Jackson Metropolitan Housing Authority

Financial Statements

For the Year Ended September 30, 2011

Dave Yost • Auditor of State

Board of Commissioners
Jackson Metropolitan Housing Authority
PO Box 619
Wellston, Ohio 45692

We have reviewed the *Independent Auditors' Report* of the Jackson Metropolitan Housing Authority, Jackson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2010 through September 30, 2011. 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.

Dave Yost

Dave Yost
Auditor of State

May 16, 2012

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JACKSON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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Independent Auditors' Report

Board of Commissioners
Jackson Metropolitan Housing Authority

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, 2011, 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's, 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, 2011, 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 February 17, 2012, on my consideration of the Jackson Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of my audit.

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

My Audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Jackson Metropolitan Housing Authority financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, are fairly presented in all material respect in relation to the financial statements taken as a whole.

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio, o=Salvatore Consiglio, CPA, Inc., ou, email=sconsiglio@salcpa.com, c=US
Date: 2012.05.01 13:32:45 -04'00'

Salvatore Consiglio, CPA, Inc.

February 17, 2012

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011

UNAUDITED

The Jackson Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by $168,891 (or 3.13 %) during 2011, 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 $5,230,985 and $5,399,876 for 2011 and 2010 respectively.
- Revenues decreased by $304,513 (or 13.76%) during 2011, and were $1,909,115 and $2,213,628 for 2011 and 2010 respectively.
- The total expenses of all Authority programs increased by $50,899 (or 2.51%). Total expenses were $2,078,006 and $2,027,107 for 2011 and 2010 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":

MD&A

~Management's Discussion
and Analysis – pgs 3-11~

Basic Financial Statement

~Authority Financial Statements – pgs 12-16~

Other Required Supplementary Information
~Required Supplementary Information pgs 30-37~
(Other than the MD&A)

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

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

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

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

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

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

Fund Financial Statements

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

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

AUTHORITY STATEMENTS

Statement of Net Assets

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

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TABLE 1

STATEMENT OF NET ASSETS

	2011	2010
Current and Other Assets	$ 1,413,541	$ 1,343,920
Capital Assets	4,165,949	4,417,502
Total Assets	$ 5,579,490	$ 5,761,422
Current Liabilities	$ 160,062	$ 143,882
Long-Term Liabilities	188,443	217,664
Total Liabilities	348,505	361,546
Net Assets:		
Investment in Capital Assets, net of Related Debt	3,979,210	4,202,968
Restricted Net Assets	82,829	69,032
Unrestricted Net Assets	1,168,946	1,127,876
Total Net Assets	5,230,985	5,399,876
Total Liabilities and Net Assets	$ 5,579,490	$ 5,761,422

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

Major Factors Affecting the Statement of Net Assets

During 2011, current and other assets increased by $69,621, and total liabilities decreased by $13,041. The current and other assets, primarily cash and investments, increased due to result from operation. Total liabilities decrease is due to the current principal debt payment.

Capital assets also changed, decreasing from $4,417,502 to $4,165,949. The $251,553 decrease may be contributed primarily to current year depreciation expense less purchase of current year assets.

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TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

Beginning Balance - September 30, 2010	$	1,127,876
Results of Operation		(168,891)
Adjustments:		
Current year Depreciation Expense (1)		421,191
Capital Expenditure (2)		(169,639)
Retirement of Debt		(27,795)
Transfer to Restricted Net Assets		(13,797)
Rounding Adjustment		1
Ending Balance - September 30, 2011	$	1,168,946

(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.

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

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TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2011	2010
Revenues		
Total Tenant Revenues	$ 291,701	$ 284,608
Operating Subsidies	1,443,530	1,456,610
Capital Grants	142,275	391,819
Investment Income	14,061	24,928
Other Revenues	17,548	55,663
Total Revenues	**1,909,115**	**2,213,628**
Expenses		
Administrative	394,202	432,148
Tenant Services	40,541	-
Utilities	163,418	151,209
Maintenance	337,923	347,212
General and Interest Expenses	79,733	101,997
Housing Assistance Payments	640,998	598,857
Depreciation	421,191	395,684
Total Expenses	**2,078,006**	**2,027,107**
Net Increases (Decreases)	**$ (168,891)**	**$ 186,521**

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

Total revenue decreased compared to the prior year due to the fact that capital grants decreased by $249,544 and HUD operating revenue decreased by $13,080 in 2011. Tenant revenue increased by $7,093 during the year.

The expenses increased by $50,899 in current year. The main cause for the increase was in Housing Assistance Payments of $42,141 and depreciation expense for $25,507.

CAPITAL ASSETS

Capital Assets

As of year end, the Authority had $4,165,949 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to depreciation expense. See table 5 for detail of current year change.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

	2011	2010
Land and Land Rights	$ 189,315	$ 189,315
Buildings	10,762,996	10,620,693
Equipment	302,524	275,189
Accumulated Depreciation	(7,088,886)	(6,667,695)
Total	$ 4,165,949	$ 4,417,502

The following reconciliation summarizes the change in Capital Assets, which presented in detail on page 24 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - September 30, 2010	$ 4,202,968
Current year Additions	169,639
Current Year Debt Payments	27,795
Current year Depreciation Expense	(421,191)
Rounding Adjustment	(1)
Ending Balance - September 30, 2011	$ 3,979,210

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Current year Additions are summarized as follows:		
Capital Fund Activities	$	142,303
Computers		9,419
Digital Copier		6,458
Filing System		11,459
Total 2010 Additions	$	169,639

Debt Outstanding

As of year-end, the Authority has $186,739 in debt (mortgages) outstanding compared to $214,534 in prior year.

TABLE 6

CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING

Beginning Balance - September 30, 2010	$	214,534
Current Year Principal Payments		(27,795)
Ending Balance - September 30, 2011	$	186,739

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

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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, 2011

ASSETS	
Current assets	
Cash and cash equivalents	$1,286,402
Restricted cash and cash equivalents	120,603
Receivables, net	1,624
Prepaid expenses and other assets	4,912
Total current assets	**1,413,541**
Noncurrent assets	
Capital assets:	
Land	189,315
Building and equipment	11,065,520
Less accumulated depreciation	(7,088,886)
Total noncurrent assets	**4,165,949**
Total assets	**$5,579,490**
LIABILITIES	
Current liabilities	
Accounts payable	$48,314
Accrued liabilities	16,906
Accrued compensated absences current	27,053
Intergovernmental payables	9,752
Tenant security deposits	17,039
Deferred revenue	11,915
Bonds, notes, and loans payable	29,083
Total current liabilities	**160,062**
Noncurrent liabilities	
Bonds, notes, and loans payable	157,656
Accrued compensated absences non-current	10,052
Noncurrent liabilities - other	20,735
Total noncurrent liabilities	**188,443**
Total liabilities	**$348,505**

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

Jackson County Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2011

NET ASSETS	
Invested in capital assets, net of related debt	$3,979,210
Restricted net assets	82,829
Unrestricted net assets	1,168,946
Total net assets	**$5,230,985**

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, 2011

OPERATING REVENUES	
Tenant Revenue	$291,701
Government operating grants	1,443,530
Other revenue	17,548
Total operating revenues	**1,752,779**
OPERATING EXPENSES	
Administrative	394,202
Tenant Services	40,541
Utilities	163,418
Maintenance	337,923
General	70,567
Housing assistance payment	640,998
Depreciation	421,191
Total operating expenses	***2,068,840***
Operating income (loss)	**(316,061)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	14,061
Interest expense	(9,166)
Total nonoperating revenues (expenses)	***4,895***
Income (loss) before contributions and transfers	(311,166)
Capital Grants	142,275
Change in net assets	(168,891)
Total net assets - beginning	5,399,876
Total net assets - ending	**$5,230,985**

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,443,530
Tenant revenue received	291,512
Other revenue received	17,548
General and administrative expenses paid	(991,588)
Housing assistance payments	(640,998)
Net cash provided (used) by operating activities	**120,004**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	14,061
Net cash provided (used) by investing activities	**14,061**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	142,275
Property and equipment purchased	(169,638)
Principal Payment	(27,795)
Interest Paid on Debt	(9,166)
Net cash provided (used) by financing activities	**(64,324)**
Net increase (decrease) in cash	69,741
Cash and cash equivalents - Beginning of year	1,337,264
Cash and cash equivalents - End of year	**$1,407,005**

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, 2011

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($316,061)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	421,191
- (Increases) Decreases in Accounts Receivable	(189)
- (Increases) Decreases in Prepaid Assets	309
- Increases (Decreases) in Accounts Payable	14,044
- Increases (Decreases) in Accounts Payable - Intergovernmental	(3,691)
- Increases (Decreases) in Accrued Compensated Absence	(5,487)
- Increases (Decreases) in Accrued Expenses Payable	(4,567)
- Increases (Decreases) in Deferred Revenue	11,915
- Increases (Decreases) in Tenant Security Deposits	571
- Increases (Decreases) in Other Liabilities	1,969
Net cash provided by operating activities	**$120,004**

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

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.

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.

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 Jackson 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.

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, 2011 totaled $14,061.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

NOTE 2: <u>DEPOSITS AND INVESTMENTS</u> (Continued)

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

At fiscal year end September 30, 2011, the carrying amount of the Authority's deposits totaled $1,407,005 and its bank balance was $1,435,587. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2010, $817,556 was exposed to custodial risk as discussed below, while $618,032 was covered by the Federal Depository Insurance Corporation. Of the carrying amount, $250 represents petty cash.

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: <u>RESTRICTED CASH</u>

Restricted cash as of September 30, 2011 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

Cash advance by HUD that is to be used for the Housing Assistance Payments	$82,829
Tenant security deposit	17,039
Money held for Tenant FSS escrow	20,735
Total Restricted Cash Balance	$120,603

NOTE 4: 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, 2011 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.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 09/30/10	Adj.	Additions	Deletions	Balance 09/30/11
Capital Assets Not Being Depreciated:					
Land	$189,315	$0	$0	$0	$189,315
Total Capital Assets Not Being Depreciated	**189,315**	**0**	**0**	**0**	**189,315**
Capital Assets Being Depreciated:					
Buildings	10,620,693	0	142,303	0	10,762,996
Furnt, Mach. and Equip.	275,189	0	27,335	0	302,524
Total Capital Assets Being Depreciated	**10,895,882**	**0**	**169,638**	**0**	**11,065,520**
Accumulated Depreciation:					
Buildings	(6,484,132)	0	(399,005)	0	(6,883,137)
Furnt, Mach. and Equip.	(183,563)	0	(22,186)	0	(205,749)
Total Accumulated Depreciation	**(6,667,695)**	**0**	**(421,191)**	**0**	**(7,088,886)**
Total Capital Assets Being Depreciated, Net	**4,228,187**	**0**	**(251,553)**	**0**	**3,976,634**
Total Capital Assets, Net	**$4,417,502**	**$0**	**($251,553)**	**$0**	**$4,165,949**

NOTE 6: DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Authority participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.0% and the employer contribution rate was 14.0%.

The Authority's required contributions to OPERS for the years ended September 30, 2011, 2010, and 2009 were $49,896, $37,869, and $39,453, respectively. Ninety-two percent was contributed for the 2011 year. All contributions were made for the two years prior.

NOTE 7: POSTEMPLOYMENT BENEFITS

A. Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of t he Member-Directed Plan does not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

NOTE 7: POSTEMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 4.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were $13,875, $14,093 and $17,874, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006 to January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 8: 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, 2011 is $186,739.

The following is a summary of changes in long-term debt for the year ended September 30, 2011:

DESCRIPTION	BALANCE 09/30/10	ISSUED	RETIRED	BALANCE 09/30/11	Due Within One Year
Loan Payable	$214,534	$0	$27,795	$186,739	$29,083

NOTE 8: LONG-TERM DEBT (Continued)

Debt maturities for the period after September 30, 2011 are as follows:

Years – September 30,	Principal	Interest
2012	$29,083	$7,878
2013	30,431	6,530
2014	31,842	5,119
2015	33,318	3,643
2016	34,862	2,099
2017 to 2021	27,203	517
Total	$186,739	$25,786

NOTE 9: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2011, the accrual for compensated absences totaled $10,623 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Assets. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absence for the year ended September 30, 2011:

Description	Balance 09/30/10	Additions	Deletion	Balance 09/30/11	Due Within One Year
Compensated Absence	$40,834	$17,005	($20,734)	$37,105	$27,053

NOTE 10: 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 11: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2011.

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At September 30, 2011 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,040,646	$182,592	$11,915	$51,249	$1,286,402	$0	$1,286,402
113 Cash - Other Restricted	$0	$103,564	$0	$0	$103,564	$0	$103,564
114 Cash - Tenant Security Deposits	$17,039	$0	$0	$0	$17,039	$0	$17,039
100 Total Cash	$1,057,685	$286,156	$11,915	$51,249	$1,407,005	$0	$1,407,005
126 Accounts Receivable - Tenants	$5,959	$0	$0	$0	$5,959	$0	$5,959
126.1 Allowance for Doubtful Accounts -Tenants	($4,335)	$0	$0	$0	($4,335)	$0	($4,335)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$1,624	$0	$0	$0	$1,624	$0	$1,624
142 Prepaid Expenses and Other Assets	$4,912	$0	$0	$0	$4,912	$0	$4,912
144 Inter Program Due From	$13,698	$0	$0	$0	$13,698	($13,698)	$0
150 Total Current Assets	$1,077,919	$286,156	$11,915	$51,249	$1,427,239	($13,698)	$1,413,541
161 Land	$189,315	$0	$0	$0	$189,315	$0	$189,315
162 Buildings	$10,762,996	$0	$0	$0	$10,762,996	$0	$10,762,996
164 Furniture, Equipment & Machinery - Administration	$276,828	$23,526	$0	$2,170	$302,524	$0	$302,524
166 Accumulated Depreciation	($7,063,190)	($23,526)	$0	($2,170)	($7,088,886)	$0	($7,088,886)
160 Total Capital Assets, Net of Accumulated Depreciation	$4,165,949	$0	$0	$0	$4,165,949	$0	$4,165,949
190 Total Assets	$5,243,868	$286,156	$11,915	$51,249	$5,593,188	($13,698)	$5,579,490

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	$48,232	$82	$0	$0	$48,314	$0	$48,314
321 Accrued Wage/Payroll Taxes Payable	$16,906	$0	$0	$0	$16,906	$0	$16,906
322 Accrued Compensated Absences - Current Portion	$19,722	$7,331	$0	$0	$27,053	$0	$27,053
333 Accounts Payable - Other Government	$9,752	$0	$0	$0	$9,752	$0	$9,752
341 Tenant Security Deposits	$17,039	$0	$0	$0	$17,039	$0	$17,039
342 Deferred Revenues	$0	$0	$11,915	$0	$11,915	$0	$11,915
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$29,083	$0	$0	$0	$29,083	$0	$29,083
347 Inter Program - Due To	$0	$13,698	$0	$0	$13,698	($13,698)	$0
310 Total Current Liabilities	$140,734	$21,111	$11,915	$0	$173,760	($13,698)	$160,062
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$157,656	$0	$0	$0	$157,656	$0	$157,656
353 Non-current Liabilities - Other	$0	$20,735	$0	$0	$20,735	$0	$20,735
354 Accrued Compensated Absences - Non Current	$7,328	$2,724	$0	$0	$10,052	$0	$10,052
350 Total Non-Current Liabilities	$164,984	$23,459	$0	$0	$188,443	$0	$188,443
300 Total Liabilities	$305,718	$44,570	$11,915	$0	$362,203	($13,698)	$348,505
508.1 Invested In Capital Assets, Net of Related Debt	$3,979,210	$0	$0	$0	$3,979,210	$0	$3,979,210

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
511.1 Restricted Net Assets	$0	$82,829	$0	$0	$82,829	$0	$82,829
512.1 Unrestricted Net Assets	$958,940	$158,757	$0	$51,249	$1,168,946	$0	$1,168,946
513 Total Equity/Net Assets	$4,938,150	$241,586	$0	$51,249	$5,230,985	$0	$5,230,985
600 Total Liabilities and Equity/Net Assets	$5,243,868	$286,156	$11,915	$51,249	$5,593,188	($13,698)	$5,579,490
70300 Net Tenant Rental Revenue	$291,488	$0	$0	$0	$291,488	$0	$291,488
70400 Tenant Revenue - Other	$213	$0	$0	$0	$213	$0	$213
70500 Total Tenant Revenue	$291,701	$0	$0	$0	$291,701	$0	$291,701
70600 HUD PHA Operating Grants	$631,848	$785,289	$26,393	$0	$1,443,530	$0	$1,443,530
70610 Capital Grants	$142,275	$0	$0	$0	$142,275	$0	$142,275
71100 Investment Income - Unrestricted	$12,073	$1,785	$0	$145	$14,003	$0	$14,003
71500 Other Revenue	$5,774	$0	$0	$11,774	$17,548	$0	$17,548
72000 Investment Income - Restricted	$0	$58	$0	$0	$58	$0	$58
70000 Total Revenue	$1,083,671	$787,132	$26,393	$11,919	$1,909,115	$0	$1,909,115
91100 Administrative Salaries	$161,182	$43,590	$0	$18,178	$222,950	$0	$222,950
91200 Auditing Fees	$4,786	$2,326	$0	$0	$7,112	$0	$7,112
91500 Employee Benefit contributions - Administrative	$69,982	$12,491	$0	$0	$82,473	$0	$82,473
91600 Office Expenses	$16,643	$4,473	$0	$1,630	$22,746	$0	$22,746
91700 Legal Expense	$5,558	$0	$0	$0	$5,558	$0	$5,558

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
91800 Travel	$10,086	$2,429	$0	$0	$12,515	$0	$12,515
91900 Other	$31,554	$6,895	$2,399	$0	$40,848	$0	$40,848
91000 Total Operating - Administrative	$299,791	$72,204	$2,399	$19,808	$394,202	$0	$394,202
92100 Tenant Services - Salaries	$0	$27,568	$0	$0	$27,568	$0	$27,568
92300 Employee Benefit Contributions - Tenant Services	$0	$12,973	$0	$0	$12,973	$0	$12,973
92500 Total Tenant Services	$0	$40,541	$0	$0	$40,541	$0	$40,541
93100 Water	$75,797	$252	$0	$0	$76,049	$0	$76,049
93200 Electricity	$63,701	$502	$0	$0	$64,203	$0	$64,203
93300 Gas	$22,964	$202	$0	$0	$23,166	$0	$23,166
93000 Total Utilities	$162,462	$956	$0	$0	$163,418	$0	$163,418
94100 Ordinary Maintenance and Operations - Labor	$105,882	$0	$0	$0	$105,882	$0	$105,882
94200 Ordinary Maintenance and Operations - Materials and Other	$130,936	$0	$0	$0	$130,936	$0	$130,936
94300 Ordinary Maintenance and Operations Contracts	$51,137	$0	$0	$0	$51,137	$0	$51,137
94500 Employee Benefit Contributions - Ordinary Maintenance	$49,968	$0	$0	$0	$49,968	$0	$49,968
94000 Total Maintenance	$337,923	$0	$0	$0	$337,923	$0	$337,923
96110 Property Insurance	$28,401	$0	$0	$0	$28,401	$0	$28,401
96120 Liability Insurance	$0	$6,000	$0	$0	$6,000	$0	$6,000

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
96100 Total insurance Premiums	$28,401	$6,000	$0	$0	$34,401	$0	$34,401
96200 Other General Expenses	$0	$0	$0	$5,271	$5,271	$0	$5,271
96210 Compensated Absences	$12,838	$4,167	$0	$0	$17,005	$0	$17,005
96300 Payments in Lieu of Taxes	$9,752	$0	$0	$0	$9,752	$0	$9,752
96400 Bad debt - Tenant Rents	$4,138	$0	$0	$0	$4,138	$0	$4,138
96000 Total Other General Expenses	$26,728	$4,167	$0	$5,271	$36,166	$0	$36,166
96710 Interest of Mortgage (or Bonds) Payable	$9,166	$0	$0	$0	$9,166	$0	$9,166
96700 Total Interest Expense and Amortization Cost	$9,166	$0	$0	$0	$9,166	$0	$9,166
96900 Total Operating Expenses	$864,471	$123,868	$2,399	$25,079	$1,015,817	$0	$1,015,817
97000 Excess of Operating Revenue over Operating Expenses	$219,200	$663,264	$23,994	($13,160)	$893,298	$0	$893,298
97300 Housing Assistance Payments	$0	$617,004	$23,994	$0	$640,998	$0	$640,998
97400 Depreciation Expense	$421,036	$0	$0	$155	$421,191	$0	$421,191
90000 Total Expenses	$1,285,507	$740,872	$26,393	$25,234	$2,078,006	$0	$2,078,006
10010 Operating Transfer In	$71,285	$0	$0	$0	$71,285	($71,285)	$0
10020 Operating transfer Out	($71,285)	$0	$0	$0	($71,285)	$71,285	$0

Jackson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

September 30, 2011

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Subtotal	ELIM	Total
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($201,836)	$46,260	$0	($13,315)	($168,891)	$0	($168,891)
11030 Beginning Equity	$5,139,986	$195,326	$0	$64,564	$5,399,876	$0	$5,399,876
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	$0	$0	$0	$0	$0
Ending Equity	$4,938,150	$241,586	$0	$51,249	$5,230,985	$0	$5,230,985
11020 Required Annual Debt Principal Payments	$29,083	$0	$0	$0	$29,083	$0	$29,083
11170 Administrative Fee Equity	$0	$158,757	$0	$0	$158,757	$0	$158,757
11180 Housing Assistance Payments Equity	$0	$82,829	$0	$0	$82,829	$0	$82,829
11190 Unit Months Available	1,980	2,496	0	0	4,476	0	4,476
11210 Number of Unit Months Leased	1,930	2,465	0	0	4,395	0	4,395
11270 Excess Cash	$861,309	$0	$0	$0	$861,309	$0	$861,309
11620 Building Purchases	$142,275	$0	$0	$0	$142,275	$0	$142,275

Jackson Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended September 30, 2011

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	$547,672
Housing Choice Vouchers	14.871	785,289
Public Housing Capital Fund Program	14.872	226,451
Total Direct Programs		**1,559,412**
Pass-Through Program From:		
Jackson County - Home Investment Partnership Program	14.239	21,221
City of Wellston - Home Investment Partnership Program	14.239	5,172
Total Pass-Through Programs		**26,393**
TOTAL EXPENDITURE OF FEDERAL AWARDS		**$1,585,805**

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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 Commissioners
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, 2011, which collectively comprise the Jackson Metropolitan Housing Authority, Ohio's basic financial statements and have issued my report thereon dated February 17, 2012. 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 as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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 Jackson 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.

I noted certain matter that I have reported to management of Jackson Metropolitan Housing Authority in a separate letter dated February 17, 2012.

This report is intended solely for the information and use of the Board of Commissioners, management, pass-through entities and federal awarding agencies and is not intended to be and should not be used by anyone other that these specified parties.

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
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Salvatore Consiglio, CPA, Inc.

February 17, 2012

SALVATORE CONSIGLIO, CPA, INC.

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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 Commissioners
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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. 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. 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, 2011.

Internal Control Over Compliance

The management of Jackson Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Jackson Metropolitan Housing Authority 's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 Jackson Metropolitan Housing Authority's internal control over compliance.

A *defici*ency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of the Board of Commissioners, 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

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Salvatore Consiglio, CPA, Inc.

February 17, 2012

Jackson Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
September 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

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?	No
Major Programs (list):	CFDA # 14.871– Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There are no Findings or questioned costs for the year ended September 30, 2011.

3. FINDINGS REALTED TO FEDERAL AWARDS

There are no Findings or questioned costs for the year ended September 30, 2011.

Jackson Metropolitan Housing Authority
Schedule of Prior Audit Findings
September 30, 2011

The audit report for the fiscal year ending September 30, 2010 contained no audit findings.

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
MAY 29, 2012

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