Jefferson Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2010

Dave Yost · Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Jefferson Metropolitan Housing Authority, Jefferson County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

Dave Yost

Dave Yost
Auditor of State

July 11, 2011

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JEFFERSON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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SALVATORE CONSIGLIO, CPA, INC.

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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, 2010, 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, 2010, 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 26, 2011, 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 consider in conjunction with this report in considering the results of my audit.

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

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

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio, o=Salvatore Consiglio, CPA, Inc., ou, email=sconsiglio@salcpa.com, c=US
Date: 2011.06.21 11:32:09 -04'00'

Salvatore Consiglio, CPA, Inc.
May 26, 2011

JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2010

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 $532,000 (2%) due to results from operations. Net assets were $23,062,000 at 2009 and $23,954,000 at 2010.

• Revenues of the entire Authority decreased by $267,000 in 2010. Revenues were $9,748,000 in 2009 and $9,481,000 in 2010.

• Total expenses of the entire Authority increased by $299,000 in 2010. Total expenses were $8,649,000 in 2009 and $8,948,000 in 2010.

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.

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 Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, 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.

Fund Financial Statements

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

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

The Authority's Programs

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

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

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 rents 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.

Unaudited

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

ARRA Funds – Stimulus Funds received in 2009 and 2010 used for Capital Improvements and Management Activities.

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

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

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

		2010		2009		Change
Current and Other Assets	$	9,053	$	10,989	$	(1,936)
Capital Assets		15,260		12,997		2,263
Total Assets	$	24,313	$	23,986	$	327
Current Liabilities	$	529	$	701	$	(172)
Long-Term Liabilities		190		223		(33)
Total Liabilities		719		924		(205)
Net Assets:						
Investment in Capital Assets, net of Related Debt	$	15,260	$	12,997	$	2,263
Restricted Net Assets		104		3,070		(2,966)
Unrestricted Net Assets		8,230		6,995		1,235
Total Net Assets		23,594		23,062		532
Total Liabilities and Net Assets	$	24,313	$	23,986	$	327

For more detailed information see the Statement of Net Assets.

Unaudited

Major Factors Affecting the Statement of Net Assets

During 2010 current assets decreased by $1,936,000 and current liabilities decreased by $172,000. The current asset decrease is due to the payout for the purchase of Calabrese Apartment. Total liabilities decreased by $205,000 for the year. This decrease is mainly due to deferred revenue from HUD's prepayment of Section 8 subsidy.

During 2010 Investment in Capital Assets, net of related debt increased by $2,263,000. This was due to the acquisition of Calabrese Apartments less current year depreciation.

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

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

(in thousands of dollars)

Revenues	2010	2009	Change
Total Tenant Revenues	$ 892	$ 811	$ 81
Operating Subsidies and Capital Grants	8,540	8,851	(311)
Investment Income	48	69	(21)
Other Revenues	1	17	(16)
Total Revenues	**9,481**	**9,748**	**(267)**
Expenses			
Administrative	1,570	1,617	(47)
Utilities	904	811	93
Maintenance	1,385	1,210	175
Protective Services	357	313	44
General	288	315	(27)
Housing Assistance Payaments	3,231	3,206	25
Depreciation	1,214	1,177	37
Total Expenses	**8,948**	**8,649**	**299**
Net Increases (Decreases)	**$ 533**	**$ 1,099**	**$ (566)**

Unaudited

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

Total revenues decreased by $267,000 (3%) in 2010. This was due to the Stimulus grant received in 2009.

Total expenses increased in 2010 by $299,000 (3%). The increase is mainly due to maintenance contract costs incurred at $175,000 higher than 2009.

TABLE 3
NET-ASSETS (EQUITY)

The following table shows the change in net assets of Jefferson Metropolitan Housing Authority for FYE 12/31/10:

(in thousands of dollars)

	Unrestricted Net Assets	Restricted Net Assets	Investment in Capital Assets
Beginning Balance - December 31, 2009	$ 6,995	$ 3,070	$ 12,997
Results of Operation	533	-	-
Adjustments:			
Current year Depreciation Expense	1,214	-	(1,214)
Capital Expenditure	(3,494)	-	3,494
Loss on Capital Assets Disposed	16	-	(16)
Transfer to Restricted Net Assets	2,966	(2,966)	-
Rounding Adjustments	-	-	(1)
Ending Balance - December 31, 2010	$ 8,230	$ 104	$ 15,260

CAPITAL ASSETS

As of year end, the Authority had $15,260,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of $2,264,000 or 17% from the end of last year. As stated earlier, this increase was due to the acquisition of Calabrese Apartments.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2010

Unaudited

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

(in thousands of dollars)

	2010	2009
Land and Land Rights	$ 2,652	$ 2,513
Buildings	33,007	30,123
Equipment	1,493	1,460
Construction in Progress	1,958	1,566
Accumulated Depreciation	(23,850)	(22,666)
Total	$ 15,260	$ 12,997

The following reconciliation summarizes the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS (in thousands of dollars)

Beginning Balance - December 31, 2009	$ 12,997
Current Year Additions	3,494
Current Year Disposal, Net	(17)
Current Year Depreciation Expense	(1,214)
Ending Balance - December 31, 2010	$ 15,260

Current year Additions are summarized as follows:	
- Calabrese Apartments	$ 2,413
- Roof Replacements	67
- Window & Bathtub Replacements	155
- Computer Equipment	4
- Furnace	304
- Retaining Wall	130
- Vehicle	29
- Construction in Progress	391
Total 2010 Additions	$ 3,494

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

Debt Outstanding

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

1. Federal funding provided by congress to the Department of Housing & Urban Development.

2. Local labor and demand, which can affect salary and wage rates.

3. Local inflationary, recessionary and employment trends, which can affect resident incomes, and therefore the amount of rental income.

4. Inflationary pressure on utility rates, supplies and other costs.

5. Property condition

JEFFERSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2010

Unaudited

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, 2010

ASSETS	
Current assets	
Cash and cash equivalents	$8,594,688
Restricted cash and cash equivalents	263,929
Receivables, net	50,863
Prepaid expenses	122,606
Inventories, net	21,205
Total current assets	**9,053,291**
Noncurrent assets	
Capital assets:	
Land	2,651,882
Building and equipment	34,500,268
Construction in Progress	1,957,515
Less accumulated depreciation	(23,849,785)
Total noncurrent assets	***15,259,880***
Total assets	**$24,313,171**
LIABILITIES	
Current liabilities	
Accounts payable	$86,398
Accrued liabilities	260,686
Intergovernmental payables	190
Tenant security deposits	122,139
Other current liabilities	59,812
Total current liabilities	***529,225***
Noncurrent liabilities	
Accrued compensated absences non-current	189,508
Total noncurrent liabilities	***189,508***
Total liabilities	**$718,733**

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, 2010

NET ASSETS	
Invested in capital assets, net of related debt	$15,259,880
Restricted net assets	104,481
Unrestricted net assets	8,230,077
Total net assets	**$23,594,438**

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, 2010

OPERATING REVENUES	
Tenant Revenue	$892,471
Government operating grants	7,493,310
Other revenue	18,099
Total operating revenues	**8,403,880**
OPERATING EXPENSES	
Administrative	1,569,639
Tenant services	360
Utilities	903,927
Maintenance	1,384,984
Protective services	356,723
General	288,328
Housing assistance payment	3,230,752
Depreciation	1,213,622
Total operating expenses	***8,948,335***
Operating income (loss)	**(544,455)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	47,791
Total nonoperating revenues (expenses)	***47,791***
Income (loss) before contributions and transfers	(496,664)
Capital grants	1,046,822
Gain/Loss from sale of capital assets	(17,223)
Change in net assets	532,935
Total net assets - beginning	23,061,503
Total net assets - ending	**$23,594,438**

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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$7,496,449
Tenant revenue received	918,334
Other revenue received	18,099
General and administrative expenses paid	(4,746,036)
Housing assistance payments	(3,230,752)
Net cash provided (used) by operating activities	**456,094**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	47,791
Net cash provided (used) by investing activities	**47,791**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	1,046,822
Property and equipment purchased	(3,494,091)
Net cash provided (used) by capital and related activities	**(2,447,269)**
Net increase (decrease) in cash	(1,943,384)
Cash and cash equivalents - Beginning of year	10,802,001
Cash and cash equivalents - End of year	**$8,858,617**

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, 2010

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($544,455)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
- Depreciation	1,213,622
- (Increases) Decreases in Accounts Receivable	(11,576)
- (Increases) Decreases in Prepaid Assets	162
- (Increases) Decreases in Inventory	3,555
- Increases (Decreases) in Accounts Payable	(10,390)
- Increases (Decreases) in Accounts Payable - Intergovermental	(3,139)
- Increases (Decreases) in Accrued Expenses Payable	30,305
- Increases (Decreases) in Deferred Revenue	(297,219)
- Increases (Decreases) in Other Current Liabilities	18,687
- Increases (Decreases) in Accrued Compensated Absences	35,716
- Increases (Decreases) in Tenant Security Deposits	20,826
Net cash provided by operating activities	**$456,094**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the 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.

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (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.

<u>Basis of Presentation</u>
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.

<u>Fund Accounting</u>
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.

<u>Proprietary Fund Types</u>
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:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of programs

The 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Section 8 New Construction Program**

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

F. **Section 8 Moderate Rehabilitation Program**

The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contributions contracts with a private owner. The owner rent housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program incompliance 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, 2010 totaled $47,791.

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Balance 12/31/09	Increase	Decrease	Balance 12/31/10	Current Year Balance
Liability Amount	$266,189	$38,868	($3,152)	$301,905	$112,397

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.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

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

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

At fiscal yearend December 31, 2010, the carrying amount of the Authority's deposits totaled $8,858,617 and its bank balance was $9,146,723. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2010, $8,396,723 was exposed to custodial risk as discussed below, while $750,000 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, 2010 of $263,929 represents cash on hand for the following:

NOTE 3: RESTRICTED CASH (Continued)

- FSS escrow funds held for tenants	$37,309
- Tenant security deposit	122,139
- Cash advance from HUD to be used for housing assistance	104,481

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/09	**Adjust**	**Additions**	**Deletion**	**Balance 12/31/10**
Capital Assets Not Being Depreciated:					
Land	$2,513,382	$0	$138,500	$0	$2,651,882
Construction in Progress	1,566,156	0	391,359	0	1,957,515
Total Capital Assets Not Being Depreciated	**4,079,538**	**0**	**529,859**	**(0)**	**4,609,397**
Capital Assets Being Depreciated:					
Buildings	30,122,932	0	2,922,908	(38,723)	30,007,117
Furnt, Mach. and Equip – Dwelling	707,501	(0)	8,280	(5,511)	710,270
Furnt, Mach. and Equip - Admin	752,808	(1)	33,044	(2,970)	782,881
Total Capital Assets Being Depreciated	31,583,241	(1)	2,964,232	(47,204)	34,500,268
Accumulated Depreciation					
Buildings	(21,422,398)	0	(1,148,153)	24,470	(22,546,081)
Furnt, Mach. and Equip – Dwelling	(724,385)	(1)	(24,023)	5,511	(742,898)
Furnt, Mach. and Equip - Admin	(519,363)	3	(41,446)	0	(560,806)
Total Accumulated Depreciation	(22,666,146)	2	(1,213,622)	29,981	(23,849,785)
Total Capital Assets Being Depreciated, Net	**8,917,095**	**1**	**1,750,610**	**(17,223)**	**10,650,483**
Total Capital Assets, Net	**$12,996,633**	**$1**	**$2,280,469**	**($17,223)**	**$15,259,880**

NOTE 5: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

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

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer rates were consistent across all three plans. The 2010 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2010, 2009, and 2008 $217,456, $199,500, and $184,120, respectively. Ninety-three percent has been contributed for 2010. All required contributions for the two previous years have been paid.

NOTE 6: POST-EMPLOYMENT BENEFITS

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

NOTE 6: POSTEMPLOYMENT BENEFITS - Continued

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to

NOTE 6: <u>POSTEMPLOYMENT BENEFITS</u> (Continued)

establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2010, which were used to fund post-employment benefits, were $90,712.

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

NOTE 7: <u>SCHEDULE OF EXPENDITURE OF FEDERAL AWARD</u>

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: <u>RISK MANAGEMENT</u>

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, 2010 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 9: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2010, the Authority implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of the Authority.

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
111 Cash - Unrestricted	$4,817,130	$49,207	$9,620	$2,907,589	$0	$811,142	$0	$8,594,688
113 Cash - Other Restricted	$0	$104,481	$0	$0	$0	$0	$0	$104,481
114 Cash - Tenant Security Deposits	$102,116	$0	$0	$20,023	$0	$0	$0	$122,139
115 Cash - Restricted for Payment of Current Liabilities	$0	$37,309	$0	$0	$0	$0	$0	$37,309
100 Total Cash	$4,919,246	$190,997	$9,620	$2,927,612	$0	$811,142	$0	$8,858,617
122 Accounts Receivable - HUD Other Projects	$0	$0	$622	$0	$0	$0	$0	$622
126 Accounts Receivable - Tenants	$23,631	$0	$0	$17,255	$0	$0	$0	$40,886
126.1 Allowance for Doubtful Accounts -Tenants	($12,228)	$0	$0	($7,528)	$0	$0	$0	($19,756)
129 Accrued Interest Receivable	$13,417	$0	$0	$15,690	$0	$4	$0	$29,111
120 Total Receivables, Net of Allowances for Doubtful Accounts	$24,820	$0	$622	$25,417	$0	$4	$0	$50,863
142 Prepaid Expenses and Other Assets	$105,754	$1,848	$0	$8,954	$0	$6,050	$0	$122,606
143 Inventories	$17,738	$0	$0	$5,823	$0	$0	$0	$23,561
143.1 Allowance for Obsolete Inventories	($1,774)	$0	$0	($582)	$0	$0	$0	($2,356)
144 Inter Program Due From	$0	$28,724	$1,903	$44,468	$0	$0	($75,095)	$0
150 Total Current Assets	$5,065,784	$221,569	$12,145	$3,011,692	$0	$817,196	($75,095)	$9,053,291
161 Land	$2,581,882	$0	$0	$70,000	$0	$0	$0	$2,651,882
162 Buildings	$29,231,967	$0	$0	$3,775,150	$0	$0	$0	$33,007,117
163 Furniture, Equipment & Machinery - Dwellings	$665,029	$0	$0	$45,241	$0	$0	$0	$710,270

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	$431,199	$40,078	$0	$42,146	$0	$269,458	$0	$782,881
166 Accumulated Depreciation	($20,673,956)	($27,455)	$0	($2,884,391)	$0	($263,983)	$0	($23,849,785)
167 Construction in Progress	$1,957,515	$0	$0	$0	$0	$0	$0	$1,957,515
160 Total Capital Assets, Net of Accumulated Depreciation	$14,193,636	$12,623	$0	$1,048,146	$0	$5,475	$0	$15,259,880
180 Total Non-Current Assets	$14,193,636	$12,623	$0	$1,048,146	$0	$5,475	$0	$15,259,880
190 Total Assets	$19,259,420	$234,192	$12,145	$4,059,838	$0	$822,671	($75,095)	$24,313,171
312 Accounts Payable <= 90 Days	$59,314	$618	$3	$24,500	$0	$1,963	$0	$86,398
321 Accrued Wage/Payroll Taxes Payable	$33,503	$0	$675	$15,439	$0	$60,930	$0	$110,547
322 Accrued Compensated Absences - Current Portion	$31,738	$48,429	$1,370	$6,876	$0	$23,984	$0	$112,397
331 Accounts Payable - HUD PHA Programs	$0	$0	$190	$0	$0	$0	$0	$190
341 Tenant Security Deposits	$102,116	$0	$0	$20,023	$0	$0	$0	$122,139
345 Other Current Liabilities	$33,948	$0	$275	$19,520	$0	$6,069	$0	$59,812
346 Accrued Liabilities - Other	$266	$37,309	$0	$167	$0	$0	$0	$37,742
347 Inter Program - Due To	$0	$0	$0	$0	$0	$75,095	($75,095)	$0
310 Total Current Liabilities	$260,885	$86,356	$2,513	$86,525	$0	$168,041	($75,095)	$529,225
354 Accrued Compensated Absences - Non Current	$87,196	$12,809	$2,691	$31,011	$0	$55,801	$0	$189,508
350 Total Non-Current Liabilities	$87,196	$12,809	$2,691	$31,011	$0	$55,801	$0	$189,508

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
300 Total Liabilities	$348,081	$99,165	$5,204	$117,536	$0	$223,842	($75,095)	$718,733
508.1 Invested In Capital Assets, Net of Related Debt	$14,193,636	$12,623	$0	$1,048,146	$0	$5,475	$0	$15,259,880
511.1 Restricted Net Assets	$0	$104,481	$0	$0	$0	$0	$0	$104,481
512.1 Unrestricted Net Assets	$4,717,703	$17,923	$6,941	$2,894,156	$0	$593,354	$0	$8,230,077
513 Total Equity/Net Assets	$18,911,339	$135,027	$6,941	$3,942,302	$0	$598,829	$0	$23,594,438
600 Total Liabilities and Equity/Net Assets	$19,259,420	$234,192	$12,145	$4,059,838	$0	$822,671	($75,095)	$24,313,171
70300 Net Tenant Rental Revenue	$497,975	$0	$0	$392,720	$0	$0	$0	$890,695
70400 Tenant Revenue - Other	$1,776	$0	$0	$0	$0	$0	$0	$1,776
70500 Total Tenant Revenue	$499,751	$0	$0	$392,720	$0	$0	$0	$892,471
70600 HUD PHA Operating Grants	$3,280,850	$3,679,867	$85,132	$0	$0	$0	$0	$7,045,849
70610 Capital Grants	$467,123	$0	$0	$0	$579,699	$0	$0	$1,046,822
70710 Management Fee	$0	$0	$0	$0	$0	$506,151	($506,151)	$0
70720 Asset Management Fee	$0	$0	$0	$0	$0	$70,430	($70,430)	$0
70730 Book Keeping Fee	$0	$0	$0	$0	$0	$112,934	($112,934)	$0
70700 Total Fee Revenue	$0	$0	$0	$0	$0	$689,515	($689,515)	$0

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
70800 Other Government Grants	$0	$0	$0	$447,461	$0	$0	$0	$447,461
71100 Investment Income - Unrestricted	$23,786	$198	$41	$21,379	$0	$2,247	$0	$47,651
71400 Fraud Recovery	$0	$1,498	$0	$0	$0	$0	$0	$1,498
71500 Other Revenue	$7,773	$3,341	$0	$5,467	$0	$20	$0	$16,601
71600 Gain or Loss on Sale of Capital Assets	($17,223)	$0	$0	$0	$0	$0	$0	($17,223)
72000 Investment Income - Restricted	$0	$140	$0	$0	$0	$0	$0	$140
70000 Total Revenue	$4,262,060	$3,685,044	$85,173	$867,027	$579,699	$691,782	($689,515)	$9,481,270
91100 Administrative Salaries	$287,692	$214,229	$15,416	$123,979	$0	$315,333	$0	$956,649
91200 Auditing Fees	$10,466	$3,974	$500	$1,560	$0	$276	$0	$16,776
91300 Management Fee	$397,731	$108,420	$0	$0	$0	$0	($506,151)	$0
91310 Book-keeping Fee	$45,172	$67,762	$0	$0	$0	$0	($112,934)	$0
91400 Advertising and Marketing	$689	$651	$0	$0	$0	$624	$0	$1,964
91500 Employee Benefit contributions - Administrative	$115,562	$86,053	$6,192	$49,801	$0	$126,665	$0	$384,273
91600 Office Expenses	$72,279	$34,172	$157	$12,908	$0	$27,428	$0	$146,944
91700 Legal Expense	$0	$0	$0	$1,687	$0	$9,413	$0	$11,100
91800 Travel	$13,912	$1,294	$5	$536	$0	$484	$0	$16,231
91900 Other	$24,723	$3,527	$0	$3,516	$0	$3,936	$0	$35,702
91000 Total Operating - Administrative	$968,226	$520,082	$22,270	$193,987	$0	$484,159	($619,085)	$1,569,639
92000 Asset Management Fee	$70,430	$0	$0	$0	$0	$0	($70,430)	$0

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
92100 Tenant Services - Salaries	$360	$0	$0	$0	$0	$0	$0	$360
92500 Total Tenant Services	$70,790	$0	$0	$0	$0	$0	($70,430)	$360
93100 Water	$167,790	$0	$0	$38,402	$0	$557	$0	$206,749
93200 Electricity	$319,591	$0	$0	$94,890	$0	$2,505	$0	$416,986
93300 Gas	$25,990	$0	$0	$12,601	$0	$0	$0	$38,591
93600 Sewer	$194,383	$0	$0	$46,542	$0	$676	$0	$241,601
93000 Total Utilities	$707,754	$0	$0	$192,435	$0	$3,738	$0	$903,927
94100 Ordinary Maintenance and Operations - Labor	$452,520	$0	$0	$73,393	$0	$1,426	$0	$527,339
94200 Ordinary Maintenance and Operations - Materials and Other	$130,815	$2,422	$10	$36,287	$0	$1,649	$0	$171,183
94300 Ordinary Maintenance and Operations Contracts	$383,434	$2,940	$12	$83,910	$0	$4,340	$0	$474,636
94500 Employee Benefit Contributions - Ordinary Maintenance	$181,772	$0	$0	$29,481	$0	$573	$0	$211,826
94000 Total Maintenance	$1,148,541	$5,362	$22	$223,071	$0	$7,988	$0	$1,384,984
95100 Protective Services - Labor	$24,240	$0	$0	$0	$0	$0	$0	$24,240
95200 Protective Services - Other Contract Costs	$283,115	$0	$0	$36,036	$0	$0	$0	$319,151
95500 Employee Benefit Contributions - Protective Services	$13,332	$0	$0	$0	$0	$0	$0	$13,332
95000 Total Protective Services	$320,687	$0	$0	$36,036	$0	$0	$0	$356,723
96110 Property Insurance	$116,031	$1,046	$0	$21,023	$0	$360	$0	$138,460

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
96120 Liability Insurance	$1,717	$966	$0	$241	$0	$4,829	$0	$7,753
96130 Workmen's Compensation	$24,323	$3,807	$275	$7,021	$0	$9,905	$0	$45,331
96100 Total insurance Premiums	$142,071	$5,819	$275	$28,285	$0	$15,094	$0	$191,544
96200 Other General Expenses	$0	$1,672	$5	$0	$0	$0	$0	$1,677
96210 Compensated Absences	$25,555	$4,611	$34	$4,558	$0	$962	$0	$35,720
96300 Payments in Lieu of Taxes	$20,343	$0	$0	$11,717	$0	$0	$0	$32,060
96400 Bad debt - Tenant Rents	$11,605	$0	$0	$15,722	$0	$0	$0	$27,327
96000 Total Other General Expenses	$57,503	$6,283	$39	$31,997	$0	$962	$0	$96,784
96900 Total Operating Expenses	$3,415,572	$537,546	$22,606	$705,811	$0	$511,941	($689,515)	$4,503,961
97000 Excess of Operating Revenue over Operating Expenses	$846,488	$3,147,498	$62,567	$161,216	$579,699	$179,841	$0	$4,977,309
97300 Housing Assistance Payments	$0	$3,165,520	$65,232	$0	$0	$0	$0	$3,230,752
97400 Depreciation Expense	$1,077,988	$3,606	$0	$124,591	$0	$7,437	$0	$1,213,622
90000 Total Expenses	$4,493,560	$3,706,672	$87,838	$830,402	$0	$519,378	($689,515)	$8,948,335
10010 Operating Transfer In	$200,000	$50,000	$0	$0	$0	$0	($250,000)	$0
10020 Operating transfer Out	($200,000)	$0	$0	($50,000)	$0	$0	$250,000	$0
10100 Total Other financing Sources (Uses)	$0	$50,000	$0	($50,000)	$0	$0	$0	$0

Jefferson Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2010

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.855 Formula Stimulus Grant	COCC	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($231,500)	$28,372	($2,665)	($13,375)	$579,699	$172,404	$0	$532,935
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$18,563,140	$106,655	$9,606	$3,955,677	$0	$426,425	$0	$23,061,503
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$579,699	$0	$0	$0	($579,699)	$0	$0	$0
11170 Administrative Fee Equity	$0	$30,546	$0	$0	$0	$0	$0	$30,546
11180 Housing Assistance Payments Equity	$0	$104,481	$0	$0	$0	$0	$0	$104,481
11190 Unit Months Available	7043	9816	360	1784	0	0	0	19003
11210 Number of Unit Months Leased	6023	9035	360	1530	0	0	0	16948
11270 Excess Cash	$4,428,660	$0	$0	$0	$0	$0	$0	$4,428,660
11610 Land Purchases	$138,500	$0	$0	$0	$0	$0	$0	$138,500
11620 Building Purchases	$2,948,090	$0	$0	$0	$0	$0	$0	$2,948,090
11630 Furniture & Equipment - Dwelling Purchases	$410,159	$0	$0	$0	$0	$0	$0	$410,159
11640 Furniture & Equipment - Administrative Purchases	$29,197	$0	$0	$0	$0	$3,846	$0	$33,043
11650 Leasehold Improvements Purchases	$0	$0	$0	$0	$0	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0	$0	$0	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0	$0	$0	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0	$0	$0	$0	$0	$0

Jefferson Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2010

Capital Fund Program Number OH12S01450109

1. The Program Costs are as follows:

Funds Approved	$1,688,159
Funds Expended	1,688,159
Excess (Deficiency) of Funds Approved	$ -0-
Funds Advanced	$1,688,159
Funds Expended	1,688,159
Excess (Deficiency) of Funds Advanced	$ -0-

2. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on March 14, 2011.

4. The final costs on the certification agree to the Authority's records.

Jefferson Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 2010

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	**CFDA NUMBER**	**EXPENDITURES**
U.S. Department of Housing and Urban Development		
Direct Program		
Section 8 New Construction Program	14.182	$85,132
Low Rent Public Housing	14.850	2,784,631
Housing Choice Voucher Program	14.871	3,679,867
Public Housing Capital Fund Program (Cluster):		
- Public Housing Capital Fund Program	14.872	963,342
- Formula Capital Fund Stimulus Grant	14.885	579,699
Total Public Housing Capital Fund Program (Cluster)		1,543,041
Total Expenditure of Federal Award		$8,092,671

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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, 2010, which collectively comprise the Jefferson Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 26, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we 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

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio, o=Salvatore Consiglio, CPA, Inc., ou, email=sconsiglio@salcpa.com, c=US
Date: 2011.06.21 11:33:35 -04'00'

Salvatore Consiglio, CPA, Inc.
May 26, 2011

SALVATORE CONSIGLIO, CPA, INC.

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

Board of 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, 2010. 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, 2010.

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

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

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

Salvatore Consiglio

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio, o=Salvatore Consiglio, CPA, Inc., ou, email=sconsiglio@salcpa.com, c=US
Date: 2011.06.21 11:33:54 -04'00'

Salvatore Consiglio, CPA, Inc.
May 26, 2011

Jefferson Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2010.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2010.

Jefferson Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2010

The following are the status of the December 31, 2009 audit findings.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
JMHA-2009-1	Compliance Finding – Supporting Documentation	Yes	Corrected – No errors noted in current year audit.

Dave Yost • 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 21, 2011

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