

Jackson Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2005



**Auditor of State
Betty Montgomery**

Board of Directors
Jackson Metropolitan Housing Authority
P.O. Box 619
Wellston, OH 45692

We have reviewed the *Independent Auditor's Report* of the Jackson Metropolitan Housing Authority, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2004 through September 30, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 10, 2006

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JACKSON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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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, 2005, 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, 2005, 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 3, 2006, 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") and the PHA statement and certification of actual costs are 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.



Salvatore Consiglio, CPA, Inc.

May 3, 2006

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

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 increased by \$233,889 (or 4.4 %) during 2005, 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 \$5,327,416 and \$5,561,305 for 2004 and 2005 respectively.
- Revenues increased by \$468,642 (or 32.25%) during 2005, and were \$1,453,220 and \$1,921,862 for 2004 and 2005 respectively.
- The total expenses of all Authority programs increased by \$25,582 (or 1.5%). Total expenses were \$1,660,845 and \$1,686,427 for 2004 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 style="text-align: center;">MD&A ~Management's Discussion and Analysis – pgs 3-10~</p>
<p style="text-align: center;">Basic Financial Statement ~Authority Financial Statements – pgs 11-15~</p>
<p style="text-align: center;">Other Required Supplementary Information ~Required Supplementary Information pgs 27-30~ (Other than the MD&A)</p>

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

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.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

Fund Financial Statements

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

Many of the programs maintained by the Authority are 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.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

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.

TABLE 1

STATEMENT OF NET ASSETS

	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$ 766,230	\$ 760,594
Capital Assets	<u>5,262,580</u>	<u>4,682,455</u>
 Total Assets	 <u>\$ 6,028,810</u>	 <u>\$ 5,443,049</u>
 Current Liabilities	 \$ 126,686	 \$ 88,309
Long-Term Liabilities	<u>340,819</u>	<u>27,324</u>
 Total Liabilities	 <u>467,505</u>	 <u>115,633</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	4,935,596	4,682,455
Restricted Net Assets	50,000	50,000
Unrestricted Net Assets	<u>575,709</u>	<u>594,961</u>
 Total Net Assets	 <u>5,561,305</u>	 <u>5,327,416</u>
 Total Liabilities and Net Assets	 <u>\$ 6,028,810</u>	 <u>\$ 5,443,049</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

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Major Factors Affecting the Statement of Net Assets

During 2005, current and other assets increased by \$5,636, and total liabilities increased by \$351,872. The current and other assets, primarily cash and investments, increased due to result from operation. Total liabilities increase due to the financing obtains for the payment of the energy improvement contract.

Capital assets also changed, increasing from \$4,682,455 to \$5,262,580. The \$580,125 increase may be contributed primarily to a combination of net acquisitions \$903,303, less current year depreciation of \$323,178. For more detail see "Capital Assets" below.

TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

Table 2 presents details on the change in Unrestricted Net Assets

Beginning Balance - September 30, 2004	\$	594,961
Results of Operation		235,435
Adjustments:		
Current year Depreciation Expense (1)		323,178
Capital Expenditure (2)		(903,303)
Loan Proceeds used to Finance Capital Expenditure		341,475
Retirement of Debt		(14,491)
Prior Period Adjustment		<u>(1,546)</u>
Ending Balance - September 30, 2005	\$	<u><u>575,709</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.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

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.

	<u>2005</u>	<u>2004</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 234,097	\$ 240,836
Operating Subsidies	1,433,304	1,171,480
Capital Grants	178,309	-
Investment Income	16,855	9,696
Other Revenues	59,297	31,208
Total Revenues	<u>1,921,862</u>	<u>1,453,220</u>
<u>Expenses</u>		
Administrative	387,739	376,630
Tenant Services	467	-
Utilities	127,284	138,450
Maintenance	234,897	224,572
General and Interest Expenses	89,713	64,631
Housing Assistance Payments	523,149	555,580
Depreciation	323,178	300,982
Total Expenses	<u>1,686,427</u>	<u>1,660,845</u>
Net Increases (Decreases)	<u>\$ 235,435</u>	<u>\$ (207,625)</u>

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

Tenant revenue decreased slightly during 2005 in comparison to 2004. Operating Subsidies and Capital Grants increased. Over all total revenue increased from prior year due to changes in funding from HUD for the Housing Choice Voucher Program and additional activities for the energy improvement contract in the Capital Funded Program.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

The expenses increased moderately due to inflation. The main change in the expenditure was due to the increase in depreciation expense due to the additional capital improvement activities.

CAPITAL ASSETS

Capital Assets

As of year end, the Authority had \$5,262,580 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (current purchases less depreciation) of \$580,125 or 12.4% from the end of last year.

TABLE 4

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

	<u>2005</u>	<u>2004</u>
Land and Land Rights	\$ 189,315	\$ 189,315
Buildings	9,800,927	8,822,721
Equipment	240,334	186,394
Leasehold Improvements	-	-
Construction in Progress	-	128,843
Accumulated Depreciation	<u>(4,967,996)</u>	<u>(4,644,818)</u>
 Total	 <u><u>\$ 5,262,580</u></u>	 <u><u>\$ 4,682,455</u></u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

UNAUDITED

TABLE 5

**CHANGE IN CAPITAL ASSETS
(IN MILLIONS)**

Beginning Balance - September 30, 2004	\$	4,682,455
Current year Additions		903,303
Current year Depreciation Expense		<u>(323,178)</u>
 Ending Balance - September 30, 2005	 \$	 <u><u>5,262,580</u></u>
 Current year Additions are summarized as follows:		
Capital Improvement for Energy Savings	\$	839,791
Replacement of refrigerators		53,940
Replacement of carpet		<u>9,572</u>
 Total 2005 Additions	 \$	 <u><u>903,303</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 Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
September 30, 2005

ASSETS

Current assets

Cash and cash equivalents	\$743,819
Receivables, net	7,493
Prepaid expenses and other assets	14,918
Total current assets	<u>766,230</u>

Noncurrent assets

Capital assets:	
Land	189,315
Building and equipment	10,041,261
Less accumulated depreciation	(4,967,996)
Total noncurrent assets	<u>5,262,580</u>
Total assets	<u><u>\$6,028,810</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$18,951
Accrued liabilities	32,117
Intergovernmental payables	10,753
Tenant security deposits	16,059
Deferred revenue	26,224
Bonds, notes, and loans payable	22,582
Total current liabilities	<u>126,686</u>

Noncurrent liabilities

Bonds, notes, and loans payable	304,402
Accrued compensated absences non-current	29,656
Noncurrent liabilities - other	6,761
Total noncurrent liabilities	<u>340,819</u>
Total liabilities	<u><u>\$467,505</u></u>

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

Jackson Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2005

NET ASSETS

Invested in capital assets, net of related debt	\$4,935,596
Restricted net assets	50,000
Unrestricted net assets	575,709
Total net assets	<u>5,561,305</u>

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

Jackson Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2005

OPERATING REVENUES

Tenant Revenue	\$234,097
Government operating grants	1,433,304
Other revenue	59,297
Total operating revenues	<u>1,726,698</u>

OPERATING EXPENSES

Administrative	387,739
Tenant services	467
Utilities	127,284
Maintenance	234,897
General	85,911
Housing assistance payment	523,149
Depreciation	323,178
Total operating expenses	<u>1,682,625</u>
Operating income (loss)	<u>44,073</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	16,855
Interest expense	(3,802)
Total nonoperating revenues (expenses)	<u>13,053</u>
Income (loss) before contributions and transfers	<u>57,126</u>

Capital grants	178,309
Change in net assets	235,435
Total net assets - beginning	5,327,416
Prior period adjustment	(1,546)
Total net assets - ending	<u>\$5,561,305</u>

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, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$1,435,393
Tenant revenue received	226,777
Other revenue received	59,297
General and administrative expenses paid	(810,839)
Housing assistance payments	<u>(523,149)</u>
Net cash provided (used) by operating activities	<u>387,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>16,855</u>
Net cash provided (used) by investing activities	<u>16,855</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	178,309
Property and equipment purchased	<u>(903,303)</u>
Net cash provided (used) by capital and related activities	<u>(724,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan Proceeds	341,475
Principal Payment	(14,491)
Interest Paid on Debt	<u>(3,802)</u>
Net cash provided (used) by financing activities	<u>323,182</u>
Net increase (decrease) in cash	2,522
Cash and cash equivalents - Beginning of year	<u>741,297</u>
Cash and cash equivalents - End of year	<u><u>\$743,819</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, 2005

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$44,073
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	323,178
- (Increases) Decreases in Accounts Receivable	(5,572)
- (Increases) Decreases in Prepaid Assets	912
- Increases (Decreases) in Accounts Payable	(660)
- Increases (Decreases) in Accounts Payable - Intergovernmental	764
- Increases (Decreases) in Accrued Compensated Absence	876
- Increases (Decreases) in Accrued Expenses Payable	1,049
- Increases (Decreases) in Deferred Revenue	22,169
- Increases (Decreases) in Tenant Security Deposits	548
- Increases (Decreases) in Other Liabilities	142
	142
Net cash provided by operating activities	\$387,479

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, 2005

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, 2005
(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, 2005
(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, 2005
(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, 2005 totaled \$16,855.

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. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Assets

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

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, 2005
(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 are 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.

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.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(CONTINUED)

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 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.

Government Accounting Standards Board Statement No. 3 (GASB #3) has established custodial credit risk categories for deposits and investments as follows:

Category 1 – Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 – Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of the Authority's deposits was \$743,819 at September 30, 2005. The corresponding bank balance was \$747,849. Of the bank balance, \$274,791 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 2 years.

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

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority practice to do business with more than one depository.

The Authority did not have any investments as of September 30, 2005 other than certificates of deposits.

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, 2005 the Authority maintains comprehensive insurance coverage with private carriers for health, real property,

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(CONTINUED)

NOTE 3: RISK MANAGEMENT (Continued)

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.

NOTE 4: CAPITAL ASSETS

The following is a summary:

Land	\$189,315
Buildings	9,800,927
Furniture, Machinery and Equipment	240,334
Construction in Progress	0
Total Fixed Assets	10,230,576
Accumulated Depreciation	(4,967,996)
Net Capital Assets	\$5,262,580

The following is a summary of changes:

	Balance 09/30/04	Transf / Adjust.	Additions	Deletion	Balance 09/30/05
Land	\$189,315	\$0	\$0	\$0	\$189,315
Buildings	8,822,721	128,843	849,363	0	9,800,927
Furnt, Mach. and Equip.	186,394	0	53,940	0	240,334
Construction in Progress	128,843	(128,843)	0	0	0
Total Capital Assets	\$9,327,273	(\$ 0)	\$903,303	\$ 0	\$10,230,576

The depreciation expense for the year ended September 30, 2005 was \$323,178.

**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, 2005
(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. The Authority's required contributions to OPERS for the years ended September 30, 2005, 2004 and 2003 were \$40,516, \$39,974, and \$38,258, respectively. The full amount has been contributed for 2004 and 2003. Ninety-two percent has been contributed for 2005, 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, 2005
(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 retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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, 2005 was 4.0 percent of covered payroll, which amounted to \$11,961. 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, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of 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 2004 was 8.0 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 1% to 6% for the next 8 years. In subsequent years (9 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 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(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, 2005 is \$326,984.

The following is a summary of changes in long-term debt for the year ended September 30, 2005:

<u>DESCRIPTION</u>	<u>BALANCE 09/30/04</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE 09/30/05</u>
Loan Payable	\$0	\$341,475	\$14,491	\$326,984
TOTAL	\$0	\$341,475	\$14,491	\$326,984

Debt maturities for the period after September 30, 2005 are as follows:

<u>Years – June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$22,582	\$14,379
2007	23,629	13,332
2008	24,724	12,237
2009	25,871	11,090
2010	27,070	9,891
2011 to 2015	155,376	29,429
2016 to 2020	47,732	1,543
Total	\$326,984	\$91,901

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 \$1,546 represents HUD adjustment to the Housing Choice Voucher Program for administration fees earned for fiscal year ended September 30, 2004.

Jackson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
September 30, 2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$68,111	\$53,362	\$42,452	\$0	\$163,925
113	Cash - Other Restricted	\$0	\$0	\$7,262	\$0	\$7,262
114	Cash - Tenant Security Deposits	\$0	\$16,059	\$0	\$0	\$16,059
100	Total Cash	\$68,111	\$69,421	\$49,714	\$0	\$187,246
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$14,584	\$0	\$0	\$14,584
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$7,091)	\$0	\$0	(\$7,091)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$7,493	\$0	\$0	\$7,493
131	Investments - Unrestricted	\$0	\$408,976	\$147,597	\$0	\$556,573
142	Prepaid Expenses and Other Assets	\$0	\$14,918	\$0	\$0	\$14,918
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$14,533	\$62,684	\$0	\$0	\$77,217
150	Total Current Assets	\$82,644	\$563,492	\$197,311	\$0	\$843,447
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
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$465)	(\$4,950,329)	(\$10,359)	(\$6,843)	(\$4,967,996)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,705	\$5,079,051	\$10,358	\$171,466	\$5,262,580
180	Total Non-Current Assets	\$1,705	\$5,079,051	\$10,358	\$171,466	\$5,262,580
190	Total Assets	\$84,349	\$5,642,543	\$207,669	\$171,466	\$6,106,027
312	Accounts Payable <= 90 Days	\$1,313	\$14,820	\$2,818	\$0	\$18,951
321	Accrued Wage/Payroll Taxes Payable	\$0	\$13,426	\$0	\$0	\$13,426
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$18,691	\$0	\$18,691
333	Accounts Payable - Other Government	\$0	\$10,753	\$0	\$0	\$10,753
341	Tenant Security Deposits	\$0	\$16,059	\$0	\$0	\$16,059
342	Deferred Revenues	\$9,990	\$0	\$16,234	\$0	\$26,224
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$22,582	\$0	\$0	\$22,582
347	Interprogram Due To	\$1	\$0	\$77,216	\$0	\$77,217
310	Total Current Liabilities	\$11,304	\$77,640	\$114,959	\$0	\$203,903
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$304,402	\$0	\$0	\$304,402
354	Accrued Compensated Absences - Non Current	\$0	\$29,656	\$0	\$0	\$29,656
353	Noncurrent Liabilities - Other	\$0	\$0	\$6,761	\$0	\$6,761
350	Total Noncurrent Liabilities	\$0	\$334,058	\$6,761	\$0	\$340,819

Jackson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
September 30, 2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
300	Total Liabilities	\$11,304	\$411,698	\$121,720	\$0	\$544,722
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,705	\$4,752,067	\$10,358	\$171,466	\$4,935,596
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$50,000	\$0	\$0	\$0	\$50,000
512.1	Unrestricted Net Assets	\$21,340	\$478,778	\$75,591	\$0	\$575,709
513	Total Equity/Net Assets	\$73,045	\$5,230,845	\$85,949	\$171,466	\$5,561,305
600	Total Liabilities and Equity/Net Assets	\$84,349	\$5,642,543	\$207,669	\$171,466	\$6,106,027
703	Net Tenant Rental Revenue	\$0	\$233,652	\$0	\$0	\$233,652
704	Tenant Revenue - Other	\$0	\$445	\$0	\$0	\$445
705	Total Tenant Revenue	\$0	\$234,097	\$0	\$0	\$234,097
706	HUD PHA Operating Grants	\$0	\$438,160	\$658,957	\$336,187	\$1,433,304
706.1	Capital Grants	\$0	\$0	\$0	\$178,309	\$178,309
711	Investment Income - Unrestricted	\$287	\$12,761	\$3,807	\$0	\$16,855
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$48,164	\$8,420	\$2,713	\$0	\$59,297
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$48,451	\$693,438	\$665,477	\$514,496	\$1,921,862
911	Administrative Salaries	\$6,000	\$110,519	\$85,635	\$21,037	\$223,191
912	Auditing Fees	\$0	\$4,302	\$828	\$0	\$5,130
914	Compensated Absences	\$0	\$1,070	\$0	\$0	\$1,070
915	Employee Benefit Contributions - Administrative	\$0	\$62,584	\$16,142	\$3,838	\$82,564
916	Other Operating - Administrative	\$509	\$38,879	\$36,396	\$0	\$75,784
924	Tenant Services - Other	\$0	\$467	\$0	\$0	\$467
931	Water	\$0	\$51,294	\$173	\$0	\$51,467
932	Electricity	\$0	\$51,351	\$650	\$0	\$52,001
933	Gas	\$0	\$23,473	\$343	\$0	\$23,816
941	Ordinary Maintenance and Operations - Labor	\$0	\$89,468	\$0	\$0	\$89,468
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$81,736	\$0	\$0	\$81,736
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$50,582	\$0	\$0	\$50,582
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$13,111	\$0	\$0	\$13,111
961	Insurance Premiums	\$0	\$23,337	\$6,000	\$0	\$29,337
962	Other General Expenses	\$36,127	\$629	\$0	\$0	\$36,756
963	Payments in Lieu of Taxes	\$0	\$10,753	\$0	\$0	\$10,753
964	Bad Debt - Tenant Rents	\$0	\$9,065	\$0	\$0	\$9,065
967	Interest Expense	\$0	\$3,802	\$0	\$0	\$3,802
969	Total Operating Expenses	\$42,636	\$626,422	\$146,167	\$24,875	\$840,100
970	Excess Operating Revenue over Operating Expenses	\$5,815	\$67,016	\$519,310	\$489,621	\$1,081,762

Jackson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
September 30, 2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
973	Housing Assistance Payments	\$0	\$0	\$523,149	\$0	\$523,149
974	Depreciation Expense	\$310	\$310,719	\$5,306	\$6,843	\$323,178
900	Total Expenses	\$42,946	\$937,141	\$674,622	\$31,718	\$1,686,427
1001	Operating Transfers In	\$0	\$311,312	\$0	\$0	\$311,312
1002	Operating Transfers Out	\$0	\$0	\$0	(\$311,312)	(\$311,312)
1010	Total Other Financing Sources (Uses)	\$0	\$311,312	\$0	(\$311,312)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$5,505	\$67,609	(\$9,145)	\$171,466	\$235,435
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$67,540	\$5,064,796	\$96,640	\$98,440	\$5,327,416
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$98,440	(\$1,546)	(\$98,440)	(\$1,546)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$687,911	\$0	\$687,911
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$687,911	\$0	\$687,911
1120	Unit Months Available	0	1,980	2,496	0	4,476
1121	Number of Unit Months Leased	0	1,884	2,447	0	4,331

Jackson Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
September 30, 2005

Capital Fund Program Number OH16P04050102

1. The Program Costs are as follows:

Funds Approved	\$255,349
Funds Expended	<u>255,349</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$255,349
Funds Expended	<u>255,349</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on March 21, 2005.
4. The final costs on the certification agree to the Authority's records.

Jackson Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
September 30, 2005

Capital Fund Program Number OH16P04050103

1. The Program Costs are as follows:

Funds Approved	\$214,797
Funds Expended	<u>214,797</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$214,797
Funds Expended	<u>214,797</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on March 26, 2005.
4. The final costs on the certification agree to the Authority's records.

Jackson Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
September 30, 2005

Capital Fund Program Number OH16P04050203

1. The Program Costs are as follows:

Funds Approved	\$42,808
Funds Expended	<u>42,808</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$42,808
Funds Expended	<u>42,808</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on March 7, 2005.
4. The final costs on the certification agree to the Authority's records.

Jackson Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended September 30, 2005

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$438,160
Housing Choice Vouchers	14.871	658,957
Public Housing Capital Fund Program	14.872	<u>514,496</u>
TOTAL AWARDS		<u><u>\$1,611,613</u></u>



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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, 2005, which collectively comprise the Jackson Metropolitan Housing Authority, Ohio's basic financial statements and have issued my report thereon dated May 3, 2006. 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.

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.

A handwritten signature in cursive script that reads "Salvatore Consiglio".

Salvatore Consiglio, CPA, Inc.

May 3, 2006



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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, 2005. 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, 2005.

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.



Salvatore Consiglio, CPA, Inc.

May 3, 2006

Jackson Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 September 30, 2005

1. SUMMARY OF AUDITOR'S 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):	CFDA # 14.850, 14.872 - Low Rent Public Housing & Capital Fund Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended September 30, 2005.

3. FINDINGS RELATED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended September 30, 2005.

Jackson Metropolitan Housing Authority
Schedule of Prior Audit Findings
September 30, 2005

The audit report for the fiscal year ending September 30, 2004 contained no audit findings.



**Auditor of State
Betty Montgomery**

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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
JULY 20, 2006**