

Jefferson Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2007



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Jefferson Metropolitan Housing Authority, Jefferson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 8, 2008

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JEFFERSON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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Independent Auditors' Report

Board of Directors
Jefferson Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, as of December 31, 2007, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 14, 2008, on my consideration of Jefferson Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

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

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Jefferson Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") and the PHA's statement and certification of actual modernization cost are presented for purposes additional analysis as required by the Department of Housing and Urban Development and are not a required part of the general purpose 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.
May 14, 2008

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

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

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

FINANCIAL HIGHLIGHTS

- The Authority’s net assets increased by \$32,000 (.1%) due to results from operations. Net assets were \$18,956,000 at 12/31/06 and \$18,988 at 12/31/07.
- Revenues of the entire Authority increased by \$158,000 in 2007. Revenues were \$8,830,000 in 2006 and were \$8,988,000 in 2007.
- Total expenses of the entire Authority decreased by \$532,000 in 2007. Total expenses were \$9,488,000 in 2006 and \$8,956,000 in 2007.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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

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

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended DECEMBER 31, 2007**

Unaudited

Authority-Wide Financial Statements

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

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

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

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

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

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

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

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

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

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

Fund Financial Statements

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

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

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

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

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended DECEMBER 31, 2007**

Unaudited

Capital Fund Program – The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

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

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

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Current and Other Assets	\$ 6,077	\$ 5,480	\$ 597
Capital Assets	13,603	14,174	(571)
Total Assets	<u>\$ 19,680</u>	<u>\$ 19,654</u>	<u>\$ 26</u>
Current Liabilities	\$ 469	\$ 514	\$ (45)
Long-Term Liabilities	223	184	39
Total Liabilities	<u>692</u>	<u>698</u>	<u>(6)</u>
Net Assets:			
Investment in Capital Assets, net of Related Debt	13,603	14,174	(571)
Restricted Net Assets	151	-	151
Unrestricted Net Assets	5,234	4,782	452
Total Net Assets	<u>18,988</u>	<u>18,956</u>	<u>32</u>
Total Liabilities and Net Assets	<u>\$ 19,680</u>	<u>\$ 19,654</u>	<u>\$ 26</u>

For more detailed information see the Statement of Net Assets.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended DECEMBER 31, 2007**

Unaudited

Major Factors Affecting the Statement of Net Assets

During 2007 current assets increased by \$597,000 and current liabilities decreased by \$45,000. The current asset increase is due to a small amount of CFP draw-down for operations in late 2007. This amount will be used to pay off short-term liabilities and to stabilize operation income since revenues will decrease due to the demolition of Elmer White Project. Total liabilities remained stable in 2007.

During 2007 Net Capital Assets decreased by \$571,000. This was due to the smaller level of purchases of Capital Assets and depreciation expense for the year.

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

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

(in thousands of dollars)			
<u>Revenues</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Total Tenant Revenues	\$ 719	\$ 637	\$ 82
Operating Subsidies and Capital Grants	7,735	8,044	(309)
Investment Income	212	137	75
Other Revenues	322	12	310
Total Revenues	<u>8,988</u>	<u>8,830</u>	<u>158</u>
<u>Expenses</u>			
Administrative	1,841	1,767	74
Utilities	890	824	66
Maintenance	1,352	1,932	(580)
Protective Services	319	289	30
General and Interest Expenses	262	274	(12)
Housing Assistance Payments	3,107	2,913	194
Depreciation	1,185	1,190	(5)
Other Expenses	-	299	(299)
Total Expenses	<u>8,956</u>	<u>9,488</u>	<u>(532)</u>
Net Increases (Decreases)	<u>\$ 32</u>	<u>\$ (658)</u>	<u>\$ 690</u>

Also, for a more fair and in depth look at financial issues, see the internal financial statements.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended DECEMBER 31, 2007**

Unaudited

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

Total revenues increased by \$158,000 (2%) in 2007. The revenues were enhanced by the central office administration fees earned in 2007.

Total expenses decreased in 2007 by \$532,000 (6%). The decrease is due to the reduction of staffing personnel. Also, maintenance expenses were reduce by cost cutting effort taking at Parkview Circle due to the imminent sale of this property. In addition, prior year expenses include \$299,000 of demolition costs incurred for the Elmer White building.

Other changes in expenses were as follows: Utility expenses increased by \$66,000 due to normal rate increases. Housing Assistance expenses increased by \$194,000 due to additional vouchers served during the year.

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

The following table shows the change in net assets of Jefferson Metropolitan Housing Authority for FYE 12/31/07:

(in thousands of dollars)	
Net Assets 12/31/06	\$18,956
Net Income – 2007	32
Net Assets 12/31/07	<u>\$18,988</u>

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

CAPITAL ASSETS

As of year end, the Authority had \$13,603,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$571,000 or 4% from the end of last year.

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

(in thousands of dollars)

	<u>2007</u>		<u>2006</u>		<u>Change</u>
Land and Land Rights	\$ 2,541	\$	2,541	\$	-
Buildings	33,780		33,120		660
Equipment	1,705		1,599		106
Construction in Progress	2		157		(155)
Accumulated Depreciation	<u>(24,425)</u>		<u>(23,243)</u>		<u>(1,182)</u>
Total	\$ <u>13,603</u>	\$	<u>14,174</u>	\$	<u>(571)</u>

The following reconciliation summarizes the change in Capital Assets.

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

Beginning Balance - December 31, 2006	\$ 14,174
Current year Additions	614
Current year Depreciation Expense	<u>(1,185)</u>
Ending Balance - December 31, 2007	\$ <u>13,603</u>

The current year additions represented various capital improvements such as: electrical upgrades, masonry restoration and various renovations.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

Debt Outstanding

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

1. Federal funding provided by congress to the Department of Housing & Urban Development
 - a) Funding cuts to our Capital Fund Grants (CFP) and public housing PFS funds, if continued, will cause property deterioration and operating losses for the Authority.
 - b) Restructuring funding (really funding cuts) in the Section 8 voucher program and also cuts in administration fees will force the Authority to reduce the number of low-income families helped. It will also cause a financial hardship on the Authority.
 - c) The discontinuation of the Drug Elimination Program (DEP) will force the Authority to reduce, if not discontinue, the security enforcement programs that have had excellent results in curtailing crime in our projects. We have continued the Security contract at the present time. This cost has be monitored closely and if needed major budget reductions will be implemented, if not complete discontinued.
2. Local labor and demand, which can affect salary and wage rates.
3. Local inflationary, recessionary and employment trends, which can affect resident incomes, and therefore the amount of rental income.
 - a) Our resident's rents have continued to decline over the past several years. PFS Funding increases as rents decline, but because of overall reductions in funding percentages, the funding has not kept up with these rent decreases.
4. Inflationary pressure on utility rates, supplies and other costs.
 - a) The inflation factor that is used for our expenses has been and continues to be too low to cover the actual % increase in supplies and other costs. Specifically, the cost of insurance for property and health benefits for our employees.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

- b) The way that HUD calculates our utility funding is also a source of financial problems. The funding is based on the period beginning one and half years before the funding period. This does not take into consideration large increases in utility rates.
- 5. Property condition

Since HUD has cut our capital funds, security services is funded operating funds, this will make it harder to fund necessary routine maintenance on our units.
- 6. HUD is requiring the Housing Authority to implement Project Based Management. This process is very time consuming and will also be costly to the Authority.

STRATEGIC PLANS

Some major issues we are addressing to help with the funding cuts:

- 1. Security
 - a) A plan to cut security needs to be implemented.
- 2. Health Care Costs
 - a) Several different scenarios are being looked at for the future. We have not implemented any of the changes, but will need to look at this are to cut costs.
- 3. Staffing and Wages
 - a) The Authority is trying to avoid layoffs.
 - b) Staffing is being cut through attrition.
 - c) Hourly wages and salaries have been frozen through April 30, 2009.
- 4. Section 8 – Vouchers
 - a) The funding issues are being monitored so the Authority can maximize funding.
- 5. Properties
 - a) The Authority continues to pursue a Home-Ownership program to sell off some of the scattered sites.

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2007**

Unaudited

6. Project-Based Accounting
 - a) The process of implementing Project-Based has been started.
 - b) The accounting portion of this is fully in place.

FINANCIAL CONTACT

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

Jim Fullen

Jim Fullen, Assistant Director, JMHA

Joseph Costantini

Joseph Costantini, Exec. Director, JMHA

Jefferson Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
December 31, 2007

ASSETS

Current assets

Cash and cash equivalents	\$5,705,008
Restricted cash and cash equivalents	277,323
Receivables, net	57,068
Inventories, net	37,120
Total current assets	<u>6,076,519</u>

Noncurrent assets

Capital assets:	
Land	2,541,310
Building and equipment	35,485,002
Construction in Progress	2,329
Less accumulated depreciation	(24,425,799)
Total noncurrent assets	<u>13,602,842</u>
Total assets	<u><u>\$19,679,361</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$203,739
Accrued liabilities	112,249
Intergovernmental payables	14,143
Tenant security deposits	106,181
Deferred revenue	114
Other current liabilities	32,288
Total current liabilities	<u>468,714</u>

Noncurrent liabilities

Accrued compensated absences non-current	222,614
Total noncurrent liabilities	<u>222,614</u>
Total liabilities	<u><u>\$691,328</u></u>

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

Jefferson Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2007

NET ASSETS

Invested in capital assets, net of related debt	\$13,602,842
Restricted net assets	151,525
Unrestricted net assets	5,233,666
Total net assets	<u><u>\$18,988,033</u></u>

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

Jefferson Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

OPERATING REVENUES

Tenant Revenue	\$719,430
Government operating grants	7,146,649
Other revenue	321,905
Total operating revenues	<u>8,187,984</u>

OPERATING EXPENSES

Administrative	1,840,749
Utilities	889,631
Maintenance	1,351,934
Protective services	319,087
General	262,371
Housing assistance payment	3,106,951
Depreciation	1,184,853
Total operating expenses	<u>8,955,576</u>
Operating income (loss)	<u>(767,592)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	<u>212,205</u>
Total nonoperating revenues (expenses)	<u>212,205</u>
Income (loss) before contributions and transfers	(555,387)
Capital grants	<u>587,393</u>
Change in net assets	32,006
Total net assets - beginning	<u>18,956,027</u>
Total net assets - ending	<u><u>\$18,988,033</u></u>

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$7,078,869
Tenant revenue received	727,893
Other revenue received	321,804
General and administrative expenses paid	(4,605,756)
Housing assistance payments	(2,913,048)
	<u>(2,913,048)</u>

Net cash provided (used) by operating activities **589,831**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	227,092
	<u>227,092</u>

Net cash provided (used) by investing activities **227,092**

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	587,393
Property and equipment purchased	(613,948)
	<u>(613,948)</u>

Net cash provided (used) by capital and related activities **(26,555)**

Net increase (decrease) in cash	790,368
Cash and cash equivalents - Beginning of year	5,191,963
	<u>5,191,963</u>

Cash and cash equivalents - End of year **\$5,982,331**

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows - Continued
Proprietary Fund Type
For the Year Ended December 31, 2007

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

Net Operating Income (Loss)	(\$767,592)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
- Depreciation	1,184,853
- (Increases) Decreases in Accounts Receivable	2,744
- (Increases) Decreases in Prepaid Assets	149,354
- (Increases) Decreases in Inventory	27,110
- Increases (Decreases) in Accounts Payable	101,394
- Increases (Decreases) in Accounts Payable - Intergovernmental	(67,780)
- Increases (Decreases) in Accrued Expenses Payable	(16,722)
- Increases (Decreases) in Deferred Revenue	(42)
- Increases (Decreases) in Other Current Liabilities	(13,030)
- Increases (Decreases) in Accrued Compensated Absences	(17,574)
- Increases (Decreases) in Tenant Security Deposits	7,116
Net cash provided by operating activities	\$589,831

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Jefferson Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various programs which are included in the enterprise fund:

A. **Public Housing Program**

The public housing program is designed to provide low-cost housing within the Jefferson County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. **Capital Fund Program**

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. **Business Activities**

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Section 8 New Construction Program

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

F. Section 8 Moderate Rehabilitation Program

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

G. State and Local Funds

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2007 totaled \$212,205.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives:

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Budgetary Accounting

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

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

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

At fiscal year end December 31, 2007, the carrying amount of the Authority's deposits totaled \$5,982,331 and its bank balance was \$5,922,113. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2007, \$5,622,113 was exposed to custodial risk as discussed below, while \$300,000 was covered by the Federal Depository Insurance Corporation.

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

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

NOTE 3: RESTRICTED CASH

Restricted cash balance as of December 31, 2007 of \$277,323 represents cash on hand for the following:

- FSS escrow funds held for tenants	\$19,617
- Tenant security deposit	\$106,181
- Cash on hand advance from HUD to be used for tenants housing assistance payments	\$151,525

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/06	Adjust	Additions	Deletion	Balance 12/31/07
Capital Assets Not Being Depreciated:					
Land	\$2,541,310	\$0	\$0	\$0	\$2,541,310
Construction in Progress	156,700	(154,371)	0	0	2,329
Total Capital Assets Not Being Depreciated	2,698,010	(154,371)	0	0	2,543,639
Capital Assets Being Depreciated:					
Buildings	33,120,300	56,365	602,995	0	33,779,660
Furnt, Mach. and Equip - Dwellin	739,584	0	6,394	0	745,978
Furnt, Mach. and Equip - Admin	859,107	98,005	4,559	(2,307)	959,364
Total Capital Assets Being Depreciated	34,718,991	154,370	613,948	(2,307)	35,485,002
Accumulated Depreciation:					
Buildings	(21,853,276)	0	(1,099,751)	0	(22,953,027)
Furnt, Mach. and Equip - Dwellin	(693,961)	43,499	(27,154)	0	(677,616)
Furnt, Mach. and Equip - Admin	(696,016)	(43,499)	(57,948)	2,307	(795,156)
Total Accumulated Depreciation	(23,243,253)	0	(1,184,853)	2,307	(24,425,799)
Total Capital Assets Being Depreciated, Net	11,475,738	154,370	(570,905)	0	11,059,203
Total Capital Assets, Net	\$14,173,748	(\$1)	(\$570,905)	\$0	\$13,602,842

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

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

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The 2007 employer pension contribution rate for Authority was 13.85 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. Contributions to PERS for the years ended December 31, 2007, 2006, and 2005 \$184,968, \$232,456 and \$187,243 respectively. Ninety-three percent has been contributed for 2007. All required contributions for the two previous years have been paid.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

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

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2007 was 5.0 percent of covered payroll, which amounted to \$66,775. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 374,979. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2007 was \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

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

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

NOTE 7: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 8: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2007 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

Jefferson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$2,503,361	\$0	\$23,326	\$3,059,876	\$118,445	\$0	\$5,705,008
113	Cash - Other Restricted	\$0	\$0	\$0	\$85	\$171,057	\$0	\$171,142
114	Cash - Tenant Security Deposits	\$18,635	\$0	\$0	\$87,546	\$0	\$0	\$106,181
100	Total Cash	\$2,521,996	\$0	\$23,326	\$3,147,507	\$289,502	\$0	\$5,982,331
126	Accounts Receivable - Tenants - Dwelling Rents	\$4,380	\$0	\$0	\$12,026	\$0	\$0	\$16,406
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$3,854)	\$0	\$0	(\$10,583)	\$0	\$0	(\$14,437)
129	Accrued Interest Receivable	\$17,567	\$0	\$0	\$37,532	\$0	\$0	\$55,099
120	Total Receivables, net of allowances for doubtful accounts	\$18,093	\$0	\$0	\$38,975	\$0	\$0	\$57,068
143	Inventories	\$0	\$0	\$0	\$41,244	\$0	\$0	\$41,244
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	(\$4,124)	\$0	\$0	(\$4,124)
144	Interprogram Due From	\$6,557	\$0	\$0	\$51,264	\$0	\$0	\$57,821
150	Total Current Assets	\$2,546,646	\$0	\$23,326	\$3,274,866	\$289,502	\$0	\$6,134,340
161	Land	\$70,000	\$0	\$0	\$2,471,310	\$0	\$0	\$2,541,310
162	Buildings	\$3,762,215	\$0	\$0	\$30,017,445	\$0	\$0	\$33,779,660
163	Furniture, Equipment & Machinery - Dwellings	\$29,059	\$0	\$0	\$716,919	\$0	\$0	\$745,978
164	Furniture, Equipment & Machinery - Administration	\$35,377	\$0	\$0	\$878,822	\$45,165	\$0	\$959,364
166	Accumulated Depreciation	(\$2,512,728)	\$0	\$0	(\$21,867,906)	(\$45,165)	\$0	(\$24,425,799)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$0	\$2,329	\$2,329
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,383,923	\$0	\$0	\$12,216,590	\$0	\$2,329	\$13,602,842
180	Total Non-Current Assets	\$1,383,923	\$0	\$0	\$12,216,590	\$0	\$2,329	\$13,602,842
190	Total Assets	\$3,930,569	\$0	\$23,326	\$15,491,456	\$289,502	\$2,329	\$19,737,182

Jefferson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$2,084	\$0	\$0	\$201,655	\$0	\$0	\$203,739
321	Accrued Wage/Payroll Taxes Payable	\$3,095	\$0	\$305	\$62,127	\$3,923	\$0	\$69,450
322	Accrued Compensated Absences - Current Portion	\$284	\$0	\$0	\$14,161	\$0	\$0	\$14,445
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$1,114	\$0	\$13,029	\$0	\$14,143
341	Tenant Security Deposits	\$18,635	\$0	\$0	\$87,546	\$0	\$0	\$106,181
342	Deferred Revenues	\$0	\$0	\$0	\$114	\$0	\$0	\$114
345	Other Current Liabilities	\$12,671	\$0	\$0	\$85	\$19,532	\$0	\$32,288
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$28,354	\$0	\$0	\$28,354
347	Interprogram Due To	\$35,813	\$0	\$1,665	\$6,557	\$13,786	\$0	\$57,821
310	Total Current Liabilities	\$72,582	\$0	\$3,084	\$400,599	\$50,270	\$0	\$526,535
354	Accrued Compensated Absences - Non Current	\$28,213	\$0	\$3,590	\$143,428	\$47,383	\$0	\$222,614
350	Total Noncurrent Liabilities	\$28,213	\$0	\$3,590	\$143,428	\$47,383	\$0	\$222,614
300	Total Liabilities	\$100,795	\$0	\$6,674	\$544,027	\$97,653	\$0	\$749,149
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,383,923	\$0	\$0	\$12,216,590	\$0	\$2,329	\$13,602,842
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$151,525	\$0	\$151,525
512.1	Unrestricted Net Assets	\$2,445,851	\$0	\$16,652	\$2,730,839	\$40,324	\$0	\$5,233,666
513	Total Equity/Net Assets	\$3,829,774	\$0	\$16,652	\$14,947,429	\$191,849	\$2,329	\$18,988,033
600	Total Liabilities and Equity/Net Assets	\$3,930,569	\$0	\$23,326	\$15,491,456	\$289,502	\$2,329	\$19,737,182

Jefferson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$269,651	\$0	\$0	\$442,519	\$0	\$0	\$712,170
704	Tenant Revenue - Other	\$0	\$0	\$0	\$7,260	\$0	\$0	\$7,260
705	Total Tenant Revenue	\$269,651	\$0	\$0	\$449,779	\$0	\$0	\$719,430
706	HUD PHA Operating Grants	\$0	\$106,968	\$88,314	\$2,582,718	\$3,302,245	\$630,661	\$6,710,906
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$587,393	\$587,393
708	Other Government Grants	\$435,743	\$0	\$0	\$0	\$0	\$0	\$435,743
711	Investment Income - Unrestricted	\$82,880	\$2,167	\$1,299	\$107,972	\$17,887	\$0	\$212,205
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$7,640	\$0	\$7,640
715	Other Revenue	\$2,493	\$0	\$0	\$311,472	\$300	\$0	\$314,265
700	Total Revenue	\$790,767	\$109,135	\$89,613	\$3,451,941	\$3,328,072	\$1,218,054	\$8,987,582
911	Administrative Salaries	\$73,932	\$4,051	\$10,532	\$557,614	\$177,946	\$0	\$824,075
912	Auditing Fees	\$664	\$300	\$500	\$8,584	\$3,328	\$0	\$13,376
915	Employee Benefit Contributions - Administrative	\$36,966	\$2,228	\$5,265	\$295,774	\$88,973	\$0	\$429,206
916	Other Operating - Administrative	\$15,170	\$3,277	\$2,742	\$124,233	\$205,104	\$223,566	\$574,092
931	Water	\$33,668	\$0	\$0	\$186,919	\$0	\$0	\$220,587
932	Electricity	\$61,169	\$0	\$0	\$165,112	\$0	\$0	\$226,281
933	Gas	\$13,150	\$0	\$0	\$184,806	\$0	\$0	\$197,956
938	Other Utilities Expense	\$38,335	\$0	\$0	\$206,472	\$0	\$0	\$244,807
941	Ordinary Maintenance and Operations - Labor	\$70,193	\$0	\$0	\$422,959	\$0	\$0	\$493,152
942	Ordinary Maintenance and Operations - Materials and Other	\$27,973	\$112	\$134	\$154,179	\$474	\$0	\$182,872
943	Ordinary Maintenance and Operations - Contract Costs	\$75,140	\$288	\$114	\$338,955	\$1,969	\$0	\$416,466
945	Employee Benefit Contributions - Ordinary Maintenance	\$35,097	\$0	\$0	\$224,347	\$0	\$0	\$259,444
951	Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$27,657	\$27,657
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$276,220	\$276,220
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$15,210	\$15,210
961	Insurance Premiums	\$26,307	\$200	\$539	\$168,320	\$11,675	\$0	\$207,041

Jefferson Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
963	Payments in Lieu of Taxes	\$12,333	\$0	\$0	\$0	\$0	\$0	\$12,333
964	Bad Debt - Tenant Rents	\$1,344	\$0	\$0	\$18,203	\$0	\$0	\$19,547
968	Severance Expense	\$7,338	\$240	\$1,502	\$31,006	(\$16,636)	\$0	\$23,450
969	Total Operating Expenses	\$528,779	\$10,696	\$21,328	\$3,087,483	\$472,833	\$542,653	\$4,663,772
970	Excess Operating Revenue over Operating Expenses	\$261,988	\$98,439	\$68,285	\$364,458	\$2,855,239	\$675,401	\$4,323,810
973	Housing Assistance Payments	\$0	\$98,081	\$72,766	\$0	\$2,936,104	\$0	\$3,106,951
974	Depreciation Expense	\$125,300	\$0	\$0	\$1,057,248	\$2,305	\$0	\$1,184,853
900	Total Expenses	\$654,079	\$108,777	\$94,094	\$4,144,731	\$3,411,242	\$542,653	\$8,955,576
1001	Operating Transfers In	\$0	\$0	\$0	\$88,008	\$0	\$0	\$88,008
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	(\$88,008)	(\$88,008)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$88,008	\$0	(\$88,008)	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$136,688	\$358	(\$4,481)	(\$604,782)	(\$83,170)	\$587,393	\$32,006
1103	Beginning Equity	\$3,693,086	\$41,792	\$21,133	\$14,810,447	\$232,869	\$156,700	\$18,956,027
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$42,150)	\$0	\$741,764	\$42,150	(\$741,764)	\$0
	Ending Equity	\$3,829,774	\$0	\$16,652	\$14,947,429	\$191,849	\$2,329	\$18,988,033
1120	Unit Months Available	1,200	372	360	7,867	9,816	0	19,615
1121	Number of Unit Months Leased	1,200	372	360	7,120	9,391	0	18,443
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$40,324	\$0	\$40,324
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$151,525	\$0	\$151,525

Jefferson Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 2007

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Section 8 Project Base Cluster:		
Section 8 New Construction Program	14.182	\$106,968
Section 8 Moderate Rehab. Single Room Occupancy	14.249	<u>88,314</u>
Total Section 8 Project Base Cluster Programs		<u>195,282</u>
Low Rent Public Housing	14.850	2,582,718
Housing Choice Voucher Program	14.871	3,302,245
Public Housing Capital Fund Program	14.872	<u>1,218,054</u>
Total Expenditure of Federal Award		<u>\$7,298,299</u>

Jefferson Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2007

Capital Fund Program Number OH12P01450105

1. The Program Costs are as follows:

Funds Approved	\$1,345,779
Funds Expended	<u>1,345,779</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$1,345,779
Funds Expended	<u>1,345,779</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on December 31, 2007.
4. 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
Jefferson Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the Jefferson Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 14, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Jefferson Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Salvatore Consiglio, CPA, Inc.

May 14, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Directors
Jefferson Metropolitan Housing Authority

Compliance

I have audited the compliance of the Jefferson Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. Jefferson Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jefferson Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Jefferson Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jefferson Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Jefferson Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Jefferson Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Jefferson Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Jefferson Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

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

Salvatore Consiglio, CPA, Inc.

May 14, 2008

Jefferson Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any materials internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.850 Low Rent Public Housing Program, 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

There are no Findings or questioned costs for the year ended December 31, 2007.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended December 31, 2007.

Jefferson Metropolitan Housing Authority
 Schedule of Prior Audit Findings
 December 31, 2007

The following is the status of the December 31, 2006 audit finding.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
FED-2006-1	Proper supporting documentation maintained in tenant files	Yes	Finding fully corrected. Current tenant files reviewed were very well organized and easy to locate documentation.



Mary Taylor, CPA
Auditor of State

JEFFERSON METROPOLITAN HOUSING AUTHORITY

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2008**