

Zanesville Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2005





**Auditor of State  
Betty Montgomery**

Board of Directors  
Zanesville Metropolitan Housing Authority  
407 Pershing Rd.  
Zanesville, OH 43701

We have reviewed the *Independent Auditor's Report* of the Zanesville Metropolitan Housing Authority, Muskingum County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

April 24, 2006

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ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Statement of Net Assets	11-12
Statement of Revenue, Expenses and Change in Net Assets	13
Statement of Cash Flows	14-15
Notes to the Basic Financial Statements	16-28
Supplemental Data:	
Financial Data Schedules	29-33
PHA Statement and Certification of Actual Cost	34-35
Schedule of Expenditures of Federal Awards	36
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	37-38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	39-40
Schedule of Findings and Questioned Costs	41
Schedule of Prior Audit Findings	42

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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, 2005, 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, 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, 2005, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 8, 2006, 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.



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Salvatore Consiglio, CPA, Inc.

February 8, 2006

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

**June 30, 2005**

**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, 2005 with selected comparative information for the fiscal year ended June 30, 2003. 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 2005 by \$13,040,754 (net assets). Of this amount, \$1,573,762 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

Capital assets decreased by \$468,233 from the depreciation of Capital Assets and capital fund asset additions.

Net assets decreased by \$293,887 for the fiscal year ended June 30, 2005. This was due primarily to operating revenue decreasing by \$93,697 and operating expenses decreasing by \$349,223 between the years.

Operating revenues decreased \$93,697 due to operating subsidies decreasing for the programs.

**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, 2005**

**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, 2005**

**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, 2005 and 2004:

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

**June 30, 2005**

**UNAUDITED**

<b>Table 1 - Condensed Statement of Net Assets Compared to Prior Year</b>			
			<b>Restated</b>
	<b><u>2005</u></b>		<b><u>2004</u></b>
Current and Other Assets	\$ 2,299,436	\$	2,056,532
Capital Assets	12,234,999		12,703,232
<b>Total Assets</b>	<b>\$ 14,534,435</b>	<b>\$</b>	<b>14,759,764</b>
Current Liabilities	\$ 621,484	\$	513,232
Long-Term Liabilities	872,197		911,891
<b>Total Liabilities</b>	<b>1,493,681</b>		<b>1,425,123</b>
Net Assets:			
Investment in Capital Assets, net of Related Debt	11,466,992		11,908,762
Unrestricted Net Assets	1,573,762		1,425,879
<b>Total Net Assets</b>	<b>13,040,754</b>		<b>13,334,641</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,534,435</b>	<b>\$</b>	<b>14,759,764</b>
For more detail information see Statement of Net Assets presented elsewhere in this report.			
The 2004 financials were restated to eliminate the interprogram due To/From.			

**Revenues and Expenses**

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2005 and 2004:

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

**June 30, 2005**

**UNAUDITED**

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

	<u>2005</u>	<u>2004</u>
Operating Revenue	\$ 7,469,112	\$ 7,562,809
Operating Expenses	<u>8,206,499</u>	<u>8,555,722</u>
Total Operating Loss	(737,387)	(992,913)
Nonoperating:		
Revenue	40,890	37,148
Expenses	(41,816)	(49,012)
Capital Contributions	<u>447,253</u>	<u>447,408</u>
Change in Net Assets	(291,060)	(557,369)
Prior Period Adjustment	(2,827)	-
Total Net Assets - Beginning of Year, Restated	<u>13,334,641</u>	<u>13,892,010</u>
<b>Total Net Assets - End of Year</b>	<b><u>\$ 13,040,754</u></b>	<b><u>\$ 13,334,641</u></b>

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2005 and 2004:

	<u>2004</u>	<u>2005</u>
Owned by Authority	674	674
Units under vouchers (Over leased 2004)	919	919
Units under Shelter Plus Care	8	8
Units under NC SR	<u>96</u>	<u>96</u>
Total housing units managed	1,697	1,697

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

**June 30, 2005**

**UNAUDITED**

The Housing Choice Voucher lease up rate averaged 101.1% during FY 2005. It is anticipated that the program lease-up will decrease to at least 97% during FY 2006. No further increase in additional housing units is expected.

**Capital Assets**

Capital assets is 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, 2005:

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

	<u><b>2005</b></u>
Land and Land Rights	\$ 1,150,687
Building & Improvements	28,175,236
Equipment - Administrative	630,494
Equipment - Dwelling	286,031
Accumulated Depreciation	<u>(18,007,449)</u>
 Total	 <u><u>\$ 12,234,999</u></u>
 Capital Assets Activity:	
Capital asset, net at June 30, 2004	\$ 12,703,232
Depreciation expense	(915,485)
Capital asset additions	447,253
Rounding variance	<u>(1)</u>
 Capital Assets, net at June 30, 2005	 <u><u>\$ 12,234,999</u></u>

**Changes in Net Assets**

Total capital assets decreased from the previous year by \$468,233. The decrease is a result of capital asset additions 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, 2005 and 2004:

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

**June 30, 2005**

**UNAUDITED**

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

	<u><b>2005</b></u>	<u><b>2004</b></u>
Total Capital Assets	\$ 30,242,448	\$ 29,795,195
Less:		
Capital related debt	(768,007)	(794,470)
Accumulated depreciation	<u>(18,007,449)</u>	<u>(17,091,963)</u>
Investment in Capital Assets, Net of Debt	<u><u>\$ 11,466,992</u></u>	<u><u>\$ 11,908,762</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. The maturity date is July 1, 2022.

**Table 5 - Outstanding Debt Balance**

Outstanding principal balance as of June 30, 2004	\$ 794,470	
Less:		
Principal payments made during the year		<u>(26,463)</u>
Outstanding principal balance as of June 30, 2005	<u><u>\$ 768,007</u></u>	

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident income and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

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

**June 30, 2005**

**UNAUDITED**

**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, 2005**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$1,180,578
Investments	755,779
Receivables, net	76,051
Inventories, net	216,139
Prepaid expenses and other assets	70,889
<b>Total current assets</b>	<b><u>2,299,436</u></b>

**Noncurrent assets**

Capital assets:	
Land	1,150,687
Building and equipment	29,091,761
Less accumulated depreciation	<u>(18,007,449)</u>
<b>Total noncurrent assets</b>	<b><u>12,234,999</u></b>
<b>Total assets</b>	<b><u><u>\$14,534,435</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$76,178
Accrued liabilities	176,321
Intergovernmental payables	22,834
Tenant security deposits	153,765
Deferred revenue	164,886
Bonds, notes, and loans payable	<u>27,500</u>
<b>Total current liabilities</b>	<b><u>621,484</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, 2005**

<b>Noncurrent liabilities</b>	
Bonds, notes, and loans payable	740,507
Accrued compensated absences non-current	90,387
Noncurrent liabilities - other	41,303
<b><i>Total noncurrent liabilities</i></b>	<u><b>872,197</b></u>
<b>Total liabilities</b>	<u><u><b>\$1,493,681</b></u></u>
 <b><i>NET ASSETS</i></b>	
Invested in capital assets, net of related debt	\$11,466,992
Unrestricted net assets	1,573,762
<b>Total net assets</b>	<u><u><b>\$13,040,754</b></u></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, 2005**

***OPERATING REVENUES***

Tenant Revenue	\$1,185,786
Government operating grants	6,178,166
Other revenue	105,160
<b>Total operating revenues</b>	<b><u>7,469,112</u></b>

***OPERATING EXPENSES***

Administrative	1,676,039
Tenant services	15,630
Utilities	751,064
Maintenance	1,220,115
Protective services	5,528
General	158,452
Housing assistance payment	3,464,186
Depreciation	915,485
<b>Total operating expenses</b>	<b><u>8,206,499</u></b>
<b>Operating income (loss)</b>	<b><u>(737,387)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	40,890
Interest expense	(41,816)
<b>Total nonoperating revenues (expenses)</b>	<b><u>(926)</u></b>
Income (loss) before contributions and transfers	(738,313)

Capital grants	447,253
Change in net assets	(291,060)
Prior Period Adjustment	(2,827)
Total net assets - beginning	13,334,641
<b>Total net assets - ending</b>	<b><u><u>\$13,040,754</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, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$6,453,567
Tenant revenue received	1,200,901
Other revenue received	105,160
General and administrative expenses paid	(3,685,453)
Housing assistance payments	<u>(3,464,186)</u>

Net cash provided (used) by operating activities 609,989

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned received	64,304
Transfer to investment	<u>(36,754)</u>

Net cash provided (used) by investing activities 27,550

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Capital grant funds received	447,253
Property and equipment purchased	<u>(447,253)</u>

Net cash provided (used) by capital and related activities 0

**CASH FLOWS FROM FINANCING ACTIVITIES**

Interest Payment	(41,816)
Principal Payment	<u>(26,463)</u>

Net cash provided (used) by financing activities (68,279)

Net increase (decrease) in cash 569,260

Cash and cash equivalents - Beginning of year 611,318

Cash and cash equivalents - End of year \$1,180,578

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, 2005**

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

Net Operating Income (Loss)	(\$737,387)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	915,485
(Increases) Decreases in:	
- Accounts Receivables, net of allowance	356,771
- Inventory, net of allowance	3,178
- Prepaid Assets	(23,079)
Increases (Decreases) in:	
- Accounts Payable	(54,024)
- Intergovernmental Payable	(11,845)
- Accrued Expenses Payable	13,431
- Deferred Revenue	124,124
- Tenant Security Deposits	11,343
- Noncurrent Liabilities Other (FSS Escrow Payable)	11,992
	11,992
Net cash provided by operating activities	\$609,989

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, 2005

**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, 2005  
(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. 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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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

**G. 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.

**H. 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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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

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.

**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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2005 totaled \$40,890.

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

**Net Assets**

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

**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, 2005  
(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.

**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.

**NOTE 3: DEPOSIT AND INVESTMENTS**

***Legal and Other Requirements*** - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, and obligations of certain political subdivisions of Ohio and the United States government and its agencies.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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

These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

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

**Deposits**

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

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

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

**Investments**

Category 1 Insured or registered, or securities held by the Authority or its agent in the Authority's name.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

**Deposits** - At year-end, the carrying amount of the Authority's deposits was \$1,180,578 and the bank balance was \$1,221,874. The difference represents outstanding checks and deposits in transit. Of the bank balance, \$126,951 was covered by Federal depository insurance. The remainder was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

**Investments** - The Authority's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year end. The risk categories were described previously in this footnote.

<u>Category</u>	<u>Cost</u>	<u>Fair Value</u>
1 Certificate of Deposit	\$755,779	\$755,779

A Reconciliation of cash and investments as shown on the balance sheet follows:

Cash and Cash Equivalent	\$985,510
Tenant Security Deposit Cash Balance	153,765
Tenant FSS Escrow Deposit Cash Balance	41,303
Investments - Certificate of Deposits	<u>755,779</u>
 Total	 <u>\$1,936,357</u>
 Carrying Amount - Cash and Cash Equivalent	 \$1,180,578
Carrying Amount - Investments	<u>755,779</u>
 Total	 <u>\$1,936,357</u>

**NOTE 4: TENANT ACCOUNT RECEIVABLES**

As of June 30, 2005, tenant account receivable is shown net of an allowance for doubtful accounts of \$76,051.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

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 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2005, 2004, and 2003 amounted to \$209,409, \$227,654, and \$252,689. These costs have been charged to the employee fringe benefit account. Ninety-Two percent has been contributed for 2005. 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, 2005  
(CONTINUED)

**NOTE 6: POST-EMPLOYMENT BENEFITS**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2005 was 4.0 percent of covered payroll, which amounted to \$61,818. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

**NOTE 7: CAPITAL ASSETS**

The following is a summary of Capital assets:

Land	\$1,150,687
Buildings	24,326,231
Furniture, Machinery and Equipment	916,525
Leasehold Improvement	3,849,005
Total Capital assets	30,242,448
Accumulated Depreciation	(18,007,449)
Net Capital assets	\$12,234,999

The following is a summary of changes:

	Balance 07/01/04	Additions	Deletion	Balance 06/30/05
Land	\$1,150,687	\$0	\$0	\$1,150,687
Buildings	24,202,765	123,466	0	24,326,231
Furnt, Mach. And Equip.	900,900	15,625	0	916,525
Leasehold Improvement	3,540,843	308,162	0	3,849,005
Total Capital assets	\$29,795,195	\$447,253	\$0	\$30,242,448

**NOTE 9: LONG-TERM DEBT**

**Loan Payable – Bank One**

Zanesville Metropolitan Housing Authority has an outstanding note payable with Bank One of \$768,007 as of June 30, 2005. 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 first balloon payment is due in 60 months from the date of the original loan.

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

	BALANCE 06/30/04	ISSUED	RETIRED	BALANCE 06/30/05
Loan Payable	\$794,470	\$-0-	\$26,463	\$768,007
TOTAL	\$794,470	\$-0-	\$26,463	\$768,007

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

**NOTE 9: LONG-TERM DEBT** (Continued)

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

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
June 30, 2006	\$27,500	\$40,779
2007	30,027	38,253
2008	710,480	2,128
	<hr/>	<hr/>
Total	\$768,007	\$81,160
	<hr/>	<hr/>

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

Beginning retained earnings for 2005 was adjusted to reflect adjustment made by HUD of \$2,827 to the Housing Choice Voucher Program for prior year administration fees earned.

**NOTE 11: ECONOMIC DEPENDENCY**

Both the PHA Low Rent 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 12: RISK MANAGEMENT**

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles.

**NOTE 13: CONTINGENCIES**

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2005 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

**NOTE 14: 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  
FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 1 TANF	Other Federal Program 2 Youth Employment Services	Total
111	Cash - Unrestricted	\$96,595	\$63,278	\$0	\$99,276	\$0	\$473,658	\$0	\$0	\$0	\$0	\$732,807
113	Cash - Other Restricted	\$0	\$0	\$0	\$252,703	\$0	\$41,303	\$0	\$0	\$0	\$0	\$294,006
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$153,765	\$0	\$0	\$0	\$0	\$0	\$0	\$153,765
100	Total Cash	\$96,595	\$63,278	\$0	\$505,744	\$0	\$514,961	\$0	\$0	\$0	\$0	\$1,180,578
122	Accounts Receivable - HUD Other Projects	\$0	\$3,855	\$10,656	\$0	\$3,351	\$0	\$36,524	\$0	\$0	\$0	\$54,386
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,172	\$151	\$0	\$8,323
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$2,115	\$0	\$0	\$0	\$0	\$0	\$0	\$2,115
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$2,629	\$0	\$0	\$0	\$0	\$0	\$0	\$2,629
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	(\$3,150)	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,150)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$28,585	\$0	\$0	\$0	\$0	\$28,585
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	(\$28,585)	\$0	\$0	\$0	\$0	(\$28,585)
129	Accrued Interest Receivable	\$0	\$0	\$0	\$11,748	\$0	\$0	\$0	\$0	\$0	\$0	\$11,748
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$3,855	\$10,656	\$13,342	\$3,351	\$0	\$36,524	\$8,172	\$151	\$0	\$76,051
131	Investments - Unrestricted	\$0	\$0	\$0	\$755,779	\$0	\$0	\$0	\$0	\$0	\$0	\$755,779
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$70,889	\$0	\$0	\$0	\$0	\$0	\$0	\$70,889
143	Inventories	\$0	\$0	\$0	\$240,139	\$0	\$0	\$0	\$0	\$0	\$0	\$240,139
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	(\$24,000)	\$0	\$0	\$0	\$0	\$0	\$0	(\$24,000)
144	Interprogram Due From	\$23,337	\$0	\$0	\$32,784	\$0	\$10,656	\$0	\$14,532	\$2,887	\$9,840	\$94,036
150	Total Current Assets	\$119,932	\$67,133	\$10,656	\$1,594,677	\$3,351	\$525,617	\$36,524	\$22,704	\$3,038	\$9,840	\$2,393,472

Zanesville Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 1 TANF	Other Federal Program 2 Youth Employment Services	Total
161	Land	\$0	\$0	\$0	\$1,150,687	\$0	\$0	\$0	\$0	\$0	\$0	\$1,150,687
162	Buildings	\$1,466,077	\$0	\$0	\$22,550,694	\$0	\$0	\$309,460	\$0	\$0	\$0	\$24,326,231
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$250,775	\$0	\$0	\$35,256	\$0	\$0	\$0	\$286,031
164	Furniture, Equipment & Machinery - Administration	\$4,292	\$0	\$0	\$584,080	\$0	\$22,661	\$19,461	\$0	\$0	\$0	\$630,494
165	Leasehold Improvements	\$0	\$0	\$0	\$3,319,335	\$0	\$0	\$529,670	\$0	\$0	\$0	\$3,849,005
166	Accumulated Depreciation	(\$142,007)	\$0	\$0	(\$17,793,437)	\$0	(\$10,854)	(\$61,151)	\$0	\$0	\$0	(\$18,007,449)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,328,362	\$0	\$0	\$10,062,134	\$0	\$11,807	\$832,696	\$0	\$0	\$0	\$12,234,999
190	Total Assets	\$1,448,294	\$67,133	\$10,656	\$11,656,811	\$3,351	\$537,424	\$869,220	\$22,704	\$3,038	\$9,840	\$14,628,471
312	Accounts Payable <= 90 Days	\$0	\$0	\$0	\$62,133	\$0	\$1,153	\$12,892	\$0	\$0	\$0	\$76,178
321	Accrued Wage/Payroll Taxes Payable	\$0	\$72	\$0	\$64,168	\$0	\$6,065	\$10,179	\$0	\$0	\$0	\$80,484
322	Accrued Compensated Absences - Current Portion	\$0	\$3,500	\$0	\$69,519	\$0	\$15,513	\$0	\$0	\$0	\$0	\$88,532
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$22,834	\$0	\$0	\$0	\$0	\$22,834
341	Tenant Security Deposits	\$0	\$0	\$0	\$153,765	\$0	\$0	\$0	\$0	\$0	\$0	\$153,765
342	Deferred Revenues	\$0	\$0	\$0	\$0	\$0	\$137,628	\$0	\$14,531	\$2,887	\$9,840	\$164,886
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$27,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,500
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$7,305	\$0	\$0	\$0	\$0	\$0	\$0	\$7,305
347	Interprogram Due To	\$7,808	\$0	\$10,656	\$50,444	\$3,351	\$0	\$13,453	\$8,173	\$151	\$0	\$94,036
310	Total Current Liabilities	\$35,308	\$3,572	\$10,656	\$407,334	\$3,351	\$183,193	\$36,524	\$22,704	\$3,038	\$9,840	\$715,520
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$740,507	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$740,507
354	Accrued Compensated Absences - Non Current	\$0	\$2,781	\$0	\$73,027	\$0	\$14,579	\$0	\$0	\$0	\$0	\$90,387

Zanesville Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 1 TANF	Other Federal Program 2 Youth Employment Services	Total
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$41,303	\$0	\$0	\$0	\$0	\$41,303
350	Total Noncurrent Liabilities	\$740,507	\$2,781	\$0	\$73,027	\$0	\$55,882	\$0	\$0	\$0	\$0	\$872,197
300	Total Liabilities	\$775,815	\$6,353	\$10,656	\$480,361	\$3,351	\$239,075	\$36,524	\$22,704	\$3,038	\$9,840	\$1,587,717
508.1	Invested in Capital Assets, Net of Related Debt	\$560,355	\$0	\$0	\$10,062,134	\$0	\$11,807	\$832,696	\$0	\$0	\$0	\$11,466,992
512.1	Unrestricted Net Assets	\$112,124	\$60,780	\$0	\$1,114,316	\$0	\$286,542	\$0	\$0	\$0	\$0	\$1,573,762
513	Total Equity/Net Assets	\$672,479	\$60,780	\$0	\$11,176,450	\$0	\$298,349	\$832,696	\$0	\$0	\$0	\$13,040,754
600	Total Liabilities and Equity/Net Assets	\$1,448,294	\$67,133	\$10,656	\$11,656,811	\$3,351	\$537,424	\$869,220	\$22,704	\$3,038	\$9,840	\$14,628,471
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$1,165,732	\$0	\$0	\$0	\$0	\$0	\$0	\$1,165,732
704	Tenant Revenue - Other	\$0	\$0	\$0	\$20,054	\$0	\$0	\$0	\$0	\$0	\$0	\$20,054
705	Total Tenant Revenue	\$0	\$0	\$0	\$1,185,786	\$0	\$0	\$0	\$0	\$0	\$0	\$1,185,786
706	HUD PHA Operating Grants	\$0	\$471,132	\$36,230	\$1,225,595	\$8,152	\$3,523,443	\$703,985	\$0	\$0	\$0	\$5,968,537
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$447,253	\$0	\$0	\$0	\$447,253
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,698	\$38,158	\$118,773	\$209,629
711	Investment Income - Unrestricted	\$20,531	\$847	\$0	\$12,658	\$0	\$6,854	\$0	\$0	\$0	\$0	\$40,890
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$600	\$0	\$0	\$0	\$0	\$600
715	Other Revenue	\$95,137	\$0	\$0	\$9,150	\$0	\$273	\$0	\$0	\$0	\$0	\$104,560
700	Total Revenue	\$115,668	\$471,979	\$36,230	\$2,433,189	\$8,152	\$3,531,170	\$1,151,238	\$52,698	\$38,158	\$118,773	\$7,957,255
911	Administrative Salaries	\$0	\$2,225	\$5,870	\$357,736	\$3,351	\$268,470	\$350,991	\$0	\$0	\$0	\$988,643
912	Auditing Fees	\$0	\$500	\$0	\$5,736	\$0	\$8,125	\$0	\$0	\$0	\$0	\$14,361
914	Compensated Absences	\$0	\$0	\$0	\$827	\$0	\$1,481	\$0	\$0	\$0	\$0	\$2,308

Zanesville Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 1 TANF	Other Federal Program 2 Youth Employment Services	Total
915	Employee Benefit Contributions - Administrative	\$0	\$1,269	\$2,275	\$176,181	\$105	\$110,228	\$22,609	\$0	\$0	\$0	\$312,667
916	Other Operating - Administrative	\$5,466	\$3,745	\$0	\$75,116	\$0	\$64,104	\$0	\$52,698	\$38,158	\$118,773	\$358,060
924	Tenant Services - Other	\$0	\$0	\$0	\$15,630	\$0	\$0	\$0	\$0	\$0	\$0	\$15,630
931	Water	\$0	\$0	\$0	\$98,847	\$0	\$0	\$0	\$0	\$0	\$0	\$98,847
932	Electricity	\$0	\$0	\$0	\$157,344	\$0	\$0	\$0	\$0	\$0	\$0	\$157,344
933	Gas	\$0	\$0	\$0	\$261,454	\$0	\$0	\$0	\$0	\$0	\$0	\$261,454
935	Labor	\$0	\$0	\$0	\$31,614	\$0	\$0	\$0	\$0	\$0	\$0	\$31,614
937	Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$13,552	\$0	\$0	\$0	\$0	\$0	\$0	\$13,552
938	Other Utilities Expense	\$0	\$0	\$0	\$188,253	\$0	\$0	\$0	\$0	\$0	\$0	\$188,253
941	Ordinary Maintenance and Operations - Labor	\$7,808	\$0	\$0	\$528,418	\$0	\$0	\$0	\$0	\$0	\$0	\$536,226
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$150,299	\$0	\$0	\$0	\$0	\$0	\$0	\$150,299
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$0	\$66,505	\$0	\$17,937	\$187,135	\$0	\$0	\$0	\$271,577
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$262,013	\$0	\$0	\$0	\$0	\$0	\$0	\$262,013
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$4,696	\$0	\$0	\$0	\$0	\$0	\$4,696
953	Protective Services - Other	\$0	\$0	\$0	\$832	\$0	\$0	\$0	\$0	\$0	\$0	\$832
961	Insurance Premiums	\$0	\$0	\$0	\$135,275	\$0	\$4,541	\$0	\$0	\$0	\$0	\$139,816
962	Other General Expenses	\$0	\$0	\$0	\$1,083	\$0	\$1,517	\$0	\$0	\$0	\$0	\$2,600
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$16,036	\$0	\$0	\$0	\$0	\$0	\$0	\$16,036
967	Interest Expense	\$41,816	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,816
969	Total Operating Expenses	\$55,090	\$7,739	\$8,145	\$2,542,751	\$8,152	\$476,403	\$560,735	\$52,698	\$38,158	\$118,773	\$3,868,644
970	Excess Operating Revenue over Operating Expenses	\$60,578	\$464,240	\$28,085	(\$109,562)	\$0	\$3,054,767	\$590,503	\$0	\$0	\$0	\$4,088,611
973	Housing Assistance Payments	\$0	\$446,919	\$28,085	\$0	\$0	\$2,989,182	\$0	\$0	\$0	\$0	\$3,464,186

Zanesville Metropolitan Housing Authority  
FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
June 30, 2005

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Other Federal Program 1 TANF	Other Federal Program 2 Youth Employment Services	Total
974	Depreciation Expense	\$38,450	\$0	\$0	\$826,099	\$0	\$4,386	\$46,550	\$0	\$0	\$0	\$915,485
900	Total Expenses	\$93,540	\$454,658	\$36,230	\$3,368,850	\$8,152	\$3,469,971	\$607,285	\$52,698	\$38,158	\$118,773	\$8,248,315
1001	Operating Transfers In	\$0	\$0	\$0	\$143,250	\$0	\$0	\$0	\$0	\$0	\$0	\$143,250
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	(\$143,250)	\$0	\$0	\$0	(\$143,250)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$143,250	\$0	\$0	(\$143,250)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$22,128	\$17,321	\$0	(\$792,411)	\$0	\$61,199	\$400,703	\$0	\$0	\$0	(\$291,060)
1103	Beginning Equity	\$650,351	\$43,459	\$0	\$11,138,851	\$0	\$255,499	\$1,246,481	\$0	\$0	\$0	\$13,334,641
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$830,010	\$0	(\$18,349)	(\$814,488)	\$0	\$0	\$0	(\$2,827)
	Ending Equity	\$672,479	\$60,780	\$0	\$11,176,450	\$0	\$298,349	\$832,696	\$0	\$0	\$0	\$13,040,754
1102	Debt Principal Payments - Enterprise Funds	\$26,463	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,463
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$531,115	\$0	\$0	\$0	\$3,452,710	\$0	\$0	\$0	\$0	\$3,983,825
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$226,522	\$0	\$0	\$0	\$335,376	\$0	\$0	\$0	\$0	\$561,898
1116	Total Annual Contributions Available	\$0	\$757,637	\$0	\$0	\$0	\$3,788,086	\$0	\$0	\$0	\$0	\$4,545,723
1120	Unit Months Available	0	1,152	108	8,088	0	10,655	0	0	0	0	20,003
1121	Number of Unit Months Leased	0	1,152	108	7,828	0	10,655	0	0	0	0	19,743

Zanesville Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Cost  
June 30, 2005

ROSS Service Coordinator Grant Number OH02RSV009P0013

1. The Program Costs are as follows:

Funds Approved	\$32,474
Funds Expended	<u>32,474</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$32,474
Funds Expended	<u>32,474</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 October 6, 2004.
4. The final costs on the certification agree to the Authority's records.

Zanesville Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Cost  
June 30, 2004

ROSS Service Coordinator Grant Number OH00RSF009P0080

1. The Program Costs are as follows:

Funds Approved	\$150,000
Funds Expended	<u>150,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$150,000
Funds Expended	<u>150,000</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 October 6, 2004.
4. The final costs on the certification agree to the Authority's records.

Zanesville Metropolitan Housing Authority  
Schedule of Expenditures of Federal Award  
For the Year Ended June 30, 2005

<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>		
Section 8 New Construction	14-182	\$471,132
Shelter Plus Care	14.238	36,230
Low Rent Public Housing	14.850a	1,225,595
Resident Opportunity and Supportive Services	14.870	8,152
Housing Choice Vouchers	14.871	3,523,443
Public Housing Capital Fund Program	14.872	<u>1,151,238</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>6,415,790</u>
<b>U.S. Department of Labor Pass-Through Program From Muskingum County Workforce Investment Act (Cluster) Youth Employment Services</b>		
	17.259	<u>118,773</u>
<b>Total U.S. Department of Labor</b>		<u>118,773</u>
<b>U.S. Department of Health and Human Services Pass-Through Program From Ohio Department of Job and Family Services Temporary Assistance for Needy Families (TANF) Asset in Action</b>		
	93.558	33,447
	93.558	<u>4,711</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>38,158</u>
<b>Total Expenditure of Federal Award</b>		<u><u>\$6,572,721</u></u>



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

Board of Directors  
Zanesville Metropolitan Housing Authority

I have audited the financial statements of the Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, and have issued my report thereon dated February 8, 2006. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Compliance and Other Matters**

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

This report is intended solely for the information 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.

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.

February 8, 2006



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

Board of Directors  
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 are applicable to each of its major federal programs for the year ended June 30, 2005. 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, *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 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 are applicable to each of its major federal programs for the year ended June 30, 2005.

## **Internal Control Over Compliance**

The management of Zanesville 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 Zanesville Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the Board of Directors, management, 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.

February 8, 2006

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

**1. SUMMARY OF AUDITOR'S RESULTS**

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.182 and 14.850 – Section 8 New Construction and Low Rent Public Housing
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There are no Findings or questioned costs for the year ended June 30, 2005.

**3. FINDINGS RELATED TO FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended June 30, 2005.

Zanesville Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
June 30, 2005

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



**Auditor of State  
Betty Montgomery**

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**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  
MAY 4, 2006**