

Jackson Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2006





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Jackson Metropolitan Housing Authority  
249 W. Thirteenth Street  
P.O. Box 619  
Wellston, Ohio 45692

We have reviewed the *Independent Auditors' Report* of the Jackson Metropolitan Housing Authority, Jackson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2005 through September 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 18, 2007

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JACKSON METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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## Independent Auditors' Report

Board of Directors  
Jackson Metropolitan Housing Authority

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

I have audited the accompanying financial statements of the business-type activities of Jackson Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2006, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Jackson Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Jackson Metropolitan Housing Authority, Ohio, as of September 30, 2006, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 24, 2007, on my consideration of the Jackson Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 read in conjunction with this report in considering the result of my audit.

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

My Audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Jackson Metropolitan Housing Authority financial statements. The accompanying Schedule of Expenditure of Federal Awards 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. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, are fairly presented in all material respect in relation to the financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

May 24, 2007



JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006

UNAUDITED

The Jackson Metropolitan Housing Authority's ("the Authority") management's discussion and analysis 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 Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$107,656 (or 1.94 %) during 2006, resulting from change from Operations. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$5,453,649 and \$5,561,305 for 2006 and 2005 respectively.
- Revenues decreased by \$332,054 (or 17.28%) during 2006, and were \$1,589,808 and \$1,921,862 for 2006 and 2005 respectively.
- The total expenses of all Authority programs increased by \$21,463 (or 1.27%). Total expenses were \$1,707,890 and \$1,686,427 for 2006 and 2005 respectively.

**USING THIS ANNUAL REPORT**

This Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary information":

<p><b>MD&amp;A</b> ~Management's Discussion and Analysis – pgs 3-10~</p>
<p><b>Basic Financial Statement</b> ~Authority Financial Statements – pgs 11-15~</p>
<p><b>Other Required Supplementary Information</b> ~Required Supplementary Information pgs 27-29~ (Other than the MD&amp;A)</p>

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006

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**Authority Financial Statements**

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

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

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

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

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

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

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

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

**Fund Financial Statements**

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**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 PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Funds 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 Contributions Contract (ACC) 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.

Economic Development and Supportive Services Program – a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

Business Activity – Business activity represent other services that the PHA provides to Hocking Metropolitan Housing Authority for a fee and services that the PHA provides to the County. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**AUTHORITY STATEMENTS**

**Statement of Net Assets**

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006

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**TABLE 1**

**STATEMENT OF NET ASSETS**

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 929,440	\$ 766,230
Capital Assets	<u>4,936,917</u>	<u>5,262,580</u>
Total Assets	<u>\$ 5,866,357</u>	<u>\$ 6,028,810</u>
Current Liabilities	\$ 119,298	\$ 126,686
Long-Term Liabilities	<u>293,410</u>	<u>340,819</u>
Total Liabilities	<u>412,708</u>	<u>467,505</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	4,632,515	4,935,596
Restricted Net Assets	-	50,000
Unrestricted Net Assets	<u>821,134</u>	<u>575,709</u>
Total Net Assets	<u>5,453,649</u>	<u>5,561,305</u>
Total Liabilities and Net Assets	<u>\$ 5,866,357</u>	<u>\$ 6,028,810</u>

For more detail information see Statement of Net Assets presented elsewhere in this report.

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

During 2006, current and other assets increased by \$163,210, and total liabilities decreased by \$54,797. The current and other assets, primarily cash and investments, increased due to result from operation. Total liabilities decrease due to the payment on debt, the write-off of deferred revenue and changes in compensated absence.

Capital assets also changed, decreasing from \$5,262,580 to \$4,936,917. The \$325,663 decrease may be contributed primarily to a current year depreciation expense.

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**TABLE 2**

**CHANGE OF UNRESTRICTED NET ASSETS**

Table 2 presents details on the change in Unrestricted Net Assets

Beginning Balance - September 30, 2005	\$	575,709
Results of Operation		(118,082)
Adjustments:		
Current year Depreciation Expense (1)		325,664
Capital Expenditure (2)		-
Loan Proceeds used to Finance Capital Expenditure		-
Retirement of Debt		(22,582)
Transfer from Restricted Net Assets		50,000
Prior Period Adjustment		10,426
Rounding Adjustment		<u>(1)</u>
Ending Balance - September 30, 2006	\$	<u><u>821,134</u></u>

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

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

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

**TABLE 3**

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

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006

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	<u>2006</u>	<u>2005</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 253,895	\$ 234,097
Operating Subsidies	1,278,471	1,433,304
Capital Grants	-	178,309
Investment Income	26,167	16,855
Other Revenues	31,275	59,297
<b>Total Revenues</b>	<b><u>1,589,808</u></b>	<b><u>1,921,862</u></b>
<b><u>Expenses</u></b>		
Administrative	378,512	387,739
Tenant Services	-	467
Utilities	124,246	127,284
Maintenance	258,976	234,897
General and Interest Expenses	95,507	89,713
Housing Assistance Payments	524,985	523,149
Depreciation	325,664	323,178
<b>Total Expenses</b>	<b><u>1,707,890</u></b>	<b><u>1,686,427</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (118,082)</u></b>	<b><u>\$ 235,435</u></b>

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

Total revenue decreased significantly during the year. The main cause for the decrease was due to less capital improvement activities during the year since a major energy improvement project was completed in previous year. This change also impacted the operating revenue from HUD as prior year capital grants were closed.

Tenant revenue increased slightly during 2006 in comparison to 2005 due to changes in family composition. Also, interest earned increased due to additional cash available for investment and also increase in interest rate on investments. Other income decrease due to contract with county expiring for the operation of a home program.

The expenses increased moderately due to inflation. The main change in the expenditure was due to the increase in maintenance expense due to more routing maintenance expenses incurred during the year.

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**CAPITAL ASSETS**

**Capital Assets**

As of year end, the Authority had \$4,936,917 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to depreciation expense. See table 5 for detail of current year change.

**TABLE 4**

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

	<u><b>2006</b></u>	<u><b>2005</b></u>
Land and Land Rights	\$ 189,315	\$ 189,315
Buildings	9,800,927	9,800,927
Equipment	240,334	240,334
Leasehold Improvements	-	-
Construction in Progress	-	-
Accumulated Depreciation	<u>(5,293,659)</u>	<u>(4,967,996)</u>
 Total	 <u>\$ 4,936,917</u>	 <u>\$ 5,262,580</u>

The following reconciliation summarizes the change in Capital Assets, which presented in detail on page 23 of the notes.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance - September 30, 2005	\$	4,935,596
Current year Additions		-
Current Year Debt Payments		22,582
Current year Depreciation Expense		(325,664)
Rounding Adjustment		<u>1</u>
 Ending Balance - September 30, 2006	 \$	 <u><u>4,632,515</u></u>

JACKSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Debt Outstanding**

As of year-end, the Authority has \$304,402 in debt (mortgages) outstanding compared to \$326,984 last year.

**TABLE 6**

**CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING**

Beginning Balance - September 30, 2005	\$	326,984
Current Year Principal Payments		<u>(22,582)</u>
Ending Balance - September 30, 2006	\$	<u><u>304,402</u></u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Gary Keller, Executive Director of the Jackson Metropolitan Housing Authority, at (740) 384-5627. Specific requests may be submitted to the Jackson Metropolitan Housing Authority at 249 W. Thirteenth Street PO Box 619, Wellston, Ohio 45692.



**Jackson County Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2006**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$923,880
Receivables, net	1,263
Prepaid expenses and other assets	4,297
<b>Total current assets</b>	<b><u>929,440</u></b>

**Noncurrent assets**

Capital assets:

Land	189,315
Building and equipment	10,041,261
Less accumulated depreciation	<u>(5,293,659)</u>
<b>Total noncurrent assets</b>	<b><u>4,936,917</u></b>
<b>Total assets</b>	<b><u><u>\$5,866,357</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$16,690
Accrued liabilities	43,428
Intergovernmental payables	11,156
Tenant security deposits	21,370
Deferred revenue	3,025
Bonds, notes, and loans payable	<u>23,629</u>
<b>Total current liabilities</b>	<b><u>119,298</u></b>

**Noncurrent liabilities**

Bonds, notes, and loans payable	280,773
Accrued compensated absences non-current	12,078
Noncurrent liabilities - other	<u>559</u>
<b>Total noncurrent liabilities</b>	<b><u>293,410</u></b>
<b>Total liabilities</b>	<b><u><u>\$412,708</u></u></b>

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

**Jackson County Metropolitan Housing Authority**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**September 30, 2006**

***NET ASSETS***

Invested in capital assets, net of related debt	\$4,632,515
Unrestricted net assets	821,134
<b>Total net assets</b>	<b><u>5,453,649</u></b>

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

**Jackson County Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2006**

***OPERATING REVENUES***

Tenant Revenue	\$253,895
Government operating grants	1,278,471
Other revenue	31,275
<b>Total operating revenues</b>	<b><u>1,563,641</u></b>

***OPERATING EXPENSES***

Administrative	378,512
Utilities	124,246
Maintenance	258,976
General	81,114
Housing assistance payment	524,985
Depreciation	325,664
<b>Total operating expenses</b>	<b><u>1,693,497</u></b>
<b>Operating income (loss)</b>	<b><u>(129,856)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	26,167
Interest expense	(14,393)
<b>Total nonoperating revenues (expenses)</b>	<b><u>11,774</u></b>
Change in net assets	(118,082)
Total net assets - beginning	5,561,305
Prior Period Adjustment	10,426
<b>Total net assets - ending</b>	<b><u><u>\$5,453,649</u></u></b>

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

**Jackson Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended September 30, 2006**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$1,278,874
Tenant revenue received	260,125
Other revenue received	31,275
General and administrative expenses paid	(854,420)
Housing assistance payments	<u>(524,985)</u>
Net cash provided (used) by operating activities	<u>190,869</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>26,167</u>
Net cash provided (used) by investing activities	<u>26,167</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Payment	(22,582)
Interest Paid on Debt	<u>(14,393)</u>
Net cash provided (used) by financing activities	<u>(36,975)</u>
Net increase (decrease) in cash	180,061
Cash and cash equivalents - Beginning of year	<u>743,819</u>
Cash and cash equivalents - End of year	<u><u>\$923,880</u></u>

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

**Jackson Metropolitan Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2006**

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

Net Operating Income (Loss)	(\$129,856)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	325,664
- (Increases) Decreases in Accounts Receivable	6,229
- (Increases) Decreases in Prepaid Assets	10,621
- Increases (Decreases) in Accounts Payable	(2,261)
- Increases (Decreases) in Accounts Payable - Intergovernmental	403
- Increases (Decreases) in Accrued Compensated Absence	(12,425)
- Increases (Decreases) in Accrued Expenses Payable	6,158
- Increases (Decreases) in Deferred Revenue	(12,773)
- Increases (Decreases) in Tenant Security Deposits	5,311
- Increases (Decreases) in Other Liabilities	<u>(6,202)</u>
Net cash provided by operating activities	<u><u>\$190,869</u></u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

**Summary of Significant Accounting Policies**

The financial statements of the Jackson 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 Jackson 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.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

**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.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

**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 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.

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. **Business Activity**

Business activity represents other services that the PHA provides to Hocking Metropolitan Housing Authority for a fee and services that the PHA provides to the County. The revenue and expenses for these services are identified and tracked separate from the HUD activities.



JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2006 totaled \$26,167.

**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 \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-15 years

**Net Assets**

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

**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**

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

**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 absence 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.

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**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**

**Deposits**

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 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.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

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

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.

At fiscal year end September 30, 2006, the carrying amount of the Authority's deposits totaled \$923,880 and its bank balance was \$940,201. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2006, \$662,708 was exposed to custodial risk as discussed below, while \$277,493 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.

**NOTE 3: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2006 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.

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes:

	<b>Balance 09/30/05</b>	<b>Additions</b>	<b>Adjust / Deletion</b>	<b>Balance 09/30/06</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$189,315	\$0	\$0	\$189,315
<b>Total Capital Assets Not Being Depreciated</b>	<b>189,315</b>	<b>0</b>	<b>0</b>	<b>189,315</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	9,800,927	0	0	9,800,927
Furnt, Mach. and Equip.	240,334	0	0	240,334
<b>Total Capital Assets Being Depreciated</b>	<b>10,041,261</b>	<b>0</b>	<b>0</b>	<b>10,041,261</b>
<b>Accumulated Depreciation:</b>				
Buildings	(4,803,111)	(306,326)	0	(5,109,437)
Furnt, Mach. and Equip.	(164,884)	(19,338)	0	(184,222)
<b>Total Accumulated Depreciation</b>	<b>(4,967,995)</b>	<b>(325,664)</b>	<b>0</b>	<b>(5,293,659)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>5,073,266</b>	<b>(325,664)</b>	<b>0</b>	<b>4,747,602</b>
<b>Total Capital Assets, Net</b>	<b>\$5,262,581</b>	<b>(\$325,664)</b>	<b>\$0</b>	<b>\$4,936,917</b>

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All full-time employees of 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

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

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.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. Effective January 1, 2006 the rates increase to 9 percent for members and 13.7 for employers. Contributions are authorized by state statute. The Authority's required contributions to OPERS for the years ended September 30, 2006, 2005 and 2004 were \$42,115, \$40,516, and \$39,974, respectively. The full amount has been contributed for 2005 and 2004. Ninety-three percent has been contributed for 2006, with the remainder being reported as a liability with the enterprise fund.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended September 30, 2006 was 4.0 percent of covered payroll, which amounted to \$13,301. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2005 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 will allow additional funds to be allocated to the health care plan.

JACKSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006  
(CONTINUED)

**NOTE 7: LONG-TERM DEBT**

Jackson Metropolitan Housing Authority entered into an energy performance contract with Chevron Energy Solution Company for \$341,475. CitiMortgage, Inc. provides the financing source for the project. The term of the loan is 12 year with a fixed interest rate of 4.54%. The loan is paid back in monthly installments of \$3,080.05. The outstanding loan balance as of September 30, 2006 is \$326,984.

The following is a summary of changes in long-term debt for the year ended September 30, 2006:

<u>DESCRIPTION</u>	<u>BALANCE 09/30/05</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE 09/30/06</u>
Loan Payable	\$326,984	\$0	\$22,582	\$304,402
TOTAL	<u>\$326,984</u>	<u>\$0</u>	<u>\$22,582</u>	<u>\$304,402</u>

Debt maturities for the period after September 30, 2006 are as follows:

<u>Years – June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$23,629	\$13,332
2008	24,724	12,237
2009	25,871	11,090
2010	27,070	9,891
2011	28,325	8,636
2012 to 2016	162,579	22,226
2017 to 2021	12,204	116
Total	<u>\$304,402</u>	<u>\$77,528</u>

**NOTE 8: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of expenditure of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

**NOTE 9: PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$10,426 represents adjustment to the Housing Choice Voucher Program to write-off the deferred revenue that represent prior year HUD subsidy received but not used. This adjustment was necessary to reflect HUD requirement in recognizing revenue in the year received.



Jackson Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$60,769	\$39,557	\$50,604	\$0	\$150,930
113	Cash - Other Restricted	\$0	\$0	\$559	\$0	\$559
114	Cash - Tenant Security Deposits	\$0	\$21,370	\$0	\$0	\$21,370
100	Total Cash	\$60,769	\$60,927	\$51,163	\$0	\$172,859
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$12,130	\$0	\$0	\$12,130
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$10,867)	\$0	\$0	(\$10,867)
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$1,263	\$0	\$0	\$1,263
131	Investments - Unrestricted	\$0	\$598,441	\$152,580	\$0	\$751,021
142	Prepaid Expenses and Other Assets	\$0	\$4,297	\$0	\$0	\$4,297
144	Interprogram Due From	\$13,573	\$37,735	\$0	\$0	\$51,308
150	Total Current Assets	\$74,342	\$702,663	\$203,743	\$0	\$980,748
161	Land	\$0	\$189,315	\$0	\$0	\$189,315
162	Buildings	\$0	\$9,676,558	\$0	\$124,369	\$9,800,927
164	Furniture, Equipment & Machinery - Administration	\$2,170	\$163,507	\$20,717	\$53,940	\$240,334
166	Accumulated Depreciation	(\$775)	(\$5,256,692)	(\$15,664)	(\$20,528)	(\$5,293,659)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,395	\$4,772,688	\$5,053	\$157,781	\$4,936,917
180	Total Non-Current Assets	\$1,395	\$4,772,688	\$5,053	\$157,781	\$4,936,917
190	Total Assets	\$75,737	\$5,475,351	\$208,796	\$157,781	\$5,917,665
312	Accounts Payable <= 90 Days	\$167	\$14,321	\$2,202	\$0	\$16,690
321	Accrued Wage/Payroll Taxes Payable	\$0	\$19,584	\$0	\$0	\$19,584
322	Accrued Compensated Absences - Current Portion	\$0	\$20,629	\$3,215	\$0	\$23,844
333	Accounts Payable - Other Government	\$0	\$11,156	\$0	\$0	\$11,156
341	Tenant Security Deposits	\$0	\$21,370	\$0	\$0	\$21,370
342	Deferred Revenues	\$3,025	\$0	\$0	\$0	\$3,025
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$23,629	\$0	\$0	\$23,629
347	Interprogram Due To	\$0	\$0	\$51,308	\$0	\$51,308
310	Total Current Liabilities	\$3,192	\$110,689	\$56,725	\$0	\$170,606
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$280,773	\$0	\$0	\$280,773
354	Accrued Compensated Absences - Non Current	\$0	\$10,450	\$1,628	\$0	\$12,078
353	Noncurrent Liabilities - Other	\$0	\$0	\$559	\$0	\$559
350	Total Noncurrent Liabilities	\$0	\$291,223	\$2,187	\$0	\$293,410

Jackson Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
300	Total Liabilities	\$3,192	\$401,912	\$58,912	\$0	\$464,016
508.1	Invested in Capital Assets, Net of Related Debt	\$1,395	\$4,468,286	\$5,053	\$157,781	\$4,632,515
512.1	Unrestricted Net Assets	\$71,150	\$605,153	\$144,831	\$0	\$821,134
513	Total Equity/Net Assets	\$72,545	\$5,073,439	\$149,884	\$157,781	\$5,453,649
600	Total Liabilities and Equity/Net Assets	\$75,737	\$5,475,351	\$208,796	\$157,781	\$5,917,665
703	Net Tenant Rental Revenue	\$0	\$253,646	\$0	\$0	\$253,646
704	Tenant Revenue - Other	\$0	\$249	\$0	\$0	\$249
705	Total Tenant Revenue	\$0	\$253,895	\$0	\$0	\$253,895
706	HUD PHA Operating Grants	\$0	\$461,823	\$672,551	\$144,097	\$1,278,471
711	Investment Income - Unrestricted	\$325	\$20,413	\$5,429	\$0	\$26,167
715	Other Revenue	\$25,749	\$4,220	\$1,306	\$0	\$31,275
700	Total Revenue	\$26,074	\$740,351	\$679,286	\$144,097	\$1,589,808
911	Administrative Salaries	\$6,937	\$143,014	\$62,140	\$21,587	\$233,678
912	Auditing Fees	\$0	\$3,694	\$1,907	\$0	\$5,601
914	Compensated Absences	\$0	\$1,423	(\$13,848)	\$0	(\$12,425)
915	Employee Benefit Contributions - Administrative	\$0	\$72,216	\$13,147	\$3,412	\$88,775
916	Other Operating - Administrative	\$450	\$37,492	\$24,941	\$0	\$62,883
931	Water	\$0	\$43,755	\$214	\$0	\$43,969
932	Electricity	\$0	\$46,532	\$603	\$0	\$47,135
933	Gas	\$0	\$32,760	\$382	\$0	\$33,142
941	Ordinary Maintenance and Operations - Labor	\$0	\$99,405	\$0	\$0	\$99,405
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$104,501	\$0	\$0	\$104,501
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$41,586	\$0	\$0	\$41,586
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$13,484	\$0	\$0	\$13,484
961	Insurance Premiums	\$0	\$25,662	\$6,000	\$0	\$31,662
962	Other General Expenses	\$18,877	\$0	\$0	\$0	\$18,877
963	Payments in Lieu of Taxes	\$0	\$11,156	\$0	\$0	\$11,156
964	Bad Debt - Tenant Rents	\$0	\$19,419	\$0	\$0	\$19,419
967	Interest Expense	\$0	\$14,393	\$0	\$0	\$14,393
969	Total Operating Expenses	\$26,264	\$710,492	\$95,486	\$24,999	\$857,241
970	Excess Operating Revenue over Operating Expenses	(\$190)	\$29,859	\$583,800	\$119,098	\$732,567
973	Housing Assistance Payments	\$0	\$0	\$524,985	\$0	\$524,985
974	Depreciation Expense	\$310	\$306,363	\$5,306	\$13,685	\$325,664

Jackson Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Proprietary Fund Type – Enterprise Fund  
September 30, 2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
900	Total Expenses	\$26,574	\$1,016,855	\$625,777	\$38,684	\$1,707,890
1001	Operating Transfers In	\$0	\$119,098	\$0	\$0	\$119,098
1002	Operating Transfers Out	\$0	\$0	\$0	(\$119,098)	(\$119,098)
1010	Total Other Financing Sources (Uses)	\$0	\$119,098	\$0	(\$119,098)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$500)	(\$157,406)	\$53,509	(\$13,685)	(\$118,082)
1103	Beginning Equity	\$73,045	\$5,230,845	\$85,949	\$171,466	\$5,561,305
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$10,426	\$0	\$10,426
	Ending Equity	\$72,545	\$5,073,439	\$149,884	\$157,781	\$5,453,649
1120	Unit Months Available	0	1,980	2,496	0	4,476
1121	Number of Unit Months Leased	0	1,826	2,453	0	4,279
1117	Administrative Fee Equity	\$0	\$0	\$123,137	\$0	\$123,137
1118	Housing Assistance Payments Equity	\$0	\$0	\$26,747	\$0	\$26,747

Jackson Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended September 30, 2006

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$461,823
Housing Choice Vouchers	14.871	672,551
Public Housing Capital Fund Program	14.872	<u>144,097</u>
<b>TOTAL AWARDS</b>		<b><u><u>\$1,278,471</u></u></b>



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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  
Jackson Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Jackson Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2006, which collectively comprise the Jackson Metropolitan Housing Authority, Ohio's basic financial statements and have issued my report thereon dated May 24, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 my audit, I considered Jackson Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Jackson Metropolitan Housing Authority, Ohio, in a separate letter dated May 24, 2007.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson Metropolitan Housing Authority, Ohio's Financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



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Salvatore Consiglio, CPA, Inc.

May 24, 2007



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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  
Jackson Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Jackson Metropolitan Housing Authority, Ohio, 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 September 30, 2006. Jackson Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jackson Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Jackson Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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 I 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 Jackson Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Jackson Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Jackson Metropolitan Housing Authority, Ohio, 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 September 30, 2006.

## **Internal Control over Compliance**

The management of Jackson Metropolitan Housing Authority, Ohio 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 my audit, I considered Jackson Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



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Salvatore Consiglio, CPA, Inc.

May 24, 2007



Jackson Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2006

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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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):	CFDA # 14.871 – Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended September 30, 2006.

<b>3. FINDINGS RELATED TO FEDERAL AWARDS</b>
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There are no Findings or questioned costs for the year ended September 30, 2006.

Jackson Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2006

The audit report for the fiscal year ending September 30, 2005 contained no audit findings.



**Mary Taylor, CPA**  
Auditor of State

**JACKSON METROPOLITAN HOUSING AUTHORITY**

**JACKSON 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  
JUNE 28, 2007**