$ 13,441,194</u>	<u>\$ 13,483,816</u>

Capital Assets

Capital assets are the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2008:

Land	\$ 939,145
Building and Improvements	18,556,728
Furniture and equipment	592,120
	<u>20,087,993</u>
Less: accumulated depreciation	(10,707,093)
Capital assets, net	<u>\$ 9,380,900</u>

Allen Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008
UNAUDITED

Economic Factors

The housing market in Lima continues to decline during the nation's recession. Allen County's unemployment rate is at 8%. The City of Lima had 357 foreclosures between January 2007 and October 2008. In the near future, it does not appear that there will be improvement in the economy. Currently both the Housing Choice Voucher Program and Public Housing Programs are leased at 100%. The agency is maximizing resources with a substantial decrease in program funding.

AMHA will continue to approach these funding decreases by making sound financial decisions including cutting expenses, streamlining internal procedures and exploring alternative funding resources. AMHA is a High Performer under PHAS and a Standard Performer under SEMAP. AMHA uses Capital Fund monies to supplement the operations budget.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Cindi Ring, Executive Director, Allen Metropolitan Housing Authority.

**Allen Metropolitan Housing Authority
Statement of Net Assets
June 30, 2008**

ASSETS

Cash and cash equivalents	\$	3,853,933
Investments		248,318
Receivables - net of allowance		39,715
Inventories - net of allowance		87,174
Prepaid expenses and other assets		<u>35,060</u>
TOTAL CURRENT ASSETS		4,264,200
Land		939,145
Capital assets - net		<u>8,441,755</u>
TOTAL CAPITAL ASSETS		9,380,900
Mortgage receivable - noncurrent		<u>56,266</u>
TOTAL ASSETS		13,701,366

LIABILITIES

Accounts payable		10,003
Accrued payroll and taxes		42,623
Accrued compensated absences		41,380
Intergovernmental payables		12,050
Tenant security deposits		48,420
Deferred revenue		<u>68,911</u>
TOTAL CURRENT LIABILITIES		223,387
Accrued compensated absences		8,201
FSS liability		<u>28,584</u>
TOTAL LONG-TERM LIABILITIES		36,785
TOTAL LIABILITIES		260,172

NET ASSETS

Invested in capital assets - net of related debt		9,380,900
Restricted net assets		828,590
Unrestricted net assets		<u>3,231,704</u>
NET ASSETS	\$	<u>13,441,194</u>

See accompanying notes to the basic financial statements

**Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2008**

OPERATING REVENUE	
Tenant revenue	\$ 160,095
HUD operating grants	6,591,888
Other revenues	<u>238,141</u>
TOTAL OPERATING REVENUE	6,990,124
 OPERATING EXPENSES	
Administrative	1,151,505
Tenant services	7,469
Utilities	71,985
Maintenance	420,409
Insurance	96,384
General	16,371
Housing assistance payments	4,840,208
Depreciation	737,676
Bad debts	<u>127</u>
TOTAL OPERATING EXPENSES	<u>7,342,134</u>
OPERATING LOSS	(352,010)
 NON-OPERATING REVENUE	
Gain on sale of properties	24,155
Interest income	99,891
HUD capital grants	<u>185,342</u>
TOTAL NON-OPERATING REVENUE	<u>309,388</u>
CHANGE IN NET ASSETS	(42,622)
NET ASSETS BEGINNING OF YEAR - RESTATED	<u>13,483,816</u>
NET ASSETS END OF YEAR	<u><u>\$ 13,441,194</u></u>

See accompanying notes to the basic financial statements

**Allen Metropolitan Housing Authority
Statement of Cash Flows
Year Ended June 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 163,473
Cash received from HUD	6,487,720
Other revenue	69,987
Cash payments for operating expenses	(1,678,734)
Cash payments for HAP	<u>(4,840,208)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	202,238
 CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Capital grants received for capital assets	185,342
Acquisition of capital assets	(185,342)
Proceeds from the sale of property	<u>23,567</u>
NET CASH PROVIDED BY CAPITAL AND FINANCING ACTIVITIES	23,567
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment activity	<u>100,156</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 325,961
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>3,527,972</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u><u>\$ 3,853,933</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating (loss)	\$ (352,010)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	737,676
Note payable converted to a grant by OCCH	(168,154)
Unfound difference	3,147
(Increase) decrease in:	
Receivables - net of allowance	28,243
Inventories - net of allowance	(18,024)
Prepaid expenses and other assets	7,490
Increase (decrease) in:	
Accounts payable	4,916
Accrued payroll and taxes	18,244
Intergovernmental payables	(59,429)
Accrued compensated absences	(8,262)
Tenant security deposits	3,214
FSS liabilities	<u>5,187</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 202,238</u></u>

See accompanying notes to the basic financial statements

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Allen 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 Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority’s accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing analysis of the Authority’s overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority elected to implement the provisions of the Statement for the year ended June 30, 2004.

Reporting Entity

The 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 provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

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

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Proprietary Fund Types

Proprietary funds are used to account for the Authority’s ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 2008 totaled \$99,891. The \$248,318 balance of investments at June 30, 2008 consists of a savings account.

Fixed Assets

Fixed assets are stated at cost and 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 capitalization threshold is \$500. 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

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.

Interprogram payables/receivables

These represent balances between the programs and are noted on the FDS schedule. The balances are eliminated on the basic financial statements.

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.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 liability.

Capital Contributions

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

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 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.

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 uncollectable receivables was \$200 at June 30, 2008.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$9,350 at June 30, 2008.

Accounting and Reporting for Nonexchange Transactions

The Authority previously adopted GASB 33. 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 transaction.

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 specific period) or (b) that the resources are required to be maintained intact in

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, PHAs 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, PHAs 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.

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

2. CASH AND INVESTMENTS

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

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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 current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2008, the carrying amount of the Authority's deposits totaled \$4,102,251 and its bank balance was \$3,853,933. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2008, \$3,569,615 was exposed to custodial risk as discussed below, while \$300,000 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.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

2. CASH - CONTINUED

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. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had investments in the amount of \$248,318 at June 30, 2008.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name. The investments of the Authority are classified as Category A.

3. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

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.

4. CAPITAL ASSETS

The following is a summary:

	Balance 6/30/07	Additions	Deletions/ Corrections	Balance 6/30/08
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 955,092	\$ -	\$ (15,947)	\$ 939,145
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and Improvements	\$ 18,447,988	\$ 160,701	\$ (51,961)	\$ 18,556,728
Furniture and equipment	552,059	40,061	-	592,120
Totals at Historical Costs	19,000,047	200,762	(51,961)	19,148,848
ACCUMULATED DEPRECIATION				
Buildings and Improvements	(9,494,610)	(711,192)	29,289	(10,176,513)
Furniture and equipment	(504,096)	(26,484)	-	(530,580)
	(9,998,706)	(737,676)	29,289	(10,707,093)
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	9,001,341	(536,914)	(22,672)	8,441,755
TOTAL CAPITAL ASSETS, NET	\$ 9,956,433	\$ (536,914)	\$ (38,619)	\$ 9,380,900

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

5. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; and 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 healthcare 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 do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 1 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 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 issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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 2008, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.40%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions to OPERS, representing 100% of employer contributions, was \$113,067, \$115,971, and \$103,294 for the years ended June 30, 2008, 2007, and 2006, respectively.

The Health Care Preservation Plan (HCCP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

6. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended June 30, 2008, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited version of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

**Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008**

7. NET ASSETS AND PRIOR PERIOD ADJUSTMENT

	Total	Investments in Fixed Assets	Unrestricted Net Assets	Restricted Net Assets
Beginning Balance	\$ 13,447,701	\$ 9,791,336	\$ 3,107,560	\$ 548,805
Correction of inventory	36,115	-	36,115	-
Beginning Balance, Corrected	<u>\$ 13,483,816</u>	<u>\$ 9,791,336</u>	<u>\$ 3,143,675</u>	<u>\$ 548,805</u>

8. MORTGAGES RECEIVABLE

On July 11, 2006, the Authority sold a house to an eligible family under a Section 5(b) Homeownership Program. Under this program, the new homeowner is obligated to live in the home for a 10-year period or else repay the \$35,753 loan to the Authority. After 61 months, the loan will be forgiven at the rate of 1/60th of the original balance. The interest free loan will begin to accrue interest at 10 percent per annum upon default by the homeowner.

On October 31, 2007, the Authority sold a house to an eligible family under a Section 5 (h) Homeownership Program. Under this program, the new homeowner is obligated to live in the home for a 10-year period or else repay the \$24,088 loan to the Authority. After the 10 years, the loan will be forgiven at the rate of 1/60th of the original balance. The interest-free loan will begin to accrue interest at 10 percent per annum upon default by the homeowner.

9. PRIOR YEAR NOTE PAYABLE

The note payable was money received from Ohio Capital Corporation for Housing (OCCH) for low-income housing development. OCCH notified the Authority they did not need to repay the note and the funds were reclassified to revenue in fiscal year 2008.

10. NON-CASH TRANSACTIONS

The house sold as noted above (Note 8) was calculated as follows:

Selling price	\$ 48,500
Selling costs	(835)
Second mortgage receivable	<u>(24,098)</u>
Actual Cash Received	<u>\$ 23,567</u>
Selling price	\$ 48,500
Other adjustments	(145)
Net book value	<u>(24,200)</u>
Gain on Sale of House	<u>\$ 24,155</u>

**Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2008**

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
	Balance Sheet						
111	Cash-unrestricted	\$ 1,740,074	\$ 1,208,365	\$ -	\$ 2,948,439		\$ 2,948,439
113	Cash-other restricted	\$ -	\$ 857,174	\$ -	\$ 857,174		\$ 857,174
114	Cash-tenant security deposits	\$ 48,320	\$ -	\$ -	\$ 48,320		\$ 48,320
100	Total Cash	\$ 1,788,394	\$ 2,065,539	\$ -	\$ 3,853,933	\$ -	\$ 3,853,933
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 30,968	\$ -	\$ -	\$ 30,968		\$ 30,968
122	Accounts receivable - HUD other projects	\$ 30,968	\$ 8,670	\$ -	\$ 39,638		\$ 39,638
126	Accounts receivable - tenants	\$ 277	\$ -	\$ -	\$ 277		\$ 277
126.1	Allowance for doubtful accounts - tenants	\$ (200)	\$ -	\$ -	\$ (200)		\$ (200)
126.2	Allowance for doubtful accounts - other	\$ (1,358)	\$ -	\$ -	\$ (1,358)		\$ (1,358)
127	Notes, Loans, & Mortgages Receivable - Current	\$ 1,358	\$ -	\$ -	\$ 1,358		\$ 1,358
120	Total receivables, net of allowance for doubtful accounts	\$ 31,045	\$ 8,670	\$ -	\$ 39,715	\$ -	\$ 39,715
131	Investments - unrestricted	\$ -	\$ 248,318	\$ -	\$ 248,318		\$ 248,318
142	Prepaid expenses and other assets	\$ 35,060	\$ -	\$ -	\$ 35,060		\$ 35,060
143	Inventories	\$ 96,524	\$ -	\$ -	\$ 96,524		\$ 96,524
143.1	Allowance for obsolete inventories	\$ (9,350)	\$ -	\$ -	\$ (9,350)		\$ (9,350)
144	Inter program - due from	\$ 56,872	\$ 8,670	\$ -	\$ 65,542	-\$65,542	\$ -
145	Assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
150	Total Current Assets	\$ 1,998,545	\$ 2,331,197	\$ -	\$ 4,329,742	\$ (65,542)	\$ 4,264,200
161	Land	\$ 740,235	\$ 198,910	\$ -	\$ 939,145		\$ 939,145
162	Buildings	\$ 15,235,792	\$ 2,703,996	\$ -	\$ 17,939,788		\$ 17,939,788
163	Furniture, equipment and machinery - dwellings	\$ 74,289	\$ -	\$ -	\$ 74,289		\$ 74,289
164	Furniture, equipment and machinery - administration	\$ 441,041	\$ 76,790	\$ -	\$ 517,831		\$ 517,831
165	Leasehold improvements	\$ 616,940	\$ -	\$ -	\$ 616,940		\$ 616,940
166	Accumulated depreciation	\$ (9,576,822)	\$ (1,130,271)	\$ -	\$ (10,707,093)		\$ (10,707,093)
160	Total capital assets, net of accumulated depreciation	\$ 7,531,475	\$ 1,849,425	\$ -	\$ 9,380,900	\$ -	\$ 9,380,900

See independent auditors' report

Allen Metropolitan Housing Authority
Balance Sheet
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
June 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ 56,266	\$ -	\$ -	\$ 56,266		\$ 56,266
172	Notes, Loans, & mortgages receivable - Non-current - past due	\$ 56,266	\$ -	\$ -	\$ 56,266		\$ 56,266
180	Total Non-current Assets	\$ 7,587,741	\$ 1,849,425	\$ -	\$ 9,437,166	\$ -	\$ 9,437,166
190	Total Assets	\$ 9,586,286	\$ 4,180,622	\$ -	\$ 13,766,908	\$ (65,542)	\$ 13,701,366
312	Accounts payable <= 90 days	\$ 7,670	\$ 2,333	\$ -	\$ 10,003		\$ 10,003
321	Accrued wage/payroll taxes payable	\$ -	\$ 42,623	\$ -	\$ 42,623		\$ 42,623
322	Accrued compensated absences - current portion	\$ 21,567	\$ 19,813	\$ -	\$ 41,380		\$ 41,380
333	Accounts payable - other government	\$ 12,050	\$ -	\$ -	\$ 12,050		\$ 12,050
341	Tenant security deposits	\$ 48,420	\$ -	\$ -	\$ 48,420		\$ 48,420
342	Deferred revenue	\$ -	\$ 68,911	\$ -	\$ 68,911		\$ 68,911
347	Inter program - due to	\$ 30,968	\$ 34,574	\$ -	\$ 65,542	-\$65,542	\$ -
310	Total Current Liabilities	\$ 120,675	\$ 168,254	\$ -	\$ 288,929	\$ (65,542)	\$ 223,387
353	Non-current liabilities - other	\$ -	\$ 28,584	\$ -	\$ 28,584		\$ 28,584
354	Accrued compensated absences- Non-current	\$ 4,004	\$ 4,197	\$ -	\$ 8,201		\$ 8,201
350	Total Non-current liabilities	\$ 4,004	\$ 32,781	\$ -	\$ 36,785	\$ -	\$ 36,785
300	Total Liabilities	\$ 124,679	\$ 201,035	\$ -	\$ 325,714	\$ (65,542)	\$ 260,172
508.1	Invested in capital assets, net of related debt	\$ 7,531,475	\$ 1,849,425	\$ -	\$ 9,380,900		\$ 9,380,900
511.1	Restricted Net Assets	\$ -	\$ 828,590	\$ -	\$ 828,590		\$ 828,590
512.1	Unrestricted Net Assets	\$ 1,930,132	\$ 1,301,572	\$ -	\$ 3,231,704		\$ 3,231,704
513	Total Equity/Net Assets	\$ 9,461,607	\$ 3,979,587	\$ -	\$ 13,441,194	\$ -	\$ 13,441,194
600	Total Liabilities and Equity/Net assets	\$ 9,586,286	\$ 4,180,622	\$ -	\$ 13,766,908	\$ (65,542)	\$ 13,701,366

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Income Statement							
70300	Net tenant rental revenue	\$ 160,095	\$ -	\$ -	\$ 160,095		\$ 160,095
70500	Total Tenant Revenue	\$ 160,095	\$ -	\$ -	\$ 160,095	\$ -	\$ 160,095
70600-010	Housing assistance payments	\$ -	\$ 4,609,097	\$ -	\$ 4,609,097		\$ 4,609,097
70600-020	Ongoing administrative fees earned	\$ -	\$ 555,449	\$ -	\$ 555,449		\$ 555,449
70600-031	FSS Coordinator	\$ -	\$ 38,151	\$ -	\$ 38,151		\$ 38,151
70600	HUD PHA operating grants	\$ 855,845	\$ 5,736,043	\$ -	\$ 6,591,888		\$ 6,591,888
70610	Capital grants	\$ 185,342	\$ -	\$ -	\$ 185,342		\$ 185,342
71100-020	Administrative Fee	\$ -	\$ 17,814	\$ -	\$ 17,814		\$ 17,814
71100	Investment income - unrestricted	\$ 63,046	\$ 27,635	\$ -	\$ 90,681		\$ 90,681
71400-010	Housing Assistance Payment	\$ -	\$ 18,663	\$ -	\$ 18,663		\$ 18,663
71400-020	Administrative Fee	\$ -	\$ 18,663	\$ -	\$ 18,663		\$ 18,663
71400	Fraud recovery	\$ -	\$ 37,326	\$ -	\$ 37,326		\$ 37,326
71500	Other revenue	\$ 26,255	\$ 174,560	\$ -	\$ 200,815		\$ 200,815
71600	Gain or loss on sale of capital assets	\$ 24,155	\$ -	\$ -	\$ 24,155		\$ 24,155
72000-010	Housing Assistance Payment	\$ -	\$ 9,210	\$ -	\$ 9,210		\$ 9,210
72000	Investment income - restricted	\$ -	\$ 9,210	\$ -	\$ 9,210		\$ 9,210
70000	Total Revenue	\$ 1,314,738	\$ 5,984,774	\$ -	\$ 7,299,512	\$ -	\$ 7,299,512
91100	Administrative salaries	\$ 265,241	\$ 383,314	\$ -	\$ 648,555		\$ 648,555
91200	Auditing fees	\$ 1,735	\$ 7,385	\$ -	\$ 9,120		\$ 9,120
91500	Employee benefit contributions - administrative	\$ 105,845	\$ 124,345	\$ -	\$ 230,190		\$ 230,190
91600	Office Expenses	\$ 27,083	\$ 148,526	\$ -	\$ 175,609		\$ 175,609
91000	Total Operating-Administrative	\$ 399,904	\$ 663,570	\$ -	\$ 1,063,474	\$ -	\$ 1,063,474
92400	Tenant services - other	\$ 7,469	\$ -	\$ -	\$ 7,469		\$ 7,469
92500	Total Tenant Services	\$ 7,469	\$ -	\$ -	\$ 7,469	\$ -	\$ 7,469

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
93100	Water	\$ 17,146	\$ -	\$ -	\$ 17,146		\$ 17,146
93200	Electricity	\$ 29,802	\$ -	\$ -	\$ 29,802		\$ 29,802
93300	Gas	\$ 25,037	\$ -	\$ -	\$ 25,037		\$ 25,037
93000	Total Utilities	\$ 71,985	\$ -	\$ -	\$ 71,985	\$ -	\$ 71,985
94100	Ordinary maintenance and operations - labor	\$ 113,580	\$ -	\$ -	\$ 113,580		\$ 113,580
94200	Ordinary maintenance and operations - materials and other	\$ 212,107	\$ -	\$ -	\$ 212,107		\$ 212,107
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 55,220	\$ -	\$ -	\$ 55,220		\$ 55,220
94300	Ordinary Maintenance and Operations Contracts	\$ 55,220	\$ -	\$ -	\$ 55,220		\$ 55,220
94500	Employee benefit contribution - ordinary maintenance	\$ 39,150	\$ -	\$ -	\$ 39,150		\$ 39,150
94000	Total Maintenance	\$ 420,057	\$ -	\$ -	\$ 420,057	\$ -	\$ 420,057
96110	Property Insurance	\$ 84,144	\$ -	\$ -	\$ 84,144		\$ 84,144
96130	Workmen's Compensation	\$ 12,240	\$ -	\$ -	\$ 12,240		\$ 12,240
96100	Total Insurance Premiums	\$ 96,384	\$ -	\$ -	\$ 96,384	\$ -	\$ 96,384
96210	Compensated absences	\$ 49,360	\$ 38,671	\$ -	\$ 88,031		\$ 88,031
96300	Payments in lieu of taxes	\$ 16,371	\$ -	\$ -	\$ 16,371		\$ 16,371
96400	Bad debt - tenant rents	\$ 127	\$ -	\$ -	\$ 127		\$ 127
96000	Total Other General Expenses	\$ 65,858	\$ 38,671	\$ -	\$ 104,529	\$ -	\$ 104,529
96900	Total Operating Expenses	\$ 1,061,657	\$ 702,241	\$ -	\$ 1,763,898	\$ -	\$ 1,763,898
97000	Excess Revenue Over Operating Expenses	\$ 253,081	\$ 5,282,533	\$ -	\$ 5,535,614	\$ -	\$ 5,535,614
97100	Extraordinary maintenance	\$ 352	\$ -	\$ -	\$ 352		\$ 352
97300-050	All Other	\$ -	\$ 4,363,391	\$ -	\$ 4,363,391		\$ 4,363,391
97300	Housing assistance payments	\$ -	\$ 4,840,208	\$ -	\$ 4,840,208		\$ 4,840,208
97400	Depreciation expense	\$ 632,237	\$ 105,439	\$ -	\$ 737,676		\$ 737,676
90000	Total Expenses	\$ 1,694,246	\$ 5,647,888	\$ -	\$ 7,342,134	\$ -	\$ 7,342,134

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
10010	Operating transfer in	\$ 6,186	\$ -	\$ -	\$ 6,186		\$ 6,186
10020	Operating transfer out	\$ (6,186)	\$ -	\$ -	\$ (6,186)		\$ (6,186)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (379,508)	\$ 336,886	\$ -	\$ (42,622)	\$ -	\$ (42,622)
11030	Beginning equity	\$ 9,805,000	\$ 3,642,701	\$ -	\$ 13,447,701		\$ 13,447,701
11040-020	Prior period adjustments and correction of errors - Editable	\$ 38,265	\$ -	\$ -	\$ 38,265		\$ 38,265
11040-030	Prior period adjustments and correction of errors - Editable	\$ (2,150)	\$ -	\$ -	\$ (2,150)		\$ (2,150)
11040	Prior period adjustments, equity transfers, and correction of errors	\$ 36,115	\$ -	\$ -	\$ 36,115		\$ 36,115
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ 1,061,444	\$ -	\$ 1,061,444		\$ 1,061,444
11170-010	Administrative Fee Revenue	\$ -	\$ 555,449	\$ -	\$ 555,449		\$ 555,449
11170-021	FSS Coordinator Grant	\$ -	\$ 38,151	\$ -	\$ 38,151		\$ 38,151
11170-040	Investment Income	\$ -	\$ 17,814	\$ -	\$ 17,814		\$ 17,814
11170-045	Fraud Recovery Revenue	\$ -	\$ 18,663	\$ -	\$ 18,663		\$ 18,663
11170-060	Total Admin Fee Revenues	\$ -	\$ 630,077	\$ -	\$ 630,077		\$ 630,077
11170-080	Total Operating Expenses	\$ -	\$ 629,217	\$ -	\$ 629,217		\$ 629,217
11170-090	Depreciation	\$ -	\$ 6,244	\$ -	\$ 6,244		\$ 6,244
11170-110	Total Expenses	\$ -	\$ 635,461	\$ -	\$ 635,461		\$ 635,461
11170-002	Net Administrative Fee	\$ -	\$ (5,384)	\$ -	\$ (5,384)		\$ (5,384)
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ 1,056,060	\$ -	\$ 1,056,060		\$ 1,056,060
11170	Administrative Fee Equity	\$ -	\$ 1,056,060	\$ -	\$ 1,056,060		\$ 1,056,060

See independent auditors' report

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 2008

Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ -	\$ 548,805	\$ -	\$ 548,805		\$ 548,805
11180-010	Housing Assistance Payment Revenues	\$ -	\$ 4,609,097	\$ -	\$ 4,609,097		\$ 4,609,097
11180-015	Fraud Recovery Revenue	\$ -	\$ 18,663	\$ -	\$ 18,663		\$ 18,663
11180-020	Other Revenue	\$ -	\$ 6,206	\$ -	\$ 6,206		\$ 6,206
11180-025	Investment Income	\$ -	\$ 9,210	\$ -	\$ 9,210		\$ 9,210
11180-030	Total HAP Revenues	\$ -	\$ 4,643,176	\$ -	\$ 4,643,176		\$ 4,643,176
11180-080	Housing Assistance Payments	\$ -	\$ 4,363,391	\$ -	\$ 4,363,391		\$ 4,363,391
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ 4,363,391	\$ -	\$ 4,363,391		\$ 4,363,391
11180-002	Net Housing Assistance Payments	\$ -	\$ 279,785	\$ -	\$ 279,785		\$ 279,785
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ 828,590	\$ -	\$ 828,590		\$ 828,590
11180	Housing Assistance Payments Equity	\$ -	\$ 828,590	\$ -	\$ 828,590		\$ 828,590
11190	Unit Months Available	3012	12492	0	15504		15504
11210	Unit Months Leased	2958	13031	0	15989		15989
11270	Excess Cash	\$ 1,755,636	\$ -	\$ -	\$ 1,755,636		\$ 1,755,636
11620	Building Purchases	\$ 86,392	\$ -	\$ -	\$ 86,392		\$ 86,392
11640	Furniture & Equipment-Administrative Purchases	\$ 40,060	\$ -	\$ -	\$ 40,060		\$ 40,060
11650	Leasehold Improvements Purchases	\$ 58,890	\$ -	\$ -	\$ 58,890		\$ 58,890

See independent auditors' report

**Allen Metropolitan Housing Authority
Schedule of Federal Awards Expenditures
Year Ended June 30, 2008**

DIRECT PROGRAMS

PHA Owned Housing:

Public and Indian Housing	14.850	\$ 670,094
Public Housing Capital Fund	14.872	371,093

Housing Assistance Payments:

Annual Contribution -

Section 8 Housing Choice Vouchers	14.871	5,202,697
Section 8 - NC/SR	14.182	416,317
Shelter Plus Care	14.238	<u>117,029</u>

Total - All Programs		\$ <u><u>6,777,230</u></u>
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**Allen Metropolitan Housing Authority
Cost Certification**

	<u>501-05</u>
TOTAL EXPENDED	<u>\$ 416,046</u>
TOTAL RECEIVED	<u>\$ 416,046</u>

1. The actual cost certificate was signed by the Authority.
2. All costs have been paid through June 30, 2008 and there are no outstanding liabilities.
3. The final costs on the certificates agree with the Authority's records.



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**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 Directors
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements of Allen Metropolitan Housing Authority as of and for the year ended June 30, 2008, and have issued our report thereon dated May 28, 2009. 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 Allen Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allen Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen 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 that are required to be reported under *Government Auditing Standards*

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

A handwritten signature in cursive script that reads "Jones, Cochenour & Co." followed by a period.

Jones, Cochenour & Co.
May 28, 2009



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

**Board of Directors
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804**

**Regional Inspector General of Audit
Department of Housing and Urban
Development**

Compliance

We have audited the compliance of Allen 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 June 30, 2008. Allen Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Allen Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Allen 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; 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 Allen 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 Allen Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Allen 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 June 30, 2008.

Internal Control Over Compliance

The management of Allen 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 Allen Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allen Metropolitan Housing Authority's internal control over compliance


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

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

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

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



**Jones, Cochenour & Co.
May 28, 2009**

**Schedule of Findings
OMB Circular A-133 § .505**

**Allen Metropolitan Housing Authority
June 30, 2008**

1. SUMMARY OF AUDITORS' RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	Section 8 CFDA # 14.871
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

**Schedule of Findings
OMB Circular A-133 § .505 - Continued**

**Allen Metropolitan Housing Authority
June 30, 2008**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS
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There are no findings or questioned costs for the year ended June 30, 2008.

3. FINDINGS RELATED TO FEDERAL AWARDS
--

There are no findings or questioned costs for the year ended June 30, 2008.



Mary Taylor, CPA
Auditor of State

ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN 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
OCTOBER 6, 2009**