

Zanesville Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Zanesville Metropolitan Housing Authority, Muskingum County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 19, 2013

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ZANESVILLE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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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, 2012, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Zanesville Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Zanesville Metropolitan Housing Authority, Ohio, as of June 30, 2012, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 09, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United states of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide assurance.

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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
November 09, 2012

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

June 30, 2012

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, 2012 with selected comparative information for the fiscal year ended June 30, 2011. 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 2012 by \$15,781,761 (net assets). Of this amount, \$4,165,674 (unrestricted net assets) may be used to meet the Authority’s ongoing obligations to citizens and creditors. The restricted net assets of \$430,920 are the HAP reserve and FSS liability.

Capital assets decreased by \$107,431 from the depreciation of Capital Assets and capital fund asset additions.

Net assets increased by \$64,841 for the fiscal year ended June 30, 2012. This was due primarily to an increase in capital contributions.

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, 2012

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, 2012

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 from 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, 2012 and 2011:

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

June 30, 2012

UNAUDITED

	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 5,414,277	\$ 5,543,724
Capital Assets	<u>11,705,736</u>	<u>11,813,167</u>
Total Assets	<u>\$ 17,120,013</u>	<u>\$ 17,356,891</u>
Current Liabilities	\$ 606,313	\$ 807,396
Long-Term Liabilities	<u>731,939</u>	<u>832,575</u>
Total Liabilities	<u>1,338,252</u>	<u>1,639,971</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	11,185,167	11,253,380
Restricted Net Assets	430,920	640,893
Unrestricted Net Assets	<u>4,165,674</u>	<u>3,822,647</u>
Total Net Assets	<u>15,781,761</u>	<u>15,716,920</u>
Total Liabilities and Net Assets	<u>\$ 17,120,013</u>	<u>\$ 17,356,891</u>

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

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2012 and 2011:

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

June 30, 2012

UNAUDITED

	<u>2012</u>	<u>2011</u>
Operating Revenue	\$ 8,121,073	\$ 9,031,700
Operating Expenses	<u>8,975,692</u>	<u>9,376,693</u>
Total Operating Loss	<u>(854,619)</u>	<u>(344,993)</u>
Nonoperating:		
Revenue	68,240	16,061
Expenses	(29,062)	(31,024)
Capital Contributions & Gain on Sale of Assets	<u>850,899</u>	<u>755,012</u>
Change in Net Assets	35,458	395,056
Total Net Assets - Beginning of Year (restated)	<u>15,746,303</u>	<u>15,321,864</u>
Total Net Assets - End of Year	<u><u>\$ 15,781,761</u></u>	<u><u>\$ 15,716,920</u></u>

The ZMHA has lost revenues from HUD during 2012 and in conjunction with that the Authority had to cut salaries and benefits to maintain a pertinent cash flow for the year and moving forward. The investment income is up because of dividends earned on and investment account maintained by the authority.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Owned by Authority	674	674
Units under vouchers	919	909
Units under Shelter Plus Care	8	9
Total housing units managed	1,601	1,592

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

June 30, 2012

UNAUDITED

Capital Assets

Capital assets are the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2012:

		<u>2012</u>
Land and Land Rights	\$	1,160,622
Building & Improvements		33,552,380
Equipment - Administrative		766,606
Equipment - Dwelling		733,200
Accumulated Depreciation		<u>(24,507,072)</u>
 Total	 \$	 <u><u>11,705,736</u></u>
 Capital Assets Activity:		
Capital asset, net at June 30, 2011	\$	11,813,167
Depreciation expense		(963,334)
Capital Assets additions - Operations		6,461
Capital Assets additions - Capital Funds		<u>849,442</u>
 Capital Assets, net at June 30, 2012	 \$	 <u><u>11,705,736</u></u>

Changes in Net Assets

Total capital assets decreased from the previous year by \$107,431. The decrease is a net 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, 2012 and 2011:

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

June 30, 2012

UNAUDITED

	<u>2012</u>	<u>2011</u>
Total Capital Assets	\$ 36,212,808	\$ 35,369,269
Less:		
Capital related debt	(520,569)	(559,787)
Accumulated depreciation	<u>(24,507,072)</u>	<u>(23,556,102)</u>
Investment in Capital Assets, Net of Debt	<u>\$ 11,185,167</u>	<u>\$ 11,253,380</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.

Current year debt activities are as follows:

Outstanding principal balance as of June 30, 2011	\$ 559,787	
Less:		
Principal payments made during the year	(39,219)	
Rounding Adjustment	<u>1</u>	
Outstanding principal balance as of June 30, 2012	<u>\$ 520,569</u>	

Economic Factors

The economic outlook for ZMHA is uncertain at this time. According to the most current information available on changes pending at the U.S. Department of Housing and Urban Development, Public Housing will continue to offset the PHAs operating reserves. To determine an individual PHA's allocation adjustment, HUD identified the amount of reserves equivalent to four months. If a PHA's allocation adjustment exceeds the Operating Subsidy eligibility, the allocation adjustment is capped to 12 months of their eligibility. At this time there is no further inflationary adjustments forecasted. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market.

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

June 30, 2010

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 Ayers, Finance Director, and Zanesville Metropolitan Housing Authority.

Zanesville Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
June 30, 2012

ASSETS

Current assets

Cash and cash equivalents	\$3,201,646
Restricted Cash	730,663
Investments	1,006,161
Receivables, net	121,577
Inventories, net	248,825
Prepaid expenses and other assets	105,405
<i>Total current assets</i>	<u>5,414,277</u>

Noncurrent assets

Capital assets:	
Land	1,160,622
Building and equipment	35,052,186
Less accumulated depreciation	<u>(24,507,072)</u>
Capital assets, net	<u>11,705,736</u>
<i>Total noncurrent assets</i>	<u>11,705,736</u>
Total assets	<u><u>\$17,120,013</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$72,775
Accrued liabilities	199,344
Tenant security deposits	239,168
Deferred revenue	54,026
Bonds, notes, and loans payable	<u>41,000</u>
<i>Total current liabilities</i>	<u>\$606,313</u>

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, 2012

Noncurrent liabilities	
Accrued compensated absences non-current	\$191,795
Noncurrent liabilities - other	60,575
Long-term notes payable	479,569
<i>Total noncurrent liabilities</i>	<u>731,939</u>
Total liabilities	<u>\$1,338,252</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$11,185,167
Restricted net assets	430,920
Unrestricted net assets	4,165,674
Total net assets	<u>\$15,781,761</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, 2012

OPERATING REVENUES

Tenant Revenue	\$1,524,129
Government operating grants	6,353,494
Other revenue	243,450
Total operating revenues	<u>8,121,073</u>

OPERATING EXPENSES

Administrative	1,671,252
Tenant services	197,635
Utilities	746,663
Maintenance	1,308,588
Insurance	152,993
General	265,794
Housing assistance payment	3,669,433
Depreciation	963,334
Total operating expenses	<u>8,975,692</u>
Operating income (loss)	<u>(854,619)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	68,240
Interest expense	(29,062)
Total nonoperating revenues (expenses)	<u>39,178</u>
Income (loss) before contributions and transfers	(815,441)
Capital grants	849,442
Gain from sale of capital assets	1,457
Change in net assets	35,458
Total net assets - beginning (restated)	15,746,303
Total net assets - ending	<u><u>\$15,781,761</u></u>

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$6,396,802
Tenant revenue received	1,533,673
Other revenue received	243,450
General and administrative expenses paid	(4,631,020)
Housing assistance payments	<u>(3,669,433)</u>

Net cash provided (used) by operating activities (126,528)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned received	68,240
Transfer to investment account	<u>(102,546)</u>

Net cash provided (used) by investing activities (34,306)

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	849,442
Proceeds from sales of capital assets	1,467
Property and equipment purchased	(855,903)
Principal Payment on debt	(39,219)
Interest Payment	<u>(29,062)</u>

Net cash provided (used) by capital and related activities (73,275)

Net increase (decrease) in cash (234,109)

Cash and cash equivalents - Beginning of year (Restated) 4,166,418

Cash and cash equivalents - End of year \$3,932,309

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, 2012**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$854,619)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	963,334
- Youthbuild donation	
 (Increases) Decreases in:	
- Accounts Receivables, net of allowance	52,654
- Inventory, net of allowance	9,268
- Prepaid Assets	(34,655)
 Increases (Decreases) in:	
- Accounts Payable	(52,693)
- Accrued Expenses Payable	(159,289)
- Accrued Compensated Absence Payable	(31,336)
- Deferred Revenue	360
- Tenant Security Deposits	8,716
- Noncurrent Liabilities Other (FSS Escrow Payable)	(28,268)
	(126,528)
 Net cash provided by operating activities	 (\$126,528)

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, 2012

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, 2012
(CONTINUED)

NOTE 1: REPORTING ENTITY (Continued)

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Shelter Plus Care

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

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

E. Resident Opportunity and Supportive Services

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

F. State, Local and Other Federal Programs

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 1: REPORTING ENTITY (Continued)

G. Business Activity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Inventory

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

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2012 totaled \$68,240.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

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

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

Net Assets

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

Income Taxes

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

Operating Revenues and Expenses

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

Capital Contributions

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012
 (CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

The following is a summary of changes in compensated absence for the year ended June 30, 2012:

Description	Balance 06/30/11	Increases	Decreases	Balance 06/30/12	Due Within One Year
Compensated Absence	\$381,621	\$199,629	(\$270,741)	\$310,509	\$118,714
Total	\$381,621	\$199,629	(\$270,741)	\$310,509	\$118,714

Budgets and Budgetary Accounting

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 3: DEPOSIT AND INVESTMENTS

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

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

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

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

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

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

At fiscal year end June 30, 2012, the carrying amount of the Authority's deposits totaled \$4,938,470 and its bank balance was \$5,037,957. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2012, \$4,687,957 was exposed to custodial risk as discussed below, while \$350,000 was covered by the Federal Depository Insurance Corporation.

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

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

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

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

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

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

The carrying amount of the Authority's investment was \$1,006,161 at June 30, 2012 with the same corresponding bank balance. The investments are held in certificate of deposits.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 4: TENANT ACCOUNT RECEIVABLES

As of June 30, 2012 tenant account receivable was \$6,289 with an allowance for doubtful accounts of \$400.

NOTE 5: DEFINED BENEFIT PENSION PLAN

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

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

OPERS provides 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 2012 and 2011, member and employer rates were consistent across all three plans. The 2012 and 2011 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended June 30, 2012, 2011, and 2010 amounted to \$250,063, \$258,747, and \$261,552. These costs have been charged to the employee fringe benefit account. Ninety-two percent has been contributed for 2011. All required contributions for the two previous years have been paid.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 6: POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

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

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

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

B. Funding Policy

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 6: POST-EMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2012 and 2011, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2012, 2011 and 2010, which were used to fund post-employment benefits, were \$98,745, \$101,651 and \$102,764 respectively.

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

NOTE 7: CAPITAL ASSETS

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

	Balance 06/30/11	Increases	Adjust/ Decrease	Balance 06/30/12
Capital Assets Not Depreciated:				
Land	\$1,160,622	\$0	\$0	\$1,160,622
Total Capital Assets Not Being Depreciated	1,160,622	0	0	1,160,622
Capital Assets Being Depreciated:				
Buildings and Improvements	32,702,936	849,444	0	33,552,380
Furnt, Mach. & Equip	1,505,711	6,459	(12,364)	1,499,806
Total Capital Assets Being Depreciated	34,208,647	855,903	(12,364)	35,052,186

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 7: CAPITAL ASSETS

	Balance 06/30/11	Increases	Adjust/ Decrease	Balance 06/30/12
Accumulated Depreciated:				
Buildings and Improvements	22,335,559	883,972	0	23,219,531
Furnt, Mach. & Equip	1,220,543	79,362	12,364	1,287,541
Total Accumulated Depreciated	23,556,102	963,334	12,364	24,507,072
Total Capital Assets Being Depreciated, Net	10,652,545	(107,431)	0	10,545,114
Total Capital Assets, Net	\$11,813,167	(\$107,431)	\$0	\$11,705,736

NOTE 8: LONG-TERM DEBT

Loan Payable – Bank One

Zanesville Metropolitan Housing Authority has an outstanding note payable with Chase Bank of \$559,787, as of June 30, 2012. The original note was for \$843,000 dated June 1, 2002 to be used for the construction of a daycare facility known as Carey Street Day Care Center. The note contains an interest rate of 5.27% fixed for five years. The loan is amortized over 20 year period with 3 five year balloons payments.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

DESCRIPTION	BALANCE 06/30/11	ISSUED	RETIRED	BALANCE 06/30/12	DUE WITHIN ONE YEAR
Loan Payable	\$559,787	\$-0-	\$39,218	\$520,569	\$41,000
TOTAL	\$559,787	\$-0-	\$39,218	\$520,569	\$41,000

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 8: LONG-TERM DEBT (Continued)

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

	<u>Principal</u>	<u>Interest</u>
2013	\$41,000	\$27,279
2014	43,522	24,757
2015	45,872	22,407
2016	48,349	19,930
2017	50,959	17,320
2018 to 2022	290,867	42,235
	<u>\$520,569</u>	<u>\$153,928</u>

NOTE 9: ECONOMIC DEPENDENCY

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

NOTE 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2012 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 11: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

NOTE 12: PRIOR PERIOD ADJUSTMENT

An adjustment was necessary to restate the cash balance by \$29,383 for a bank account not previously included in the financial statements. The money in this account represented refund of insurance premium received that originally was believed that it would have had to be returned to the insurance company.

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,967,265	\$397,053	\$0	\$318,007	\$0	\$0	\$0	\$519,321	\$3,201,646	\$0	\$3,201,646
113 Cash - Other Restricted	\$2,076	\$489,419	\$0	\$0	\$0	\$0	\$0	\$0	\$491,495	\$0	\$491,495
114 Cash - Tenant Security Deposits	\$239,168	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$239,168	\$0	\$239,168
100 Total Cash	\$2,208,509	\$886,472	\$0	\$318,007	\$0	\$0	\$0	\$519,321	\$3,932,309	\$0	\$3,932,309
122 Accounts Receivable - HUD Other Projects	\$43,994	\$0	\$0	\$0	\$0	\$45,681	\$15,508	\$0	\$105,183	\$0	\$105,183
124 Accounts Receivable - Other Government	\$0	\$0	\$450	\$0	\$0	\$0	\$0	\$0	\$450	\$0	\$450
126 Accounts Receivable - Tenants	\$6,289	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,289	\$0	\$6,289
126.1 Allowance for Doubtful Accounts -Tenants	(\$400)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$400)	\$0	(\$400)
128 Fraud Recovery	\$0	\$65,486	\$0	\$0	\$0	\$0	\$0	\$0	\$65,486	\$0	\$65,486
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$55,431)	\$0	\$0	\$0	\$0	\$0	\$0	(\$55,431)	\$0	(\$55,431)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$49,883	\$10,055	\$450	\$0	\$0	\$45,681	\$15,508	\$0	\$121,577	\$0	\$121,577
131 Investments - Unrestricted	\$906,161	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0	\$1,006,161	\$0	\$1,006,161
142 Prepaid Expenses and Other Assets	\$41,052	\$1,831	\$0	\$350	\$0	\$0	\$0	\$62,172	\$105,405	\$0	\$105,405
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$276,825	\$276,825	\$0	\$276,825
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$28,000)	(\$28,000)	\$0	(\$28,000)
144 Inter Program Due From	\$0	\$15,958	\$0	\$47,628	\$4,488	\$0	\$0	\$82,273	\$150,347	(\$150,347)	\$0
150 Total Current Assets	\$3,205,605	\$914,316	\$450	\$465,985	\$4,488	\$45,681	\$15,508	\$912,591	\$5,564,624	(\$150,347)	\$5,414,277
161 Land	\$1,140,622	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000	\$1,160,622	\$0	\$1,160,622
162 Buildings	\$27,175,441	\$0	\$0	\$0	\$0	\$0	\$0	\$1,033,508	\$28,208,949	\$0	\$28,208,949

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
163 Furniture, Equipment & Machinery - Dwellings	\$468,749	\$0	\$0	\$26,601	\$0	\$0	\$0	\$237,850	\$733,200	\$0	\$733,200
164 Furniture, Equipment & Machinery - Administration	\$92,942	\$30,166	\$0	\$0	\$0	\$0	\$0	\$643,498	\$766,606	\$0	\$766,606
165 Leasehold Improvements	\$5,330,981	\$0	\$0	\$0	\$0	\$0	\$0	\$12,450	\$5,343,431	\$0	\$5,343,431
166 Accumulated Depreciation	(\$23,203,067)	(\$26,020)	\$0	(\$22,783)	\$0	\$0	\$0	(\$1,255,202)	(\$24,507,072)	\$0	(\$24,507,072)
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,005,668	\$4,146	\$0	\$3,818	\$0	\$0	\$0	\$692,104	\$11,705,736	\$0	\$11,705,736
180 Total Non-Current Assets	\$11,005,668	\$4,146	\$0	\$3,818	\$0	\$0	\$0	\$692,104	\$11,705,736	\$0	\$11,705,736
190 Total Assets	\$14,211,273	\$918,462	\$450	\$469,803	\$4,488	\$45,681	\$15,508	\$1,604,695	\$17,270,360	(\$150,347)	\$17,120,013
312 Accounts Payable <= 90 Days	\$58,276	\$3,167	\$0	\$0	\$163	\$821	\$0	\$10,348	\$72,775	\$0	\$72,775
321 Accrued Wage/Payroll Taxes Payable	\$12,584	\$7,041	\$0	\$0	\$1,049	\$2,132	\$0	\$57,824	\$80,630	\$0	\$80,630
322 Accrued Compensated Absences - Current Portion	\$26,419	\$17,498	\$0	\$0	\$0	\$0	\$0	\$74,797	\$118,714	\$0	\$118,714
341 Tenant Security Deposits	\$239,168	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$239,168	\$0	\$239,168
342 Deferred Revenues	\$3,122	\$0	\$0	\$47,628	\$3,276	\$0	\$0	\$0	\$54,026	\$0	\$54,026
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$41,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,000	\$0	\$41,000
347 Inter Program - Due To	\$39,545	\$0	\$450	\$0	\$0	\$42,728	\$15,508	\$52,116	\$150,347	(\$150,347)	\$0
310 Total Current Liabilities	\$420,114	\$27,706	\$450	\$47,628	\$4,488	\$45,681	\$15,508	\$195,085	\$756,660	(\$150,347)	\$606,313
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$479,569	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$479,569	\$0	\$479,569
353 Non-current Liabilities - Other	\$2,076	\$58,499	\$0	\$0	\$0	\$0	\$0	\$0	\$60,575	\$0	\$60,575

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$68,067	\$44,570	\$0	\$0	\$0	\$0	\$0	\$79,158	\$191,795	\$0	\$191,795
350 Total Non-Current Liabilities	\$549,712	\$103,069	\$0	\$0	\$0	\$0	\$0	\$79,158	\$731,939	\$0	\$731,939
300 Total Liabilities	\$969,826	\$130,775	\$450	\$47,628	\$4,488	\$45,681	\$15,508	\$274,243	\$1,488,599	(\$150,347)	\$1,338,252
508.1 Invested In Capital Assets, Net of Related Debt	\$10,485,099	\$4,146	\$0	\$3,818	\$0	\$0	\$0	\$692,104	\$11,185,167	\$0	\$11,185,167
511.1 Restricted Net Assets	\$0	\$430,920	\$0	\$0	\$0	\$0	\$0	\$0	\$430,920	\$0	\$430,920
512.1 Unrestricted Net Assets	\$2,756,348	\$352,621	\$0	\$418,357	\$0	\$0	\$0	\$638,348	\$4,165,674	\$0	\$4,165,674
513 Total Equity/Net Assets	\$13,241,447	\$787,687	\$0	\$422,175	\$0	\$0	\$0	\$1,330,452	\$15,781,761	\$0	\$15,781,761
600 Total Liabilities and Equity/Net Assets	\$14,211,273	\$918,462	\$450	\$469,803	\$4,488	\$45,681	\$15,508	\$1,604,695	\$17,270,360	(\$150,347)	\$17,120,013
70300 Net Tenant Rental Revenue	\$1,524,129	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,524,129	\$0	\$1,524,129
70500 Total Tenant Revenue	\$1,524,129	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,524,129	\$0	\$1,524,129
70600 HUD PHA Operating Grants	\$2,025,151	\$4,029,916	\$0	\$0	\$142,007	\$117,682	\$38,738	\$0	\$6,353,494	\$0	\$6,353,494
70610 Capital Grants	\$849,442	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$849,442	\$0	\$849,442
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$504,611	\$504,611	(\$504,611)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$123,358	\$123,358	(\$123,358)	\$0
70750 Other Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,086,521	\$1,086,521	(\$1,070,227)	\$16,294
71100 Investment Income - Unrestricted	\$3,655	\$455	\$11,441	\$177	\$0	\$0	\$0	\$51,503	\$67,231	\$0	\$67,231
71400 Fraud Recovery	\$0	\$40,022	\$0	\$0	\$0	\$0	\$0	\$0	\$40,022	\$0	\$40,022
71500 Other Revenue	\$90,864	\$26,760	\$0	\$56,800	\$0	\$0	\$0	\$12,710	\$187,134	\$0	\$187,134

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
71600 Gain or Loss on Sale of Capital Assets	\$1,457	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,457	\$0	\$1,457
72000 Investment Income - Restricted	\$0	\$1,009	\$0	\$0	\$0	\$0	\$0	\$0	\$1,009	\$0	\$1,009
70000 Total Revenue	\$4,494,698	\$4,098,162	\$11,441	\$56,977	\$142,007	\$117,682	\$38,738	\$1,778,703	\$10,738,408	(\$1,698,196)	\$9,040,212
91100 Administrative Salaries	\$377,779	\$91,318	\$0	\$0	\$77,624	\$75,470	\$2,353	\$278,026	\$902,570	\$0	\$902,570
91200 Auditing Fees	\$6,366	\$10,060	\$0	\$0	\$0	\$0	\$0	\$0	\$16,426	\$0	\$16,426
91300 Management Fee	\$403,995	\$100,616	\$0	\$0	\$0	\$0	\$0	\$0	\$504,611	(\$504,611)	\$0
91310 Book-keeping Fee	\$60,098	\$63,260	\$0	\$0	\$0	\$0	\$0	\$0	\$123,358	(\$123,358)	\$0
91500 Employee Benefit contributions - Administrative	\$238,430	\$79,131	\$0	\$0	\$36,362	\$30,925	\$517	\$132,941	\$518,306	\$0	\$518,306
91600 Office Expenses	\$73,915	\$39,987	\$0	\$0	\$23,756	\$0	\$0	\$44,033	\$181,691	\$0	\$181,691
91700 Legal Expense	\$13,407	\$0	\$0	\$0	\$0	\$0	\$0	\$765	\$14,172	\$0	\$14,172
91800 Travel	\$2,231	\$4,577	\$0	\$0	\$0	\$0	\$0	\$13,282	\$20,090	\$0	\$20,090
91900 Other	\$0	\$0	\$0	\$17,997	\$0	\$0	\$0	\$0	\$17,997	\$0	\$17,997
91000 Total Operating - Administrative	\$1,176,221	\$388,949	\$0	\$17,997	\$137,742	\$106,395	\$2,870	\$469,047	\$2,299,221	(\$627,969)	\$1,671,252
92100 Tenant Services - Salaries	\$0	\$117,640	\$0	\$0	\$0	\$0	\$0	\$0	\$117,640	\$0	\$117,640
92300 Employee Benefit Contributions - Tenant Services	\$0	\$53,074	\$0	\$0	\$0	\$0	\$0	\$0	\$53,074	\$0	\$53,074
92400 Tenant Services - Other	\$13,885	\$0	\$11,441	\$1,000	\$0	\$0	\$0	\$595	\$26,921	\$0	\$26,921
92500 Total Tenant Services	\$13,885	\$170,714	\$11,441	\$1,000	\$0	\$0	\$0	\$595	\$197,635	\$0	\$197,635
93100 Water	\$75,916	\$657	\$0	\$0	\$0	\$0	\$0	\$448	\$77,021	\$0	\$77,021
93200 Electricity	\$261,934	\$1,461	\$0	\$0	\$0	\$0	\$0	\$8,506	\$271,901	\$0	\$271,901
93300 Gas	\$162,727	\$191	\$0	\$0	\$0	\$0	\$0	\$5,688	\$168,606	\$0	\$168,606

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,422	\$30,422	\$0	\$30,422
93600 Sewer	\$195,475	\$1,750	\$0	\$0	\$0	\$0	\$0	\$1,424	\$198,649	\$0	\$198,649
93800 Other Utilities Expense	\$0	\$64	\$0	\$0	\$0	\$0	\$0	\$0	\$64	\$0	\$64
93000 Total Utilities	\$696,052	\$4,123	\$0	\$0	\$0	\$0	\$0	\$46,488	\$746,663	\$0	\$746,663
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$518,702	\$518,702	\$0	\$518,702
94200 Ordinary Maintenance and Operations - Materials and Other	\$188,775	\$2,883	\$0	\$7,811	\$0	\$0	\$0	\$21,788	\$221,257	\$0	\$221,257
94300 Ordinary Maintenance and Operations Contracts	\$1,192,759	\$16,054	\$0	\$0	\$0	\$7,865	\$0	\$60,092	\$1,276,770	(\$1,070,227)	\$206,543
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$362,086	\$362,086	\$0	\$362,086
94000 Total Maintenance	\$1,381,534	\$18,937	\$0	\$7,811	\$0	\$7,865	\$0	\$962,668	\$2,378,815	(\$1,070,227)	\$1,308,588
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$62,020	\$0	\$0	\$0	\$0	\$0	\$0	\$5,580	\$67,600	\$0	\$67,600
96120 Liability Insurance	\$39,135	\$4,921	\$0	\$0	\$0	\$0	\$0	\$0	\$44,056	\$0	\$44,056
96130 Workmen's Compensation	\$3,748	\$3,690	\$0	\$0	\$0	\$0	\$0	\$13,778	\$21,216	\$0	\$21,216
96140 All Other Insurance	\$17,980	\$960	\$0	\$0	\$0	\$0	\$0	\$1,181	\$20,121	\$0	\$20,121
96100 Total insurance Premiums	\$122,883	\$9,571	\$0	\$0	\$0	\$0	\$0	\$20,539	\$152,993	\$0	\$152,993
96200 Other General Expenses	\$6,163	\$12,155	\$0	\$0	\$0	\$0	\$0	\$10,457	\$28,775	\$0	\$28,775
96210 Compensated Absences	\$40,521	\$29,858	\$0	\$0	\$4,265	\$3,422	\$0	\$121,563	\$199,629	\$0	\$199,629
96400 Bad debt - Tenant Rents	\$1,938	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,938	\$0	\$1,938
96600 Bad debt - Other	\$0	\$35,452	\$0	\$0	\$0	\$0	\$0	\$0	\$35,452	\$0	\$35,452

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
96000 Total Other General Expenses	\$48,622	\$77,465	\$0	\$0	\$4,265	\$3,422	\$0	\$132,020	\$265,794	\$0	\$265,794
96710 Interest of Mortgage (or Bonds) Payable	\$29,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,062	\$0	\$29,062
96700 Total Interest Expense and Amortization Cost	\$29,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,062	\$0	\$29,062
96900 Total Operating Expenses	\$3,468,259	\$669,759	\$11,441	\$26,808	\$142,007	\$117,682	\$2,870	\$1,631,357	\$6,070,183	(\$1,698,196)	\$4,371,987
97000 Excess of Operating Revenue over Operating Expenses	\$1,026,439	\$3,428,403	\$0	\$30,169	\$0	\$0	\$35,868	\$147,346	\$4,668,225	\$0	\$4,668,225
97300 Housing Assistance Payments	\$0	\$3,633,565	\$0	\$0	\$0	\$0	\$35,868	\$0	\$3,669,433	\$0	\$3,669,433
97400 Depreciation Expense	\$902,228	\$2,764	\$0	\$5,320	\$0	\$0	\$0	\$53,022	\$963,334	\$0	\$963,334
90000 Total Expenses	\$4,370,487	\$4,306,088	\$11,441	\$32,128	\$142,007	\$117,682	\$38,738	\$1,684,379	\$10,702,950	(\$1,698,196)	\$9,004,754
10010 Operating Transfer In	\$18,180	\$0	\$0	\$0	\$0	\$0	\$0	\$120,468	\$138,648	\$0	\$138,648
10020 Operating transfer Out	(\$138,648)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$138,648)	\$0	(\$138,648)
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,880	\$80,880	\$0	\$80,880
10094 Transfers between Project and Program - Out	(\$80,880)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,880)	\$0	(\$80,880)
10100 Total Other financing Sources (Uses)	(\$201,348)	\$0	\$0	\$0	\$0	\$0	\$0	\$201,348	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$77,137)	(\$207,926)	\$0	\$24,849	\$0	\$0	\$0	\$295,672	\$35,458	\$0	\$35,458
11020 Required Annual Debt Principal Payments	\$41,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,000	\$0	\$41,000

Zanesville Metropolitan Housing Authority
Financial Data Schedule
June 30, 2012

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
11030 Beginning Equity	\$13,289,201	\$995,613	\$0	\$397,326	\$0	\$0	\$0	\$1,034,780	\$15,716,920	\$0	\$15,716,920
Prior Period Adjustment	\$29,383	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,383	\$0	\$29,383
11170 Administrative Fee Equity	\$0	\$356,767	\$0	\$0	\$0	\$0	\$0	\$0	\$356,767	\$0	\$356,767
11180 Housing Assistance Payments Equity	\$0	\$430,920	\$0	\$0	\$0	\$0	\$0	\$0	\$430,920	\$0	\$430,920
11190 Unit Months Available	8,088	11,268	0	0	0	0	0	0	19,356	0	19,356
11210 Number of Unit Months Leased	7,867	10,968	0	0	0	0	0	0	18,835	0	18,835
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$761,380	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$761,380	\$0	\$761,380
11650 Leasehold Improvements Purchases	\$88,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$88,062	\$0	\$88,062

Zanesville Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2012

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Shelter Plus Care	14.238	\$38,738
Low Rent Public Housing	14.850	1,631,661
Resident Opportunity and Supportive Services	14.870	117,682
Housing Choice Vouchers	14.871	4,029,916
Public Housing Capital Fund Program	14.872	<u>1,242,932</u>
Total U.S. Department of Housing and Urban Development		<u>7,060,929</u>
U.S. Department of Labor Pass-Through Program From Muskingum County Workforce Investment Act (Cluster) Youth Employment Services		
	17.259	<u>142,007</u>
Total U.S. Department of Labor		<u>142,007</u>
Total Expenditure of Federal Award		<u><u>\$7,202,936</u></u>

Zanesville Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2012

Capital Fund Program Number OH16P00950109

1. The Program Costs are as follows:

Funds Approved	\$1,223,132
Funds Expended	<u>1,223,132</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$1,223,132
Funds Expended	<u>1,223,132</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 May 18, 2012.
4. The final costs on the certification agree to the Authority's records.



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

Board of Directors
Zanesville Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2012, which collectively comprise the Zanesville Metropolitan Housing Authority basic financial statements and have issued my report thereon dated November 09, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Zanesville Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

I noted certain matters that I have reported to management of Zanesville Metropolitan Housing Authority in a separate letter dated November 09, 2012.

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, CPA, Inc.
November 09, 2012



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

Board of Directors
Zanesville Metropolitan Housing Authority

Compliance

I have audited the compliance of the Zanesville Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Zanesville Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Zanesville Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Zanesville Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Zanesville Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Zanesville Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Zanesville Metropolitan Housing Authority 's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Zanesville Metropolitan Housing Authority's internal control over compliance.

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

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

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

Salvatore Consiglio, CPA, Inc.
November 09, 2012

Zanesville Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.850 Low Rent Public Housing and 14.872 Capital Fund Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There are no findings or questioned costs for the year ended June 30, 2012.

3. FINDINGS RELATED TO FEDERAL AWARDS
--

There are no findings or questioned costs for the year ended June 30, 2012.

Zanesville Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2012

The audit report for the fiscal year ending June 30, 2011 contained no audit findings.



Dave Yost • Auditor of State

ZANESVILLE METROPOLITAN HOUSING AUTHORITY

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 5, 2013