

Zanesville Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2011





# Dave Yost • Auditor of State

Board of Directors  
Zanesville Metropolitan Housing Authority  
407 Pershing Road  
Zanesville, Ohio 43701

We have reviewed the *Independent Auditors' Report* of the Zanesville Metropolitan Housing Authority, Muskingum County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2010 through June 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 Zanesville Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 28, 2012

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ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2011

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## Independent Auditors' Report

Board of Directors  
Zanesville Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 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 Zanesville 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 Zanesville Metropolitan Housing Authority, Ohio, as of June 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 November 16, 2011, on my consideration of the Zanesville 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 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 Zanesville 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 combining financial data schedule ("FDS") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic 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.

---

Salvatore Consiglio, CPA, Inc.

November 16, 2011



**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

The following discussion and analysis of the Zanesville Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2011 with selected comparative information for the fiscal year ended June 30, 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

**Financial Highlights**

The assets of the Authority exceeded its liabilities at the close of fiscal year 2011 by \$15,716,920 (net assets). Of this amount, \$3,822,647 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors. The restricted net assets of \$640,893 represent cash on hand reserved for housing assistance payment.

Capital assets decreased by \$185,477. The decrease is due to current year capital asset additions net of depreciation.

Net assets increased by \$395,056 for the fiscal year ended June 30, 2011.

**Overview of the Financial Statements**

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

**Authority Activity Highlights**

**Description of programs**

The following are the various programs that the Authority operates. These programs are included in the single enterprise fund:

**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.

**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.

**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.

**Shelter Plus Care**

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities. 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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

Resident Opportunity and Supportive Services

A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self sufficiency and economic independence and move from welfare to work.

Section 8 New Construction Program

The Authority administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

State and Local Fund

The Authority administered a contract with Muskingum County Department of Job and Family Services to provide a Youth Employment Service Program to resident youths. Also, the Authority administers a wellness program through a contract with the Muskingum County Board of Health and a home maintenance program through a contract with the City of Zanesville.

Business Activity

The Business Activity Fund was set-up to separate the HUD funded program with non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Carey Street Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

**Financial Position**

The statement of net assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at June 30, 2011 and 2010:

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

**Table 1 - Condensed Statement of Net Assets Compared to Prior Year**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Current and Other Assets	\$ 5,543,724	\$ 5,085,154
Capital Assets	<u>11,813,167</u>	<u>11,998,644</u>
Total Assets	<u>\$ 17,356,891</u>	<u>\$ 17,083,798</u>
Current Liabilities	\$ 807,396	\$ 862,732
Long-Term Liabilities	<u>832,575</u>	<u>899,202</u>
Total Liabilities	<u>1,639,971</u>	<u>1,761,934</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	11,253,380	11,401,602
Restricted Net Assets	640,893	473,812
Unrestricted Net Assets	<u>3,822,647</u>	<u>3,446,450</u>
Total Net Assets	<u>15,716,920</u>	<u>15,321,864</u>
Total Liabilities and Net Assets	<u>\$ 17,356,891</u>	<u>\$ 17,083,798</u>

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

**Revenues and Expenses**

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2011 and 2010:

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

**Table 2 - Statement of Revenue, Expenses & Changes in Net Assets**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Operating Revenue	\$ 9,031,700	\$ 10,053,764
Operating Expenses	<u>9,376,693</u>	<u>9,966,077</u>
Total Operating Loss	<u>(344,993)</u>	<u>87,687</u>
Nonoperating:		
Revenue	16,061	17,840
Expenses	(31,024)	(32,953)
Capital Contributions	<u>755,012</u>	<u>1,586,915</u>
Change in Net Assets	395,056	1,659,489
Total Net Assets - Beginning of Year	<u>15,321,864</u>	<u>13,662,375</u>
<b>Total Net Assets - End of Year</b>	<b><u><u>\$ 15,716,920</u></u></b>	<b><u><u>\$ 15,321,864</u></u></b>

The ZMHA experienced a decrease in Capital Improvement Grant Funding from HUD due to ARRA grant funds ending. In addition, interest income decrease due to declining rates and sluggish economy. Total expenses decreases due to less ARRA grant funds been available. Utility expenses increased during the year.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Owned by Authority	674	674
Units under vouchers	919	909
Units under Shelter Plus Care	8	9
Units under NC SR	<u>96</u>	<u>0</u>
Total housing units managed	1,697	1,592

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

**Capital Assets**

Capital assets are the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2011:

**Table 3 - Condensed Statement of Changes in Capital Assets**

	<b><u>2011</u></b>
Land and Land Rights	\$ 1,160,622
Building & Improvements	32,702,936
Equipment - Administrative	766,606
Equipment - Dwelling	739,105
Accumulated Depreciation	<u>(23,556,102)</u>
 Total	 \$ <u><u>11,813,167</u></u>
 Capital Assets Activity:	
Capital asset, net at June 30, 2010	\$ 11,998,644
Depreciation expense	(928,962)
Youthbuild donated to MRDD	(63,691)
Capital purchases from operation	62,030
Dwelling Equipment	49,543
Leasehold Improvement	705,469
Capital Assets disposed during the year, net of depreciation	<u>(9,866)</u>
 Capital Assets, net at June 30, 2011	 \$ <u><u>11,813,167</u></u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011**

**UNAUDITED**

**Changes in Net Assets**

The Investment in Capital Assets, Net of Debt decreased from the previous year by \$148,222. The decrease is the net result of capital asset additions, debt payments and depreciation expense for the year. The largest component of net assets is *invested in capital assets, net of related debt*. The following table shows how this amount is calculated for the fiscal years ended June 30, 2011 and 2010:

**Table 4 - Investment in Capital Assets, Net of Debt**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Total Capital Assets	\$ 35,369,269	\$ 34,642,659
Less:		
Capital related debt	(559,787)	(597,042)
Accumulated depreciation	<u>(23,556,102)</u>	<u>(22,644,015)</u>
Investment in Capital Assets, Net of Debt	<u><u>\$ 11,253,380</u></u>	<u><u>\$ 11,401,602</u></u>

**Debt Administration**

Zanesville Metropolitan Housing Authority obtained a loan in the amount of \$843,000 on June 1, 2002. The proceeds were used for the Zanesville Carey Metro Childcare, Inc. building payable in monthly installments of \$5,689.93.

**Table 5 - Outstanding Debt Balance**

Outstanding principal balance as of June 30, 2010	\$ 597,042
Less:	
Principal payments made during the year	<u>(37,255)</u>
Outstanding principal balance as of June 30, 2011	<u><u>\$ 559,787</u></u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2010**

**UNAUDITED**

**Economic Factors**

The economic outlook for ZMHA is uncertain at this time. According to the most current information available on changes pending at the U.S. Department of Housing and Urban Development, Public Housing operating subsidy may be increased. At this time there is no further inflationary adjustments forecasted. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market.

**Requests for Information**

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



**Zanesville Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$3,176,856
Restricted Cash	960,179
Investments	903,615
Receivables, net	174,231
Inventories, net	258,093
Prepaid expenses and other assets	70,750
<b><i>Total current assets</i></b>	<b><u>5,543,724</u></b>

**Noncurrent assets**

Capital assets:	
Land	1,160,622
Building and equipment	34,208,647
Less accumulated depreciation	<u>(23,556,102)</u>
Capital assets, net	<u>11,813,167</u>
<b><i>Total noncurrent assets</i></b>	<b><u>11,813,167</u></b>
<b>Total assets</b>	<b><u><u>\$17,356,891</u></u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$125,468
Accrued liabilities	358,633
Tenant security deposits	230,452
Deferred revenue	53,666
Bonds, notes, and loans payable	39,177
<b><i>Total current liabilities</i></b>	<b><u>\$807,396</u></b>

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

**Zanesville Metropolitan Housing Authority**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**June 30, 2011**

**Noncurrent liabilities**

Accrued compensated absences non-current	\$223,131
Noncurrent liabilities - other	88,834
Long-term notes payable	520,610
<i><b>Total noncurrent liabilities</b></i>	<u><b>832,575</b></u>
<b>Total liabilities</b>	<u><b>\$1,639,971</b></u>

**NET ASSETS**

Invested in capital assets, net of related debt	\$11,253,380
Restricted net assets	640,893
Unrestricted net assets	3,822,647
<b>Total net assets</b>	<u><b>\$15,716,920</b></u>

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

**Zanesville Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

***OPERATING REVENUES***

Tenant Revenue	\$1,465,072
Government operating grants	7,304,308
Other revenue	262,320
<b>Total operating revenues</b>	<b><u>9,031,700</u></b>

***OPERATING EXPENSES***

Administrative	1,821,837
Tenant services	176,630
Utilities	787,030
Maintenance	1,673,090
Insurance	178,324
General	222,639
Housing assistance payment	3,588,181
Depreciation	928,962
<b>Total operating expenses</b>	<b><u>9,376,693</u></b>
<b>Operating income (loss)</b>	<b><u>(344,993)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	4,134
Interest expense	(31,024)
<b>Total nonoperating revenues (expenses)</b>	<b><u>(26,890)</u></b>
Income (loss) before contributions and transfers	(371,883)
Capital grants	755,012
Gain from sale of capital assets	11,927
Change in net assets	395,056
Total net assets - beginning	15,321,864
<b>Total net assets - ending</b>	<b><u><u>\$15,716,920</u></u></b>

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

**Zanesville Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$7,453,434
Tenant revenue received	1,470,425
Other revenue received	258,538
General and administrative expenses paid	(4,921,874)
Housing assistance payments	(3,588,181)
	<u>672,342</u>
Net cash provided (used) by operating activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned received	4,134
Transfer to investment account	(1,680)
	<u>2,454</u>
Net cash provided (used) by investing activities	
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	755,012
Proceeds from sales of capital assets	26,325
Property and equipment purchased	(817,042)
Principal Payment on debt	(37,255)
Interest Payment	(31,024)
	<u>(103,984)</u>
Net cash provided (used) by capital and related activities	
Net increase (decrease) in cash	570,812
Cash and cash equivalents - Beginning of year	3,566,223
	<u>3,566,223</u>
Cash and cash equivalents - End of year	\$4,137,035
	<u>\$4,137,035</u>

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

**Zanesville Metropolitan Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

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

Net Operating Income (Loss)	(\$344,993)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	928,962
- Youthbuild donation	63,690
 (Increases) Decreases in:	
- Accounts Receivables, net of allowance	116,161
- Inventory, net of allowance	(11,067)
- Prepaid Assets	4,297
 Increases (Decreases) in:	
- Accounts Payable	(114,159)
- Accrued Expenses Payable	15,283
- Accrued Compensated Absence Payable	26,522
- Deferred Revenue	29,995
- Tenant Security Deposits	9,937
- Noncurrent Liabilities Other (FSS Escrow Payable)	(52,286)
Net cash provided by operating activities	\$672,342

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 1: REPORTING ENTITY**

**Introduction**

The Zanesville Metropolitan Housing Authority was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

The financial statements of the Zanesville 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.

As required by GAAP, the basic financial statements of the reporting entity include those of the Zanesville Metropolitan Housing Authority and any component units. Component units are separate legal entities that; elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

**Description of programs**

The following are the various programs which are included in the single enterprise fund:

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 1: REPORTING ENTITY** (Continued)

**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. Shelter Plus Care**

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities.

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.

**E. Resident Opportunity and Supportive Services**

A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self sufficiency and economic independence and move from welfare to work.

**F. State, Local and Other Federal Programs**

The Authority administered a contract with Muskingum County Department of Job and Family Services to provide a Youth Employment Service Program to resident youths. Also, the Authority administers a wellness program through a contract with the Muskingum County Board of Health and a home maintenance program through a contract with the City of Zanesville.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 1: REPORTING ENTITY** (Continued)

**G. Business Activity**

The Business Activity Fund was set-up to separate the HUD funded program with non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Carey Street Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Authority's basic financial statements consist of a statement of net assets, 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 its 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.



ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 2: 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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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.

**Inventory**

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2011 totaled \$4,134.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings & improvements	15-40 years
Furniture, fixtures & equipment	3-10 years
Vehicles	5 years

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

**Net Assets**

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

**Income Taxes**

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

**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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (CONTINUED)

**NOTE 2: 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 services 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.

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

<b>Description</b>	<b>Balance 06/30/10</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/10</b>	<b>Due Within One Year</b>
Compensated Absence	\$354,702	\$189,143	(\$162,621)	\$381,224	\$158,093
<b>Total</b>	<b>\$354,702</b>	<b>\$189,143</b>	<b>(\$162,621)</b>	<b>\$381,224</b>	<b>\$158,093</b>

**Budgets and Budgetary Accounting**

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 3: DEPOSIT AND INVESTMENTS**

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

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

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

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

Protection of Authority 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.

Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2010, the Authority was not exposed to custodial risk as discussed below because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits.

At fiscal year end June 30, 2011, the carrying amount of the Authority's deposits totaled \$5,040,650 and its bank balance was \$5,045,113. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$4,795,113 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 3: DEPOSIT AND INVESTMENTS** (Continued)

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.

Investments

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

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

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 5 years.

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

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

The carrying amount of the Authority's investment was \$903,615 at June 30, 2011 with the same corresponding bank balance. The investments are held in certificate of deposits.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 4: TENANT ACCOUNT RECEIVABLES**

As of June 30, 2011 tenant account receivable was \$5,911 with an allowance for doubtful accounts of \$400.

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

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

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. 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 to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer rates were consistent across all three plans. The 2011 and 2010 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended June 30, 2011, 2010, and 2009 amounted to \$258,747, \$261,552, and \$251,543. These costs have been charged to the employee fringe benefit account. Ninety-two percent has been contributed for 2011. All required contributions for the two previous years have been paid.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 6: POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

The Public Employees Retirement System of Ohio (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 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 the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 6: POST-EMPLOYMENT BENEFITS** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, 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. For 2011 and 2010, the employer contribution allocated to the health care plan was 5.50 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 year ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$101,651, \$102,764 and \$125,771 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, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 7: CAPITAL ASSETS**

The following is change in capital assets for the current year:

	<b>Balance 06/30/10</b>	<b>Increases</b>	<b>Adjust/ Decrease</b>	<b>Balance 06/30/11</b>
<b>Capital Assets Not Depreciated:</b>				
Land	\$1,160,622	\$0	\$0	\$1,160,622
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,160,622</b>	<b>0</b>	<b>0</b>	<b>1,160,622</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	27,326,620	184,639	(63,691)	27,447,568
Furnt, Mach. & Equip	1,420,878	111,574	(26,741)	1,505,711
Leasehold Improvement	4,734,539	520,829	0	5,255,368
<b>Total Capital Assets Being Depreciated</b>	<b>33,482,037</b>	<b>817,042</b>	<b>(90,432)</b>	<b>34,208,647</b>



ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 7: CAPITAL ASSETS**

	<b>Balance 06/30/10</b>	<b>Increases</b>	<b>Adjust/ Decrease</b>	<b>Balance 06/30/10</b>
<b>Accumulated Depreciated:</b>				
Buildings	18,152,704	632,796	0	18,785,500
Furnt, Mach. & Equip	1,140,866	96,551	(16,874)	1,220,543
Leasehold Improvement	3,350,444	199,615	0	3,550,059
<b>Total Accumulated Depreciated</b>	<b>22,644,014</b>	<b>928,962</b>	<b>(16,874)</b>	<b>23,556,102</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>10,838,023</b>	<b>(111,920)</b>	<b>(73,558)</b>	<b>10,652,545</b>
<b>Total Capital Assets, Net</b>	<b>\$11,998,645</b>	<b>(\$111,920)</b>	<b>(\$73,558)</b>	<b>\$11,813,167</b>

**NOTE 8: LONG-TERM DEBT**

**Loan Payable – Bank One**

Zanesville Metropolitan Housing Authority has an outstanding note payable with Bank One of \$559,787, as of June 30, 2011. The original note was for \$843,000 dated June 1, 2002 to be used for the construction of a daycare facility known as Carey Street Day Care Center. The note contains an interest rate of 5.27% fixed for five years. The loan is amortized over 20 year period with 3 five year balloons payments.

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

<b>DESCRIPTION</b>	<b>BALANCE 06/30/10</b>	<b>ISSUED</b>	<b>RETIRED</b>	<b>BALANCE 06/30/11</b>	<b>DUE WITHIN ONE YEAR</b>
Loan Payable	\$597,042	\$-0-	\$37,255	\$559,787	\$39,177
<b>TOTAL</b>	<b>\$597,042</b>	<b>\$-0-</b>	<b>\$37,255</b>	<b>\$559,787</b>	<b>\$39,177</b>

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

**NOTE 8: LONG-TERM DEBT** (Continued)

Debt maturities for the next five years are estimated as follows:

	<u>Principal</u>	<u>Interest</u>
2012	\$39,177	\$29,102
2013	41,293	26,986
2014	43,522	24,757
2015	45,872	22,407
2016	48,349	19,930
2017 to 2021	283,836	57,560
2022 to 2026	57,738	2,003
	<u>\$559,787</u>	<u>\$182,745</u>

**NOTE 9: ECONOMIC DEPENDENCY**

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**NOTE 10: 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 June 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 11: 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.

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,086,168	\$0	\$0	\$387,838	\$0	\$0	\$0	\$243,038	\$0	\$459,812	\$3,176,856	\$0	\$3,176,856
113 Cash - Other Restricted	\$11,061	\$0	\$0	\$0	\$0	\$0	\$0	\$718,666	\$0	\$0	\$729,727	\$0	\$729,727
114 Cash - Tenant Security Deposits	\$230,452	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$230,452	\$0	\$230,452
100 Total Cash	\$2,327,681	\$0	\$0	\$387,838	\$0	\$0	\$0	\$961,704	\$0	\$459,812	\$4,137,035	\$0	\$4,137,035
122 Accounts Receivable - HUD Other Projects	\$46,907	\$72,630	\$0	\$0	\$18,125	\$10,829	\$0	\$0	\$0	\$0	\$148,491	\$0	\$148,491
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$252	\$252	\$0	\$252
126 Accounts Receivable - Tenants	\$5,911	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,911	\$0	\$5,911
126.1 Allowance for Doubtful Accounts - Tenants	(\$400)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$400)	\$0	(\$400)
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,957	\$0	\$0	\$39,957	\$0	\$39,957
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,980)	\$0	\$0	(\$19,980)	\$0	(\$19,980)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$52,418	\$72,630	\$0	\$0	\$18,125	\$10,829	\$0	\$19,977	\$0	\$252	\$174,231	\$0	\$174,231
131 Investments - Unrestricted	\$903,615	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$903,615	\$0	\$903,615
142 Prepaid Expenses and Other Assets	\$38,127	\$0	\$0	\$350	\$0	\$0	\$0	\$2,218	\$0	\$30,055	\$70,750	\$0	\$70,750
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$286,093	\$286,093	\$0	\$286,093
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$28,000)	(\$28,000)	\$0	(\$28,000)
144 Inter Program Due From	\$0	\$0	\$0	\$48,735	\$0	\$0	\$0	\$184,456	\$0	\$93,554	\$326,745	(\$326,745)	\$0
150 Total Current Assets	\$3,321,841	\$72,630	\$0	\$436,923	\$18,125	\$10,829	\$0	\$1,168,355	\$0	\$841,766	\$5,870,469	(\$326,745)	\$5,543,724

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
161 Land	\$1,140,622	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000	\$1,160,622	\$0	\$1,160,622
162 Buildings	\$26,414,060	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,033,508	\$27,447,568	\$0	\$27,447,568
163 Furniture, Equipment & Machinery - Dwellings	\$471,104	\$0	\$0	\$26,601	\$0	\$0	\$0	\$0	\$0	\$241,400	\$739,105	\$0	\$739,105
164 Furniture, Equipment & Machinery - Administration	\$92,942	\$0	\$0	\$0	\$0	\$0	\$0	\$30,166	\$0	\$643,498	\$766,606	\$0	\$766,606
165 Leasehold Improvements	\$5,242,918	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,450	\$5,255,368	\$0	\$5,255,368
166 Accumulated Depreciation	(\$22,309,654)	\$0	\$0	(\$17,463)	\$0	\$0	\$0	(\$23,256)	\$0	(\$1,205,729)	(\$23,556,102)	\$0	(\$23,556,102)
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,051,992	\$0	\$0	\$9,138	\$0	\$0	\$0	\$6,910	\$0	\$745,127	\$11,813,167	\$0	\$11,813,167
180 Total Non-Current Assets	\$11,051,992	\$0	\$0	\$9,138	\$0	\$0	\$0	\$6,910	\$0	\$745,127	\$11,813,167	\$0	\$11,813,167
190 Total Assets	\$14,373,833	\$72,630	\$0	\$446,061	\$18,125	\$10,829	\$0	\$1,175,265	\$0	\$1,586,893	\$17,683,636	(\$326,745)	\$17,356,891
312 Accounts Payable <= 90 Days	\$92,634	\$13,620	\$0	\$0	\$923	\$0	\$0	\$4,229	\$0	\$14,062	\$125,468	\$0	\$125,468
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$40,138	\$2,721	\$0	\$1,106	\$5,485	\$0	\$0	\$22,237	\$0	\$128,853	\$200,540	\$0	\$200,540
322 Accrued Compensated Absences - Current Portion	\$38,010	\$0	\$0	\$0	\$0	\$0	\$0	\$22,129	\$0	\$97,954	\$158,093	\$0	\$158,093
341 Tenant Security Deposits	\$230,452	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$230,452	\$0	\$230,452
342 Deferred Revenues	\$6,037	\$0	\$0	\$47,629	\$0	\$0	\$0	\$0	\$0	\$0	\$53,666	\$0	\$53,666
343 Current Portion of Long-term Debt - Capital Projects/Mortg Revenue Bonds	\$39,177	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,177	\$0	\$39,177

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
347 Inter Program - Due To	\$25,548	\$56,289	\$0	\$0	\$11,717	\$10,829	\$0	\$0	\$0	\$222,362	\$326,745	(\$326,745)	\$0
310 Total Current Liabilities	\$471,996	\$72,630	\$0	\$48,735	\$18,125	\$10,829	\$0	\$48,595	\$0	\$463,231	\$1,134,141	(\$326,745)	\$807,396
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$520,610	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$520,610	\$0	\$520,610
353 Non-current Liabilities - Other	\$11,061	\$0	\$0	\$0	\$0	\$0	\$0	\$77,773	\$0	\$0	\$88,834	\$0	\$88,834
354 Accrued Compensated Absences - Non Current	\$80,965	\$0	\$0	\$0	\$0	\$0	\$0	\$53,284	\$0	\$88,882	\$223,131	\$0	\$223,131
350 Total Non-Current Liabilities	\$612,636	\$0	\$0	\$0	\$0	\$0	\$0	\$131,057	\$0	\$88,882	\$832,575	\$0	\$832,575
300 Total Liabilities	\$1,084,632	\$72,630	\$0	\$48,735	\$18,125	\$10,829	\$0	\$179,652	\$0	\$552,113	\$1,966,716	(\$326,745)	\$1,639,971
508.1 Invested In Capital Assets, Net of Related Debt	\$10,492,205	\$0	\$0	\$9,138	\$0	\$0	\$0	\$6,910	\$0	\$745,127	\$11,253,380	\$0	\$11,253,380
511.1 Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$640,893	\$0	\$0	\$640,893	\$0	\$640,893
512.1 Unrestricted Net Assets	\$2,796,996	\$0	\$0	\$388,188	\$0	\$0	\$0	\$347,810	\$0	\$289,653	\$3,822,647	\$0	\$3,822,647
513 Total Equity/Net Assets	\$13,289,201	\$0	\$0	\$397,326	\$0	\$0	\$0	\$995,613	\$0	\$1,034,780	\$15,716,920	\$0	\$15,716,920
600 Total Liabilities and Equity/Net Assets	\$14,373,833	\$72,630	\$0	\$446,061	\$18,125	\$10,829	\$0	\$1,175,265	\$0	\$1,586,893	\$17,683,636	(\$326,745)	\$17,356,891

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,465,072	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,465,072	\$0	\$1,465,072
70500 Total Tenant Revenue	\$1,465,072	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,465,072	\$0	\$1,465,072
70600 HUD PHA Operating Grants	\$2,484,302	\$185,610	\$33,825	\$0	\$113,128	\$26,962	\$95,527	\$4,364,954	\$0	\$0	\$7,304,308	\$0	\$7,304,308
70610 Capital Grants	\$709,745	\$0	\$0	\$0	\$0	\$0	\$45,267	\$0	\$0	\$0	\$755,012	\$0	\$755,012
70720 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$402,957	\$402,957	(\$402,957)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$69,411	\$69,411	(\$69,411)	\$0
70750 Other Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$993,917	\$993,917	(\$993,917)	\$0
71100 Investment Income - Unrestricted	\$2,427	\$0	\$0	\$133	\$0	\$0	\$0	\$489	\$0	\$0	\$3,049	\$0	\$3,049
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,714	\$0	\$0	\$36,714	\$0	\$36,714
71500 Other Revenue	\$88,597	\$0	\$0	\$81,382	\$0	\$0	\$0	\$37,142	\$325	\$18,160	\$225,606	\$0	\$225,606
71600 Gain or Loss on Sale of Capital Assets	\$11,927	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,927	\$0	\$11,927
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,085	\$0	\$0	\$1,085	\$0	\$1,085
70000 Total Revenue	\$4,762,070	\$185,610	\$33,825	\$81,515	\$113,128	\$26,962	\$140,794	\$4,440,384	\$325	\$1,484,445	\$11,269,058	(\$1,466,285)	\$9,802,773
91100 Administrative Salaries	\$401,077	\$114,341	\$19,010	\$11,190	\$64,538	\$1,669	\$32,000	\$118,261	\$0	\$247,622	\$1,009,708	\$0	\$1,009,708
91200 Auditing Fees	\$6,270	\$0	\$0	\$0	\$0	\$0	\$0	\$12,775	\$0	\$0	\$19,045	\$0	\$19,045
91300 Management Fee	\$389,879	\$0	\$0	\$0	\$0	\$0	\$0	\$13,078	\$0	\$0	\$402,957	(\$402,957)	\$0
91310 Book-keeping Fee	\$61,238	\$0	\$0	\$0	\$0	\$0	\$0	\$8,173	\$0	\$0	\$69,411	(\$69,411)	\$0
91500 Employee Benefit contributions - Administrative	\$223,471	\$18,312	\$13,825	\$8,975	\$30,266	\$328	\$7,000	\$93,597	\$0	\$130,874	\$526,648	\$0	\$526,648
91600 Office Expenses	\$42,898	\$46,149	\$0	\$0	\$0	\$0	\$1,065	\$38,080	\$0	\$11,928	\$140,120	\$0	\$140,120
91700 Legal Expense	\$11,381	\$0	\$0	\$0	\$0	\$0	\$0	\$488	\$0	\$375	\$12,244	\$0	\$12,244
91800 Travel	\$3,507	\$600	\$0	\$0	\$0	\$0	\$0	\$4,886	\$0	\$7,898	\$16,891	\$0	\$16,891

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91900 Other	\$18,659	\$0	\$63,691	\$14,831	\$0	\$0	\$0	\$0	\$0	\$0	\$97,181	\$0	\$97,181
91000 Total Operating - Administrative	\$1,158,380	\$179,402	\$96,526	\$34,996	\$94,804	\$1,997	\$40,065	\$289,338	\$0	\$398,697	\$2,294,205	(\$472,368)	\$1,821,837
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$112,998	\$0	\$0	\$112,998	\$0	\$112,998
92300 Tenant Services - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,487	\$0	\$0	\$50,487	\$0	\$50,487
92400 Tenant Services - Other	\$12,814	\$0	\$0	\$6	\$0	\$0	\$0	\$0	\$325	\$0	\$13,145	\$0	\$13,145
92500 Total Tenant Services	\$12,814	\$0	\$0	\$6	\$0	\$0	\$0	\$163,485	\$325	\$0	\$176,630	\$0	\$176,630
93100 Water	\$81,030	\$0	\$0	\$0	\$0	\$0	\$0	\$627	\$0	\$531	\$82,188	\$0	\$82,188
93200 Electricity	\$236,484	\$1,392	\$0	\$0	\$0	\$0	\$0	\$1,297	\$0	\$8,639	\$247,812	\$0	\$247,812
93300 Gas	\$204,791	\$0	\$0	\$0	\$0	\$0	\$0	\$234	\$0	\$8,517	\$213,542	\$0	\$213,542
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,239	\$39,239	\$0	\$39,239
93600 Sewer	\$201,125	\$0	\$0	\$0	\$0	\$0	\$0	\$1,567	\$0	\$1,557	\$204,249	\$0	\$204,249
93000 Total Utilities	\$723,430	\$1,392	\$0	\$0	\$0	\$0	\$0	\$3,725	\$0	\$58,483	\$787,030	\$0	\$787,030
94100 Ordinary Maintenance and Operations - Labor	\$24,813	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$587,084	\$611,897	\$0	\$611,897
94200 Ordinary Maintenance and Operations - Materials and Other	\$211,774	\$0	\$0	\$9,827	\$0	\$0	\$55,462	\$3,024	\$0	\$9,913	\$290,000	\$0	\$290,000
94300 Ordinary Maintenance and Operations Contracts	\$1,263,788	\$0	\$0	\$0	\$10,772	\$0	\$0	\$43,616	\$0	\$77,753	\$1,395,929	(\$993,917)	\$402,012
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$369,181	\$369,181	\$0	\$369,181
94000 Total Maintenance	\$1,500,375	\$0	\$0	\$9,827	\$10,772	\$0	\$55,462	\$46,640	\$0	\$1,043,931	\$2,667,007	(\$993,917)	\$1,673,090

Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$64,662	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,970	\$68,632	\$0	\$68,632
96120 Liability Insurance	\$39,345	\$0	\$0	\$0	\$0	\$0	\$0	\$7,250	\$0	\$0	\$46,595	\$0	\$46,595
96130 Workmen's Compensation	\$7,696	\$0	\$0	\$0	\$0	\$0	\$0	\$6,253	\$0	\$27,416	\$41,365	\$0	\$41,365
96140 All Other Insurance	\$19,683	\$0	\$0	\$0	\$0	\$0	\$0	\$934	\$0	\$1,115	\$21,732	\$0	\$21,732
96100 Total insurance Premiums	\$131,386	\$0	\$0	\$0	\$0	\$0	\$0	\$14,437	\$0	\$32,501	\$178,324	\$0	\$178,324
96200 Other General Expenses	\$2,626	\$0	\$0	\$0	\$0	\$0	\$0	\$3,958	\$0	\$328	\$6,912	\$0	\$6,912
96210 Compensated Absences	\$32,266	\$4,816	\$990	\$0	\$7,552	\$0	\$0	\$25,860	\$0	\$117,659	\$189,143	\$0	\$189,143
96400 Bad debt - Tenant Rents	\$9,038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,038	\$0	\$9,038
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,546	\$0	\$0	\$17,546	\$0	\$17,546
96000 Total Other General Expenses	\$43,930	\$4,816	\$990	\$0	\$7,552	\$0	\$0	\$47,364	\$0	\$117,987	\$222,639	\$0	\$222,639
96710 Interest of Mortgage (or Bonds) Payable	\$31,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,024	\$0	\$31,024
96700 Total Interest Expense and Amortization Cost	\$31,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,024	\$0	\$31,024
96900 Total Operating Expenses	\$3,601,339	\$185,610	\$97,516	\$44,829	\$113,128	\$1,997	\$95,527	\$564,989	\$325	\$1,651,599	\$6,356,859	(\$1,466,285)	\$4,890,574
97000 Excess of Operating Rev over Opert Expenses	\$1,160,731	\$0	(\$63,691)	\$36,686	\$0	\$24,965	\$45,267	\$3,875,395	\$0	(\$167,154)	\$4,912,199	\$0	\$4,912,199



Zanesville Metropolitan Housing Authority  
Financial Data Schedule  
June 30, 2011

	Project Total	8 Other Federal Program 1	9 Other Federal Program 2	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	2 State/Local	COCC	Subtotal	ELIM	Total
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$24,965	\$0	\$3,563,216	\$0	\$0	\$3,588,181	\$0	\$3,588,181
97400 Depreciation Expense	\$852,036	\$0	\$0	\$5,320	\$0	\$0	\$0	\$2,764	\$0	\$68,842	\$928,962	\$0	\$928,962
90000 Total Expenses	\$4,453,375	\$185,610	\$97,516	\$50,149	\$113,128	\$26,962	\$95,527	\$4,130,969	\$325	\$1,720,441	\$10,874,002	(\$1,466,285)	\$9,407,717
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$308,695	\$0	(\$63,691)	\$31,366	\$0	\$0	\$45,267	\$309,415	\$0	(\$235,996)	\$395,056	\$0	\$395,056
11030 Beginning Equity	\$12,935,239	\$0	\$63,691	\$365,960	\$0	\$0	\$0	\$686,198	\$0	\$1,270,776	\$15,321,864	\$0	\$15,321,864
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$45,267	\$0	\$0	\$0	\$0	\$0	(\$45,267)	\$0	\$0	\$0	\$0	\$0	\$0
11020 Required Annual Debt Principal Payments	\$39,177	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,177	\$0	\$39,177
11170 Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$354,720	\$0	\$0	\$354,720	\$0	\$354,720
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$640,893	\$0	\$0	\$640,893	\$0	\$640,893
11190 Unit Months Available	8,088	0	0	0	0	120	0	11,268	0	0	19,476	0	19,476
11210 Number of Unit Months Leased	8,022	0	0	0	0	71	0	10,898	0	0	18,991	0	18,991
11270 Excess Cash	\$2,530,697	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,530,697	\$0	\$2,530,697
11620 Building Purchases	\$184,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$184,640	\$0	\$184,640
11630 Furniture & Equipment - Dwelling Purchases	\$49,543	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,543	\$0	\$49,543
11650 Leasehold Improvements Purchases	\$520,829	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$520,829	\$0	\$520,829

Zanesville Metropolitan Housing Authority  
Schedule of Expenditures of Federal Award  
For the Year Ended June 30, 2011

<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 Direct Program</b>		
Shelter Plus Care	14.238	\$26,962
Low Rent Public Housing	14.850	1,833,309
Resident Opportunity and Supportive Services	14.870	113,128
Housing Choice Vouchers	14.871	4,364,954
Public Housing Capital Fund Program (Cluster):		
- Public Housing Capital Fund Program	14.872	1,360,738
- Formula Capital Fund Stimulus Grant	14.885	<u>140,794</u>
Public Housing Capital Fund Program Cluster		<u>1,501,532</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u><b>7,839,885</b></u>
<b>U.S. Department of Labor Pass-Through Program From Muskingum County Workforce Investment Act (Cluster)</b>		
Youth Employment Services	17.259	185,610
Youthbuild	17.274	<u>33,825</u>
<b>Total U.S. Department of Labor</b>		<u><b>219,435</b></u>
<b>Total Expenditure of Federal Award</b>		<u><u><b>\$8,059,320</b></u></u>

Zanesville Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
June 30, 2011

Capital Fund Program Number OH16P00950108

1. The Program Costs are as follows:

Funds Approved	\$1,239,956
Funds Expended	<u>1,239,956</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$1,239,956
Funds Expended	<u>1,239,956</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 March 22, 2011.
4. The final costs on the certification agree to the Authority's records.

Zanesville Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
June 30, 2011

Capital Fund Program Number OH16S00950109

5. The Program Costs are as follows:

Funds Approved	\$1,569,539
Funds Expended	<u>1,569,539</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$1,569,539
Funds Expended	<u>1,569,539</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on March 22, 2011.
8. The final costs on the certification agree to the Authority's records.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Board of Directors  
Zanesville Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Zanesville Metropolitan Housing Authority basic financial statements and have issued my report thereon dated November 16, 2011. 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 Zanesville 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 *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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Zanesville 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 solely for the information of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Salvatore Consiglio, CPA, Inc.  
November 16, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Zanesville Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Zanesville 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 June 30, 2011. Zanesville 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 Zanesville Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Zanesville 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 Zanesville 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 Zanesville Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Zanesville Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of Zanesville 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 Zanesville 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 Zanesville Metropolitan Housing Authority's internal control over compliance.

A *deficiency* 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 Directors, management, federal awarding agencies, and pass-through entities 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.  
November 16, 2011



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

<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
Were 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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
--

There are no findings or questioned costs for the year ended June 30, 2011.

<b>3. FINDINGS RELATED TO FEDERAL AWARDS</b>
--

There are no findings or questioned costs for the year ended June 30, 2011.

Zanesville Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
June 30, 2011

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



# Dave Yost • Auditor of State

ZANESVILLE METROPOLITAN HOUSING AUTHORITY

MUSKINGUM 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  
MARCH 13, 2012