

Jefferson Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2009





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Jefferson Metropolitan Housing Authority  
815 N. 6th Street  
Steubenville, Ohio 43952

We have reviewed the *Independent Auditors' Report* of the Jefferson Metropolitan Housing Authority, Jefferson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Jefferson Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 23, 2010

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JEFFERSON METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2009

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## Independent Auditors' Report

Board of Directors  
Jefferson Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these 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 respective financial position of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, as of December 31, 2009, and the respective changes in financial position and the 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 a report dated May 14, 2010, on my consideration of Jefferson Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of 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 considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. 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 financial statements that collectively comprise the Jefferson Metropolitan Housing Authority basic 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 FDS Schedule Submitted to REAC and the PHA's Statements and Certification of Actual Modernization Costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

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Salvatore Consiglio, CPA, Inc.  
May 14, 2010

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (M D & A)  
Year Ended DECEMBER 31, 2009**

**Unaudited**

The Jefferson Metropolitan Housing Authority (“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 activities, (c) identify changes in the Authority’s financial 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 current known facts, please read it in conjunction with the Authority’s financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority’s net assets increased by \$1,099,000 (5%) due to results from operations. Net assets were \$21,963,000 at 12/31/08 and \$23,062,000 at 12/31/09.
- Revenues of the entire Authority decreased by \$1,618,000 in 2009. Revenues were \$11,366,000 in 2008 and \$9,748,000 in 2009.
- Total expenses of the entire Authority increased by \$257,000 in 2009. Total expenses were \$8,392,000 in 2008 and \$8,649,000 in 2009.

**USING THIS ANNUAL REPORT**

The following graphic outlines the format of this report:

<p><b>MD&amp;A</b> ~ Management Discussion and Analysis ~</p>
<p><b>Basic Financial Statement</b> ~ Authority-wide Financial Statements ~</p>
<p><b><u>Other Required Supplementary Information</u></b> ~ Required Supplementary Information (other than MD&amp;A) ~</p>

The primary focus of the Authority’s financial statements is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.



**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended DECEMBER 31, 2009**

**Unaudited**

**Authority-Wide Financial Statements**

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

These statements include a Statement of Net Cost, 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, equal “Net Assets”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets 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), grantor, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”. This account resembles the old operating reserves account.

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

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)  
Year Ended DECEMBER 31, 2009**

**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.

Business Activity – Gaylord Towers – under the Section 8 New Construction, the Authority rents units that it owns to elderly households. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides subsidy to allow the Authority to provide the housing at a rent based on 30% of household income.

Section 8 Moderate Rehabilitation – Single Room Only – The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rent housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended DECEMBER 31, 2009**

**Unaudited**

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.

ARRA Funds – Stimulus Funds received in 2009 used for Capital Improvements and Management Activities.

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in business-type activities.

**TABLE 1  
Statement of Net Assets  
(in thousands of dollars)**

	<b>2009</b>	<b>2008</b>	<b>Change</b>
Current and Other Assets	\$ 10,989	\$ 9,984	\$ 1,005
Capital Assets	12,997	12,525	472
Total Assets	<u>\$ 23,985</u>	<u>\$ 22,509</u>	<u>\$ 1,476</u>
Current Liabilities	\$ 701	\$ 346	\$ 355
Long-Term Liabilities	223	200	23
Total Liabilities	<u>924</u>	<u>546</u>	<u>378</u>
Net Assets:			
Investment in Capital Assets, net of Related Debt	12,997	12,525	472
Restricted Net Assets	3,070	262	2,808
Unrestricted Net Assets	6,995	9,176	(2,181)
Total Net Assets	<u>23,062</u>	<u>21,963</u>	<u>1,099</u>
Total Liabilities and Net Assets	<u>\$ 23,985</u>	<u>\$ 22,509</u>	<u>\$ 1,476</u>

For more detailed information see the Statement of Net Assets.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended DECEMBER 31, 2009**

**Unaudited**

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

During 2009 current assets increased by \$1,005,000 and current liabilities increased by \$355,000. The current asset increase is due to the increase in operating income. Total liabilities increased by \$378,000 for the year. This increase is mainly due to HUD's prepayment of Section 8 subsidy.

During 2009 Net Capital Assets increased by \$472,000. This was due to the stimulus grant funds less current year depreciation.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
TABLE 2**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

(in thousands of dollars)

<u>Revenues</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Total Tenant Revenues	\$ 811	\$ 782	\$ 29
Operating Subsidies and Capital Grants	8,851	8,029	822
Investment Income	69	179	(110)
Other Revenues	17	2,376	(2,359)
<b>Total Revenues</b>	<b><u>9,748</u></b>	<b><u>11,366</u></b>	<b><u>(1,618)</u></b>
<u>Expenses</u>			
Administrative	1,617	1,513	104
Tenant Services	0	4	(4)
Utilities	811	904	(93)
Maintenance	1,210	1,135	75
Protective Services	313	345	(32)
General	315	273	42
Housing Assistance Payments	3,206	3,037	169
Depreciation	1,177	1,181	(4)
<b>Total Expenses</b>	<b><u>8,649</u></b>	<b><u>8,392</u></b>	<b><u>257</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ 1,099</u></b>	<b><u>\$ 2,974</u></b>	<b><u>\$ (1,875)</u></b>

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended DECEMBER 31, 2009**

**Unaudited**

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

Total revenues decreased by \$1,618,000 (14%) in 2009. The revenues in 2008 included the gain from sale of Parkview Circle of \$2,360,000. The revenues in 2009 include the stimulus grant.

Total expenses increased in 2009 by \$257,000 (4%). The increase is mainly due to Housing assistance payments increase of \$169,000 from last year due to more vouchers served in current year.

**TABLE 3  
NET-ASSETS (EQUITY)**

The following table shows the change in net assets of Jefferson Metropolitan Housing Authority for FYE 12/31/09:

(in thousands of dollars)

	<u>Unrestricted Net Assets</u>	<u>Restricted Net Assets</u>	<u>Investment in Capital Assets</u>
Beginning Balance - December 31, 2008	\$ 9,176	\$ 262	\$ 12,525
Results of Operation	(1,709)	2,808	-
Adjustments:			
Current year Depreciation Expense	1,177	-	(1,177)
Capital Expenditure	(1,648)	-	1,648
Rounding Adjustments	(1)	-	1
Ending Balance - December 31, 2009	<u>\$ 6,995</u>	<u>\$ 3,070</u>	<u>\$ 12,997</u>

**CAPITAL ASSETS**

As of year end, the Authority had \$12,997,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$472,000 or 4% from the end of last year.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)  
Year Ended DECEMBER 31, 2009**

**Unaudited**

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

(in thousands of dollars)

	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>Change</u></b>
Land and Land Rights	\$ 2,513	\$ 2,513	\$ 0
Buildings	30,123	29,541	582
Equipment	1,460	1,313	147
Construction in Progress	1,566	655	911
Accumulated Depreciation	<u>(22,666)</u>	<u>(21,497)</u>	<u>(1,169)</u>
 Total	 <u>\$ 12,997</u>	 <u>\$ 12,525</u>	 <u>\$ 472</u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5**  
CHANGE IN CAPITAL ASSETS (in thousands of dollars)

Beginning Balance - December 31, 2008	\$	12,525
Current Year Additions		1,648
Current Year Disposal, Net		-
Current Year Depreciation Expense		(1,177)
Rounding		<u>1</u>
 Ending Balance - December 31, 2009	 \$	 <u><u>12,997</u></u>

The current year additions represented various capital improvements such as: Roof replacements, boilers, vehicles purchased, new building purchases, electrical upgrades, bathtub replacements, retaining walls, furnaces, A/C units, and various other items.

**Debt Outstanding**

As of year-end, the Authority had no debt outstanding.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)  
Year Ended DECEMBER 31, 2009**

**Unaudited**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

1. Federal funding provided by congress to the Department of Housing & Urban Development.
2. Local labor and demand, which can affect salary and wage rates.
3. Local inflationary, recessionary and employment trends, which can affect resident incomes, and therefore the amount of rental income.
4. Inflationary pressure on utility rates, supplies and other costs.
5. Property condition

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Jim Fullen, Assistant Director of Jefferson Metropolitan Housing Authority, at (740) 282-0994 extension #22.

Jim Fullen

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Jim Fullen, Assistant Director, JMHA

Joseph Costantini

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Joseph Costantini, Exec. Director, JMHA

**Jefferson Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$7,609,437
Restricted cash and cash equivalents	3,192,564
Receivables, net	39,287
Prepaid expenses	122,768
Inventories, net	24,760
<b>Total current assets</b>	<b><u>10,988,816</u></b>

**Noncurrent assets**

Capital assets:	
Land	2,513,382
Building and equipment	31,583,241
Construction in Progress	1,566,156
Less accumulated depreciation	<u>(22,666,146)</u>
<b>Total noncurrent assets</b>	<b><u>12,996,633</u></b>
<b>Total assets</b>	<b><u><u>\$23,985,449</u></u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$96,787
Accrued liabilities	123,855
Intergovernmental payables	3,329
Tenant security deposits	101,313
Deferred revenue	297,219
Other current liabilities	78,867
<b>Total current liabilities</b>	<b><u>701,370</u></b>

**Noncurrent liabilities**

Accrued compensated absences non-current	<u>222,576</u>
<b>Total noncurrent liabilities</b>	<b><u>222,576</u></b>
<b>Total liabilities</b>	<b><u><u>\$923,946</u></u></b>

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



**Jefferson Metropolitan Housing Authority**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**December 31, 2009**

***NET ASSETS***

Invested in capital assets, net of related debt	\$12,996,633
Restricted net assets	3,070,105
Unrestricted net assets	6,994,765
<b>Total net assets</b>	<b><u><u>\$23,061,503</u></u></b>

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

**Jefferson Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

***OPERATING REVENUES***

Tenant Revenue	\$811,309
Government operating grants	7,290,548
Other revenue	11,946
<b>Total operating revenues</b>	<b><u>8,113,803</u></b>

***OPERATING EXPENSES***

Administrative	1,616,945
Tenant services	245
Utilities	811,215
Maintenance	1,209,607
Protective services	312,763
General	315,130
Housing assistance payment	3,206,485
Depreciation	1,177,045
<b>Total operating expenses</b>	<b><u>8,649,435</u></b>
<b>Operating income (loss)</b>	<b><u>(535,632)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	69,074
<b>Total nonoperating revenues (expenses)</b>	<b><u>69,074</u></b>
Income (loss) before contributions and transfers	(466,558)
Capital grants	1,560,661
Gain from sale of capital assets	4,788
Change in net assets	1,098,891
Total net assets - beginning	21,962,612
<b>Total net assets - ending</b>	<b><u><u>\$23,061,503</u></u></b>

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

**Jefferson Metropolitan Housing Authority  
Statement of Cash Flows  
Proprietary Fund Type  
For the Year Ended December 31, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$7,591,706
Tenant revenue received	847,328
Other revenue received	11,946
General and administrative expenses paid	(4,176,635)
Housing assistance payments	<u>(3,206,485)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>1,067,860</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>69,074</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>69,074</u></b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	1,560,661
Proceeds from sale of assets	4,863
Property and equipment purchased	<u>(1,648,328)</u>
<b>Net cash provided (used) by capital and related activities</b>	<b><u>(82,804)</u></b>
Net increase (decrease) in cash	1,054,130
Cash and cash equivalents - Beginning of year	<u>9,747,871</u>
<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$10,802,001</u></u></b>

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

**Jefferson Metropolitan Housing Authority**  
**Statement of Cash Flows - Continued**  
**Proprietary Fund Type**  
**For the Year Ended December 31, 2009**

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

Net Operating Income (Loss)	(\$535,632)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
- Depreciation	1,177,045
- (Increases) Decreases in Accounts Receivable	15,794
- (Increases) Decreases in Prepaid Assets	27,671
- (Increases) Decreases in Inventory	6,709
- Increases (Decreases) in Accounts Payable	46,540
- Increases (Decreases) in Accounts Payable - Intergovernmental	(3,939)
- Increases (Decreases) in Accrued Expenses Payable	7,874
- Increases (Decreases) in Deferred Revenue	296,797
- Increases (Decreases) in Other Current Liabilities	6,577
- Increases (Decreases) in Accrued Compensated Absences	27,768
- Increases (Decreases) in Tenant Security Deposits	(5,344)
	(5,344)
<b>Net cash provided by operating activities</b>	<b>\$1,067,860</b>

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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

**Summary of Significant Accounting Policies**

The financial statements of the Jefferson Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**

The Jefferson 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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, changes in 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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 Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various programs which are included in the enterprise fund:

A. **Public Housing Program**

The public housing program is designed to provide low-cost housing within the Jefferson 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 Activities**

Gaylord Tower is an apartment building owned by the Authority. The units are rented to elderly households. The building is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides subsidy to allow the Authority to provide the housing at a rent based on 30% of household income.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

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

**E. Section 8 New Construction Program**

The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contributions contracts with a private owner. The owner rent housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

**F. Section 8 Moderate Rehabilitation Program**

The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contributions contracts with a private owner. The owner rent housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

**G. State and Local Funds**

The state and local funds represent the Authority contracts with the City of Toronto for the administration of its low income housing program.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2009 totaled \$69,074.

**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:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 years



JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

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

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

**Operating Revenues and Expenses**

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**

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

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)

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

The following is a summary of the change in compensated absence liability:

<u>Description</u>	<u>Balance</u> <u>12/31/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/09</u>	<u>Current Year</u> <u>Balance</u>
Liability Amount	\$238,421	\$114,997	(\$87,229)	\$266,189	\$43,613

**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.

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: DEPOSITS AND INVESTMENTS**

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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

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

- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal yearend December 31, 2009, the carrying amount of the Authority's deposits totaled \$10,802,001 and its bank balance was \$10,851,930. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2009, \$10,351,930 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**NOTE 3: RESTRICTED CASH**

Restricted cash balance as of December 31, 2009 of \$3,192,564 represents cash on hand for the following:

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 3: RESTRICTED CASH** (Continued)

- FSS escrow funds held for tenants	\$21,146
- Tenant security deposit	\$101,313
- Proceeds from Sale of Parkview Circle & Casualty Loss	\$2,982,160
- Cash advance from HUD to be used for housing assistance	\$87,945

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes:

	Balance 12/31/08	Adjust	Additions	Deletion	Balance 12/31/09
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$2,513,382	\$0	\$0	(\$0)	\$2,513,382
Construction in Progress	655,191	0	910,965	0	1,566,156
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,168,573</b>	<b>0</b>	<b>910,965</b>	<b>(0)</b>	<b>4,079,538</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	29,540,573	0	582,359	(0)	30,122,932
Furnt, Mach. and Equip – Dwelling	607,151	(1)	100,351	(0)	707,501
Furnt, Mach. and Equip - Admin	706,307	0	54,653	(8,152)	752,808
<b>Total Capital Assets Being Depreciated</b>	<b>30,854,031</b>	<b>(1)</b>	<b>737,363</b>	<b>(8,152)</b>	<b>31,583,241</b>
<b>Accumulated Depreciation</b>					
Buildings	(20,334,421)	0	(1,087,977)	0	(21,422,398)
Furnt, Mach. and Equip - Dwelling	(699,420)	1	(24,966)	0	(724,385)
Furnt, Mach. and Equip - Admin	(463,413)	0	(64,102)	8,152	(519,363)
<b>Total Accumulated Depreciation</b>	<b>(21,497,254)</b>	<b>1</b>	<b>(1,177,045)</b>	<b>8,152</b>	<b>(22,666,146)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>9,356,777</b>	<b>0</b>	<b>(439,682)</b>	<b>(0)</b>	<b>8,917,095</b>
<b>Total Capital Assets, Net</b>	<b>\$12,525,350</b>	<b>\$0</b>	<b>\$471,283</b>	<b>(\$0)</b>	<b>\$12,996,633</b>

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**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 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 10 percent of their annual covered salary to fund pension obligations. The 2009 employer pension contribution rate for Authority was 14 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. Contributions to PERS for the years ended December 31, 2009, 2008, and 2007 \$199,500, \$184,120, and \$184,968 respectively. Ninety-three percent has been contributed for 2009. All required contributions for the two previous years have been paid.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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. 45. 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 2009 employer contribution rate (identified above) that was used to fund health care was 7.0 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009, which amounted to \$83,397. 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, 2008. 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, not to exceed a 12 percent corridor. The investment assumption rate for 2008 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 3% for the next 6 years. In subsequent years (7 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 357,584. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2008 was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.6 billion and \$18.9 billion, respectively.

JEFFERSON METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

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, 2007, and in 2008 will allow additional funds to be allocated to the health care plan.

**NOTE 7: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

**NOTE 8: 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 December 31, 2009 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.

Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	N/C S/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 3,855,233	\$ 2,842,118	\$ 23,336	\$ 247,643	\$ -	\$ 641,107	\$ 7,609,437	\$ -	\$ 7,609,437
112 Cash - Restricted - Modernization and	\$ 2,982,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,982,160	\$ -	\$ 2,982,160
113 Cash - Other Restricted	\$ -	\$ -	\$ -	\$ 87,945	\$ -	\$ -	\$ 87,945	\$ -	\$ 87,945
114 Cash - Tenant Security Deposits	\$ 81,041	\$ 20,272	\$ -	\$ -	\$ -	\$ -	\$ 101,313	\$ -	\$ 101,313
115 Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$ -	\$ 21,146	\$ -	\$ -	\$ 21,146	\$ -	\$ 21,146
100 Total Cash	\$ 6,918,434	\$ 2,862,390	\$ 23,336	\$ 356,734	\$ -	\$ 641,107	\$ 10,802,001	\$ -	\$ 10,802,001
126 Accounts Receivable - Tenants	\$ 22,731	\$ 16,691	\$ -	\$ -	\$ -	\$ -	\$ 39,422	\$ -	\$ 39,422
126.1 Allowance for Doubtful Accounts - Tenants	\$ (9,831)	\$ (4,630)	\$ -	\$ -	\$ -	\$ -	\$ (14,461)	\$ -	\$ (14,461)
129 Accrued Interest Receivable	\$ 10,631	\$ 3,531	\$ -	\$ -	\$ -	\$ 164	\$ 14,326	\$ -	\$ 14,326
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 23,531	\$ 15,592	\$ -	\$ -	\$ -	\$ 164	\$ 39,287	\$ -	\$ 39,287
142 Prepaid Expenses and Other Assets	\$ 99,490	\$ 14,681	\$ -	\$ 999	\$ -	\$ 7,598	\$ 122,768	\$ -	\$ 122,768
143 Inventories	\$ 20,254	\$ 7,258	\$ -	\$ -	\$ -	\$ -	\$ 27,512	\$ -	\$ 27,512
143.1 Allowance for Obsolete Inventories	\$ (2,026)	\$ (726)	\$ -	\$ -	\$ -	\$ -	\$ (2,752)	\$ -	\$ (2,752)
144 Inter Program Due From	\$ -	\$ 35,469	\$ 1,458	\$ 113,086	\$ -	\$ -	\$ 150,013	\$ (150,013)	\$ -
150 Total Current Assets	\$ 7,059,683	\$ 2,934,664	\$ 24,794	\$ 470,819	\$ -	\$ 648,869	\$ 11,138,829	\$ (150,013)	\$ 10,988,816
161 Land	\$ 2,443,382	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 2,513,382	\$ -	\$ 2,513,382
162 Buildings	\$ 26,347,782	\$ 3,775,150	\$ -	\$ -	\$ -	\$ -	\$ 30,122,932	\$ -	\$ 30,122,932
163 Furniture, Equipment & Machinery - Dwellings	\$ 667,820	\$ 39,681	\$ -	\$ -	\$ -	\$ -	\$ 707,501	\$ -	\$ 707,501
164 Furniture, Equipment & Machinery - Administration	\$ 404,972	\$ 42,146	\$ -	\$ 40,078	\$ -	\$ 265,612	\$ 752,808	\$ -	\$ 752,808
166 Accumulated Depreciation	\$ (19,625,512)	\$ (2,760,239)	\$ 27	\$ (23,849)	\$ -	\$ (256,546)	\$ (22,666,146)	\$ -	\$ (22,666,146)



Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	NCS/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
167 Construction in Progress	\$ 1,566,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,566,156	\$ -	\$ 1,566,156
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 11,804,600	\$ 1,166,738	\$ -	\$ 16,229	\$ -	\$ 9,066	\$ 12,996,633	\$ -	\$ 12,996,633
180 Total Non-Current Assets	\$ 11,804,600	\$ 1,166,738	\$ -	\$ 16,229	\$ -	\$ 9,066	\$ 12,996,633	\$ -	\$ 12,996,633
190 Total Assets	\$ 18,864,283	\$ 4,101,402	\$ 24,794	\$ 487,048	\$ -	\$ 657,935	\$ 24,135,462	\$ (150,013)	\$ 23,985,449
312 Accounts Payable <= 90 Days	\$ 72,998	\$ 22,763	\$ 2	\$ 411	\$ -	\$ 613	\$ 96,787	\$ -	\$ 96,787
321 Accrued Wage/Payroll Taxes Payable	\$ 23,643	\$ 4,335	\$ 434	\$ 6,534	\$ -	\$ 45,296	\$ 80,242	\$ -	\$ 80,242
322 Accrued Compensated Absences - Current Portion	\$ 15,668	\$ 1,308	\$ 402	\$ 17,886	\$ -	\$ 8,349	\$ 43,613	\$ -	\$ 43,613
331 Accounts Payable - HUD PHA Programs	\$ -	\$ -	\$ 3,329	\$ -	\$ -	\$ -	\$ 3,329	\$ -	\$ 3,329
341 Tenant Security Deposits	\$ 81,041	\$ 20,272	\$ -	\$ -	\$ -	\$ -	\$ 101,313	\$ -	\$ 101,313
342 Deferred Revenues	\$ -	\$ -	\$ 7,085	\$ 290,134	\$ -	\$ -	\$ 297,219	\$ -	\$ 297,219
345 Other Current Liabilities	\$ 10,246	\$ 11,123	\$ -	\$ 21,146	\$ -	\$ -	\$ 42,515	\$ -	\$ 42,515
346 Accrued Liabilities - Other	\$ 19,835	\$ 3,902	\$ 310	\$ 5,541	\$ -	\$ 6,764	\$ 36,352	\$ -	\$ 36,352
347 Inter Program - Due To	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 100,013	\$ 150,013	\$ (150,013)	\$ -
310 Total Current Liabilities	\$ 223,431	\$ 113,703	\$ 11,562	\$ 341,652	\$ -	\$ 161,035	\$ 851,383	\$ (150,013)	\$ 701,370
354 Accrued Compensated Absences - Non Current	\$ 77,712	\$ 32,022	\$ 3,626	\$ 38,741	\$ -	\$ 70,475	\$ 222,576	\$ -	\$ 222,576
350 Total Non-Current Liabilities	\$ 77,712	\$ 32,022	\$ 3,626	\$ 38,741	\$ -	\$ 70,475	\$ 222,576	\$ -	\$ 222,576
300 Total Liabilities	\$ 301,143	\$ 145,725	\$ 15,188	\$ 380,393	\$ -	\$ 231,510	\$ 1,073,959	\$ (150,013)	\$ 923,946
508.1 Invested In Capital Assets, Net of Related Debt	\$ 11,804,600	\$ 1,166,738	\$ -	\$ 16,229	\$ -	\$ 9,066	\$ 12,996,633	\$ -	\$ 12,996,633
511.1 Restricted Net Assets	\$ 2,982,160	\$ -	\$ -	\$ 87,945	\$ -	\$ -	\$ 3,070,105	\$ -	\$ 3,070,105
512.1 Unrestricted Net Assets	\$ 3,776,380	\$ 2,788,939	\$ 9,606	\$ 2,481	\$ -	\$ 417,359	\$ 6,994,765	\$ -	\$ 6,994,765
513 Total Equity/Net Assets	\$ 18,563,140	\$ 3,955,677	\$ 9,606	\$ 106,655	\$ -	\$ 426,425	\$ 23,061,503	\$ -	\$ 23,061,503
600 Total Liabilities and Equity/Net Assets	\$ 18,864,283	\$ 4,101,402	\$ 24,794	\$ 487,048	\$ -	\$ 657,935	\$ 24,135,462	\$ (150,013)	\$ 23,985,449

Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	N/C S/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 468,418	\$ 337,555	\$ -	\$ -	\$ -	\$ -	\$ 805,973	\$ -	\$ 805,973
70400 Tenant Revenue - Other	\$ 5,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,336	\$ -	\$ 5,336
70500 Total Tenant Revenue	\$ 473,754	\$ 337,555	\$ -	\$ -	\$ -	\$ -	\$ 811,309	\$ -	\$ 811,309
70600 HUD PHA Operating Grants	\$ 3,341,164	\$ -	\$ 84,253	\$ 3,432,117	\$ -	\$ -	\$ 6,857,534	\$ -	\$ 6,857,534
70610 Capital Grants	\$ 631,884	\$ -	\$ -	\$ -	\$ 928,777	\$ -	\$ 1,560,661	\$ -	\$ 1,560,661
70710 Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 530,902	\$ 530,902	\$ (530,902)	\$ -
70740 Front Line Service Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,022	\$ 115,022	\$ (115,022)	\$ -
70700 Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,924	\$ 645,924	\$ (645,924)	\$ -
70800 Other Government Grants	\$ -	\$ 433,014	\$ -	\$ -	\$ -	\$ -	\$ 433,014	\$ -	\$ 433,014
71100 Investment Income - Unrestricted	\$ 35,249	\$ 26,441	\$ 42	\$ 316	\$ -	\$ 7,026	\$ 69,074	\$ -	\$ 69,074
71400 Fraud Recovery	\$ -	\$ -	\$ -	\$ 2,665	\$ -	\$ -	\$ 2,665	\$ -	\$ 2,665
71500 Other Revenue	\$ 6,695	\$ 2,581	\$ 5	\$ -	\$ -	\$ -	\$ 9,281	\$ -	\$ 9,281
71600 Gain or Loss on Sale of Capital Assets	\$ 3,273	\$ -	\$ -	\$ 1,515	\$ -	\$ -	\$ 4,788	\$ -	\$ 4,788
70000 Total Revenue	\$ 4,492,019	\$ 799,591	\$ 84,300	\$ 3,436,613	\$ 928,777	\$ 652,950	\$ 10,394,250	\$ (645,924)	\$ 9,748,326
91100 Administrative Salaries	\$ 285,641	\$ 97,894	\$ 13,780	\$ 210,101	\$ -	\$ 290,875	\$ 898,291	\$ -	\$ 898,291
91200 Auditing Fees	\$ 10,616	\$ 1,616	\$ 404	\$ 4,084	\$ -	\$ -	\$ 16,720	\$ -	\$ 16,720
91300 Management Fee	\$ 467,675	\$ 13,100	\$ -	\$ 109,692	\$ -	\$ -	\$ 590,467	\$ (645,924)	\$ (55,457)
91310 Book-keeping Fee	\$ -	\$ -	\$ -	\$ 68,557	\$ -	\$ -	\$ 68,557	\$ -	\$ 68,557
91400 Advertising and Marketing	\$ 2,796	\$ 3,255	\$ 46	\$ 2,356	\$ -	\$ 8,788	\$ 17,241	\$ -	\$ 17,241
91500 Employee Benefit contributions - Administrative	\$ 113,906	\$ 38,178	\$ 5,374	\$ 81,944	\$ -	\$ 112,399	\$ 351,801	\$ -	\$ 351,801
91600 Office Expenses	\$ 74,228	\$ 18,773	\$ 350	\$ 27,665	\$ -	\$ 39,694	\$ 160,710	\$ -	\$ 160,710
91700 Legal Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,916	\$ 8,916	\$ -	\$ 8,916
91800 Travel	\$ 11,203	\$ 684	\$ 12	\$ 971	\$ -	\$ 427	\$ 13,297	\$ -	\$ 13,297
91900 Other	\$ 136,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,869	\$ -	\$ 136,869
91000 Total Operating - Administrative	\$ 1,102,934	\$ 173,500	\$ 19,966	\$ 505,370	\$ -	\$ 461,099	\$ 2,262,869	\$ (645,924)	\$ 1,616,945

Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	N/C S/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
92400 Tenant Services - Other	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ -	\$ 245
92500 Total Tenant Services	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245	\$ -	\$ 245
93100 Water	\$ 147,841	\$ 37,877	\$ -	\$ -	\$ -	\$ 157	\$ 185,875	\$ -	\$ 185,875
93200 Electricity	\$ 216,282	\$ 67,817	\$ -	\$ -	\$ -	\$ 531	\$ 284,630	\$ -	\$ 284,630
93300 Gas	\$ 104,372	\$ 16,745	\$ -	\$ -	\$ -	\$ 332	\$ 121,449	\$ -	\$ 121,449
93600 Sewer	\$ 172,491	\$ 46,578	\$ -	\$ -	\$ -	\$ 192	\$ 219,261	\$ -	\$ 219,261
93000 Total Utilities	\$ 640,986	\$ 169,017	\$ -	\$ -	\$ -	\$ 1,212	\$ 811,215	\$ -	\$ 811,215
94100 Ordinary Maintenance and Operations - Labor	\$ 441,258	\$ 65,166	\$ -	\$ 196	\$ -	\$ 1,086	\$ 507,706	\$ -	\$ 507,706
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 121,062	\$ 24,336	\$ 4	\$ 412	\$ -	\$ 943	\$ 146,757	\$ -	\$ 146,757
94300 Ordinary Maintenance and Operations Contracts	\$ 291,186	\$ 67,837	\$ 4	\$ -	\$ -	\$ 697	\$ 359,724	\$ -	\$ 359,724
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 169,585	\$ 25,415	\$ -	\$ -	\$ -	\$ 420	\$ 195,420	\$ -	\$ 195,420
94000 Total Maintenance	\$ 1,023,091	\$ 182,754	\$ 8	\$ 608	\$ -	\$ 3,146	\$ 1,209,607	\$ -	\$ 1,209,607
95100 Protective Services - Labor	\$ 25,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,391	\$ -	\$ 25,391
95200 Protective Services - Other Contract Costs	\$ 264,335	\$ 9,073	\$ -	\$ -	\$ -	\$ -	\$ 273,408	\$ -	\$ 273,408
95500 Employee Benefit Contributions - Protective Services	\$ 13,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,964	\$ -	\$ 13,964
95000 Total Protective Services	\$ 303,690	\$ 9,073	\$ -	\$ -	\$ -	\$ -	\$ 312,763	\$ -	\$ 312,763
96110 Property Insurance	\$ 94,286	\$ 15,576	\$ -	\$ 1,102	\$ -	\$ -	\$ 110,964	\$ -	\$ 110,964
96120 Liability Insurance	\$ 44,436	\$ 6,846	\$ -	\$ 342	\$ -	\$ 2,301	\$ 53,925	\$ -	\$ 53,925
96130 Workmen's Compensation	\$ 33,586	\$ 5,632	\$ 515	\$ 4,891	\$ -	\$ 8,958	\$ 53,582	\$ -	\$ 53,582
96100 Total Insurance Premiums	\$ 172,308	\$ 28,054	\$ 515	\$ 6,335	\$ -	\$ 11,259	\$ 218,471	\$ -	\$ 218,471

Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	N/C S/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
96210 Compensated Absences	\$ 11,851	\$ 6,694	\$ 597	\$ -	\$ -	\$ 8,137	\$ 27,279	\$ -	\$ 27,279
96300 Payments in Lieu of Taxes	\$ 9,932	\$ 10,845	\$ -	\$ -	\$ -	\$ -	\$ 20,777	\$ -	\$ 20,777
96400 Bad debt - Tenant Rents	\$ 33,905	\$ 10,012	\$ -	\$ -	\$ -	\$ -	\$ 43,917	\$ -	\$ 43,917
96800 Severance Expense	\$ -	\$ -	\$ -	\$ 4,686	\$ -	\$ -	\$ 4,686	\$ -	\$ 4,686
96000 Total Other General Expenses	\$ 55,688	\$ 27,551	\$ 597	\$ 4,686	\$ -	\$ 8,137	\$ 96,659	\$ -	\$ 96,659
96900 Total Operating Expenses	\$ 3,298,942	\$ 589,949	\$ 21,086	\$ 516,999	\$ -	\$ 484,853	\$ 4,911,829	\$ (645,924)	\$ 4,265,905
97000 Excess of Operating Revenue over Operating	\$ 1,193,077	\$ 209,642	\$ 63,214	\$ 2,919,614	\$ 928,777	\$ 168,097	\$ 5,482,421	\$ -	\$ 5,482,421
97300 Housing Assistance Payments	\$ -	\$ -	\$ 65,107	\$ 3,141,378	\$ -	\$ -	\$ 3,206,485	\$ -	\$ 3,206,485
97400 Depreciation Expense	\$ 1,039,020	\$ 124,458	\$ -	\$ 1,803	\$ -	\$ 11,764	\$ 1,177,045	\$ -	\$ 1,177,045
90000 Total Expenses	\$ 4,337,962	\$ 714,407	\$ 86,193	\$ 3,660,180	\$ -	\$ 496,617	\$ 9,295,359	\$ (645,924)	\$ 8,649,435
10010 Operating Transfer In	\$ 52,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,356	\$ (52,356)	\$ -
10020 Operating transfer Out	\$ (52,356)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (52,356)	\$ 52,356	\$ -
10040 Operating Transfers from/to Component Unit	\$ -	\$ (50,000)	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
10100 Total Other financing Sources (Uses)	\$ -	\$ (50,000)	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over	\$ 154,057	\$ 85,184	\$ (1,893)	\$ (223,567)	\$ 928,777	\$ 156,333	\$ 1,098,891	\$ -	\$ 1,098,891
11030 Beginning Equity	\$ 17,480,306	\$ 3,920,493	\$ 11,499	\$ 280,222	\$ -	\$ 270,092	\$ 21,962,612	\$ -	\$ 21,962,612
Ending Equity	\$ 18,563,140	\$ 3,955,677	\$ 9,606	\$ 106,655	\$ -	\$ 426,425	\$ 23,061,503	\$ -	\$ 23,061,503

Jefferson Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Business Activities	N/C S/R Section 8 Programs	Housing Choice Vouchers	Formula Stimulus Grant	COCC	Subtotal	ELIM	Total
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 928,777	\$ -	\$ -	\$ -	\$ (928,777)	\$ -	\$ -	\$ -	\$ -
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ 18,710	\$ -	\$ -	\$ 18,710	\$ -	\$ 18,710
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ 87,945	\$ -	\$ -	\$ 87,945	\$ -	\$ 87,945
11190 Unit Months Available	6,705	1,200	360	9,816	-	-	18,081	-	18,081
11210 Number of Unit Months Leased	6,069	1,200	360	9,141	-	-	16,770	-	16,770
11270 Excess Cash	\$ 3,493,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,493,958	\$ -	\$ 3,493,958
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	\$ 1,549,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,549,761	\$ -	\$ 1,549,761
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ 14,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,400	\$ -	\$ 14,400

Jefferson Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2009

Capital Fund Program Number OH12P01450106

1. The Program Costs are as follows:

Funds Approved	\$1,317,833
Funds Expended	<u>1,317,833</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$1,317,833
Funds Expended	<u>1,317,833</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on June 26, 2009.
4. The final costs on the certification agree to the Authority's records.

Jefferson Metropolitan Housing Authority  
Schedule of Expenditure of Federal Award  
For the Year Ended December 31, 2009

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Program		
Section 8 New Construction Program	14.182	\$84,253
Low Rent Public Housing	14.850	2,898,876
Housing Choice Voucher Program	14.871	3,432,117
Public Housing Capital Fund Program	14.872	1,074,172
Formula Capital Fund Stimulus Grant	14.885	<u>928,777</u>
Total Expenditure of Federal Award		<u><u>\$8,418,195</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  
Jefferson Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Jefferson Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 14, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Jefferson Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 result 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 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 14, 2010



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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  
Jefferson Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Jefferson 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 December 31, 2009. Jefferson 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 Jefferson Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Jefferson 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 Jefferson 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 Jefferson Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Jefferson 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 December 31, 2009. However, the result of my audit procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item JMHA-2009-1.

### **Internal Control Over Compliance**

The management of Jefferson 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 Jefferson 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

Jefferson Metropolitan Housing Authority, Ohio response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Jefferson Metropolitan Housing Authority, Ohio response and, accordingly, I express no opinion on it.

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.

Jefferson Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 December 31, 2009

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control 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 significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.850 Public and Indian Housing Program, 14.872 Public Housing Capital Fund, 14.885 Capital Fund Formula Stimulus Grant
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 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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There are no Findings or questioned costs for the year ended December 31, 2009.

Jefferson Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
December 31, 2009

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

FINDING NUMBER

JMHA-2009-1

**Supporting Documentation**

**U.S. Department of HUD  
Low Rent Public Housing (CFDA # 14.850)**

24 CFR 982.158 requires that the PHA maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit.

Audit procedures over 60 Low Rent Public Housing Program tenant files revealed the following errors:

- 2 files did not properly document income verification.
- 1 file did not properly document medical expenditure.

The errors noted in the income verification related to child support documentation used. The Authority staff used obligation amount in calculating family income and not the actual child support payment received. The other error noted was that no documentation was in the file to support the medical expense deduction amount. After further investigation it was determined that the tenant was moved into a nursing home. The tenant permanent resident was the nursing home, however, the tenant was not terminated because the family would be come to visit the tenant on the weekend and they would take her home for the weekend and then return her back to the nursing home.

**Recommendation:**

The Authority must use the actual income received during the year to calculate family income. In addition, the tenant that reside at the nursing home should be terminated and the unit made available for assistance to someone else.

**Corrective Action Plan:**

The auditor recommendation will be implemented and in house training will be performed with staff regarding which income verification is to be accepted for child support income.

Anticipated Completion Date: Ongoing  
Responsible Contact Person: Patty Hockenberry, Housing Manager

Jefferson Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
December 31, 2009

The audit report for the fiscal year ending December 31, 2008 contained no audit finding.



**Mary Taylor, CPA**  
Auditor of State

**JEFFERSON METROPOLITAN HOUSING AUTHORITY**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 5, 2010**