

Zanesville Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2006



Mary Taylor, CPA
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, 2005 through June 30, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 18, 2007

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ZANESVILLE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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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, 2006, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Zanesville Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Zanesville Metropolitan Housing Authority, Ohio, as of June 30, 2006, 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 December 22, 2006, on my consideration of the Zanesville Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of my audit.

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

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Zanesville Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio, CPA, Inc.

December 22, 2006

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

June 30, 2006

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, 2006 with selected comparative information for the fiscal year ended June 30, 2005. 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 2006 by \$13,273,090 (net assets). Of this amount, \$2,189,834 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

Capital assets decreased by \$413,980 from the depreciation of Capital Assets and capital fund asset additions.

Net assets increased by \$232,336 for the fiscal year ended June 30, 2006. This was due primarily to operating revenue increasing by \$197,439 and non-operating revenue (capital grant) increased by \$226,354.

Operating revenues increased \$197,439 due to HUD changes in funding the Housing Choice Voucher Program.

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, 2006

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 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.

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

June 30, 2006

UNAUDITED

Resident Opportunity and Supportive Services

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

Section 8 New Construction Program

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

State and Local Fund

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

Business Activity

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

Financial Position

The statement of net assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at June 30, 2006 and 2005:

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

June 30, 2006

UNAUDITED

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

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 2,886,218	\$ 2,299,436
Capital Assets	<u>11,821,019</u>	<u>12,234,999</u>
Total Assets	<u>\$ 14,707,237</u>	<u>\$ 14,534,435</u>
Current Liabilities	\$ 581,459	\$ 621,484
Long-Term Liabilities	<u>852,688</u>	<u>872,197</u>
Total Liabilities	<u>1,434,147</u>	<u>1,493,681</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	11,083,256	11,466,992
Unrestricted Net Assets	<u>2,189,834</u>	<u>1,573,762</u>
Total Net Assets	<u>13,273,090</u>	<u>13,040,754</u>
Total Liabilities and Net Assets	<u>\$ 14,707,237</u>	<u>\$ 14,534,435</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, 2006 and 2005:

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

June 30, 2006

UNAUDITED

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

	<u>2006</u>	<u>2005</u>
Operating Revenue	\$ 7,666,551	\$ 7,469,112
Operating Expenses	<u>8,324,259</u>	<u>8,206,499</u>
Total Operating Loss	(657,708)	(737,387)
Nonoperating:		
Revenue	267,244	40,890
Expenses	(38,035)	(41,816)
Capital Contributions	<u>503,505</u>	<u>447,253</u>
Change in Net Assets	75,006	(291,060)
Prior Period Adjustment	157,330	(2,827)
Total Net Assets - Beginning of Year, Restated	<u>13,040,754</u>	<u>13,334,641</u>
Total Net Assets - End of Year	<u><u>\$ 13,273,090</u></u>	<u><u>\$ 13,040,754</u></u>

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Owned by Authority	674	674
Units under vouchers (Over leased 2005)	919	919
Units under Shelter Plus Care	8	8
Units under NC SR	<u>96</u>	<u>96</u>
Total housing units managed	1,697	1,697

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

June 30, 2006

UNAUDITED

The Housing Choice Voucher lease up rate averaged 98.2% during FY 2006. It is anticipated that the program lease-up will remain steady during FY 2007. No further increase in additional housing units is expected.

Capital Assets

Capital assets is the largest asset reflected on the Authority's statement of net assets. The following is a summary of capital assets owned by the Authority at June 30, 2006:

Table 3 - Condensed Statement of Changes in Capital Assets

	<u>2006</u>
Land and Land Rights	\$ 1,150,687
Building & Improvements	28,619,458
Equipment - Administrative	641,865
Equipment - Dwelling	345,319
Accumulated Depreciation	<u>(18,936,310)</u>
 Total	 <u>\$ 11,821,019</u>
 Capital Assets Activity:	
Capital asset, net at June 30, 2005	\$ 12,234,999
Depreciation expense	(934,588)
Capital asset additions	529,418
Disposal	<u>(8,810)</u>
 Capital Assets, net at June 30, 2006	 <u>\$ 11,821,019</u>

Changes in Net Assets

Total capital assets decreased from the previous year by \$413,980. The decrease is a result of capital asset additions and depreciation expense for the year. The largest component of net assets is *invested in capital assets, net of related debt*. The following table shows how this amount is calculated for the fiscal years ended June 30, 2006 and 2005:

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

June 30, 2006

UNAUDITED

Table 4 - Investment in Capital Assets, Net of Debt

	<u>2006</u>	<u>2005</u>
Total Capital Assets	\$ 30,757,329	\$ 30,242,448
Less:		
Capital related debt	(737,763)	(768,007)
Accumulated depreciation	<u>(18,936,310)</u>	<u>(18,007,449)</u>
Investment in Capital Assets, Net of Debt	<u>\$ 11,083,256</u>	<u>\$ 11,466,992</u>

Debt Administration

Zanesville Metropolitan Housing Authority obtained a loan in the amount of \$843,000 on June 1, 2002. The proceeds were used for the Zanesville Carey Metro Childcare, Inc. building payable in monthly installments of \$5,689.93. The maturity date is July 1, 2022.

Table 5 - Outstanding Debt Balance

Outstanding principal balance as of June 30, 2005	\$ 768,007
Less:	
Principal payments made during the year	<u>(30,244)</u>
Outstanding principal balance as of June 30, 2006	<u>\$ 737,763</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 operating subsidy is anticipating a 78% pro-ration for calendar year 2007 with preparation for Asset Management and Project Based Accounting being transitioned. At this time there is no further inflationary adjustments forecasted. Section 8 administrative fees decreased 7.7 percent compared to fiscal year 2006 and additional cuts are possible. 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, 2006

UNAUDITED

Requests for Information

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

Zanesville Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
June 30, 2006

ASSETS

Current assets

Cash and cash equivalents	\$1,488,847
Investments	928,767
Receivables, net	171,949
Inventories, net	224,410
Prepaid expenses and other assets	72,245
Total current assets	<u>2,886,218</u>

Noncurrent assets

Capital assets:	
Land	1,150,687
Building and equipment	29,606,642
Less accumulated depreciation	(18,936,310)
Total noncurrent assets	<u>11,821,019</u>
Total assets	<u><u>\$14,707,237</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$59,869
Accrued liabilities	241,589
Intergovernmental payables	50,201
Tenant security deposits	157,169
Deferred revenue	42,511
Bonds, notes, and loans payable	30,120
Total current liabilities	<u>581,459</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, 2006

Noncurrent liabilities	
Bonds, notes, and loans payable	707,643
Accrued compensated absences non-current	92,570
Noncurrent liabilities - other	52,475
<i>Total noncurrent liabilities</i>	<u>852,688</u>
Total liabilities	<u><u>\$1,434,147</u></u>
<i>NET ASSETS</i>	
Invested in capital assets, net of related debt	\$11,083,256
Unrestricted net assets	2,189,834
Total net assets	<u><u>\$13,273,090</u></u>

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

Zanesville Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

OPERATING REVENUES

Tenant Revenue	\$1,239,918
Government operating grants	6,293,553
Other revenue	133,080
Total operating revenues	<u>7,666,551</u>

OPERATING EXPENSES

Administrative	1,729,987
Tenant services	29,626
Utilities	820,557
Maintenance	1,176,070
Protective services	18,771
General	164,661
Housing assistance payment	3,449,999
Depreciation	934,588
Total operating expenses	<u>8,324,259</u>
Operating income (loss)	<u>(657,708)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	92,016
Miscellaneous revenue	175,228
Interest expense	(38,035)
Total nonoperating revenues (expenses)	<u>229,209</u>
Income (loss) before contributions and transfers	(428,499)

Capital grants	503,505
Change in net assets	75,006
Total net assets - beginning	13,040,754
Prior Period Adjustment	157,330
Total net assets - ending	<u><u>\$13,273,090</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, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$6,232,929
Tenant revenue received	1,232,492
Other revenue received	132,537
General and administrative expenses paid	(3,853,971)
Housing assistance payments	<u>(3,449,999)</u>
Net cash provided (used) by operating activities	<u>293,988</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned received	<u>64,711</u>
Net cash provided (used) by investing activities	<u>64,711</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	503,505
Property and equipment purchased	<u>(523,691)</u>
Net cash provided (used) by capital and related activities	<u>(20,186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payment on debt	<u>(30,244)</u>
Net cash provided (used) by financing activities	<u>(30,244)</u>
Net increase (decrease) in cash	308,269
Cash and cash equivalents - Beginning of year	<u>1,180,578</u>
Cash and cash equivalents - End of year	<u><u>\$1,488,847</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 (Continued)
Proprietary Funds
For the Year Ended June 30, 2006

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$657,708)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	934,588
(Increases) Decreases in:	
- Accounts Receivables, net of allowance	(103,649)
- Inventory, net of allowance	(8,271)
- Prepaid Assets	(1,356)
Increases (Decreases) in:	
- Accounts Payable	(16,309)
- Intergovernmental Payable	27,367
- Accrued Expenses Payable	52,487
- Accrued Compensated Absence Payable	13,737
- Deferred Revenue	38,526
- Tenant Security Deposits	3,404
- Noncurrent Liabilities Other (FSS Escrow Payable)	11,172
	11,172
Net cash provided by operating activities	\$293,988

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, 2006

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, 2006
(CONTINUED)

NOTE 1: REPORTING ENTITY (Continued)

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Shelter Plus Care

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

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

E. Resident Opportunity and Supportive Services

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

F. Section 8 New Construction Program

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: REPORTING ENTITY (Continued)

G. State, Local and Other Federal Programs

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

H. Business Activity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Proprietary Fund Types

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

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Inventory

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

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2006 totaled \$92,016.

Capital assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Assets

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

Income Taxes

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

Operating Revenues and Expenses

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

Capital Contributions

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

Budgets and Budgetary Accounting

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

NOTE 3: DEPOSIT AND INVESTMENTS

State statutes classify monies held by the PMHA 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 MCTA treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

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, 2006, 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, 2006, the carrying amount of the Authority's deposits totaled \$1,488,847 and its bank balance was \$1,503,295. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2006, \$1,354,326 was exposed to custodial risk as discussed below, while \$148,969 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.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

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 \$928,767 at June 30, 2006 with the same corresponding bank balance. The investments are held in certificate of deposits.

NOTE 4: TENANT ACCOUNT RECEIVABLES

As of June 30, 2006, tenant account receivable was \$13,405 with an allowance for doubtful accounts of \$6,500.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 5: DEFINED BENEFIT PENSION PLAN

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

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

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

Plan members are required to contribute 8.5 percent through December 31, 2005 and 9 percent effective January 1, 2006. The employer share of the contribution rate for Authority was 13.55 percent through December 31, 2005 and 13.7 percent effective January 1, 2006. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2006, 2005, and 2004 amounted to \$226,710, \$209,409, and \$227,654. These costs have been charged to the employee fringe benefit account. Ninety-Two percent has been contributed for 2006. 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, 2006
(CONTINUED)

NOTE 6: POST-EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2006 was 4.0 percent of covered payroll, which amounted to \$66,609. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 7: CAPITAL ASSETS

	Balance 06/30/05	Additions	Disposal	Balance 06/30/06
Capital Assets Not Depreciated:				
Land	\$1,150,687	\$0	\$0	\$1,150,687
Construction in Progress	0	0	0	0
Total Capital Assets Not Being Depreciated	1,150,687	0	0	1,150,687
Capital Assets Being Depreciated:				
Buildings	24,326,231	231,504	0	24,557,735
Furnt, Mach. & Equip	916,525	79,469	8,810	987,184
Leasehold Improvement	3,849,005	212,718	0	4,061,723
Total Capital Assets Being Depreciated	29,091,761	523,691	8,810	29,606,642
Accumulated Depreciated:				
Buildings	15,066,496	614,824	0	15,681,320
Furnt, Mach. & Equip	697,504	90,465	5,727	782,242
Leasehold Improvement	2,243,449	229,299	0	2,472,748
Total Accumulated Depreciated	18,007,449	934,588	5,727	18,936,310
Total Capital Assets Being Depreciated, Net	11,084,312	(410,897)	3,083	10,670,332
Total Capital Assets, Net	\$12,234,999	(410,897)	3,083	11,821,019

NOTE 9: LONG-TERM DEBT

Loan Payable – Bank One

Zanesville Metropolitan Housing Authority has an outstanding note payable with Bank One of \$737,763 as of June 30, 2006. The original note was for \$843,000 dated June 1, 2002 to be used for the construction of a daycare facility known as Carey Street Day Care Center. The note contains an interest rate of 5.27% fixed for five years. The loan is amortized over 20 year period with 3 five year balloons payments. The first balloon payment is due in 60 months from the date of the original loan.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 9: LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

<u>DESCRIPTION</u>	<u>BALANCE 06/30/05</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE 06/30/06</u>
Loan Payable	\$768,007	\$-0-	\$30,244	\$737,763
TOTAL	\$768,007	\$-0-	\$30,244	\$737,763

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

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
June 30, 2007	\$30,120	\$38,159
2008	707,643	3,100
Total	\$737,763	\$41,259

NOTE 10: PRIOR PERIOD ADJUSTMENT

The beginning net asset balance needed to be adjusted for the following:

LOW RENT PUBLIC HOUSING PROGRAM:

- Correction of interprogram receivable balance (\$3,571)

HOUSING CHOICE VOUCHER PROGRAM:

- Write off of deferred HUD Operating Subsidy due to changes made by HUD in how it funds the program 137,627

- Write off of payable due to HUD from prior years that was determined that HUD is no longer requiring a year end settlement 22,834

- Correction to accumulated depreciation 440

Total Adjustments \$157,330

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 11: ECONOMIC DEPENDENCY

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

NOTE 12: RISK MANAGEMENT

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

NOTE 13: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2006 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

NOTE 14: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

Zanesville Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
June 30, 2006

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2 WIA	Other Federal Program 3	Total
111	Cash - Unrestricted	\$122,512	\$132,010	\$0	\$262,799	\$0	\$763,546	\$0	\$0	\$0	\$0	\$1,280,867
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$50,811	\$0	\$0	\$0	\$0	\$50,811
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$157,169	\$0	\$0	\$0	\$0	\$0	\$0	\$157,169
100	Total Cash	\$122,512	\$132,010	\$0	\$419,968	\$0	\$814,357	\$0	\$0	\$0	\$0	\$1,488,847
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$15,069	\$0	\$31,659	\$0	\$76,059	\$0	\$0	\$0	\$122,787
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$546	\$0	\$0	\$546
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$2,658	\$0	\$0	\$0	\$0	\$0	\$0	\$2,658
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$13,405	\$0	\$0	\$0	\$0	\$0	\$0	\$13,405
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	(\$6,500)	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,500)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$72,267	\$0	\$0	\$0	\$0	\$72,267
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	(\$72,267)	\$0	\$0	\$0	\$0	(\$72,267)
129	Accrued Interest Receivable	\$0	\$0	\$0	\$39,053	\$0	\$0	\$0	\$0	\$0	\$0	\$39,053
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$15,069	\$48,616	\$31,659	\$0	\$76,059	\$546	\$0	\$0	\$171,949
131	Investments - Unrestricted	\$0	\$0	\$0	\$928,767	\$0	\$0	\$0	\$0	\$0	\$0	\$928,767
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$72,245	\$0	\$0	\$0	\$0	\$0	\$0	\$72,245
143	Inventories	\$0	\$0	\$0	\$248,410	\$0	\$0	\$0	\$0	\$0	\$0	\$248,410
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	(\$24,000)	\$0	\$0	\$0	\$0	\$0	\$0	(\$24,000)
144	Interprogram Due From	\$40,027	\$598	\$0	\$100,594	\$0	\$15,069	\$0	\$2,816	\$13,643	\$9,472	\$182,219
150	Total Current Assets	\$162,539	\$132,608	\$15,069	\$1,794,600	\$31,659	\$829,426	\$76,059	\$3,362	\$13,643	\$9,472	\$3,068,437

Zanesville Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
June 30, 2006

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2 WIA	Other Federal Program 3	Total
161	Land	\$0	\$0	\$0	\$1,150,687	\$0	\$0	\$0	\$0	\$0	\$0	\$1,150,687
162	Buildings	\$1,466,077	\$0	\$0	\$22,550,694	\$0	\$0	\$540,964	\$0	\$0	\$0	\$24,557,735
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$250,780	\$0	\$0	\$94,539	\$0	\$0	\$0	\$345,319
164	Furniture, Equipment & Machinery - Administration	\$15,663	\$0	\$0	\$584,080	\$0	\$22,661	\$19,461	\$0	\$0	\$0	\$641,865
165	Leasehold Improvements	\$0	\$0	\$0	\$3,319,335	\$0	\$0	\$742,388	\$0	\$0	\$0	\$4,061,723
166	Accumulated Depreciation	(\$181,594)	\$0	\$0	(\$18,600,917)	\$0	(\$14,800)	(\$138,999)	\$0	\$0	\$0	(\$18,936,310)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,300,146	\$0	\$0	\$9,254,659	\$0	\$7,861	\$1,258,353	\$0	\$0	\$0	\$11,821,019
180	Total Non-Current Assets	\$1,300,146	\$0	\$0	\$9,254,659	\$0	\$7,861	\$1,258,353	\$0	\$0	\$0	\$11,821,019
190	Total Assets	\$1,462,685	\$132,608	\$15,069	\$11,049,259	\$31,659	\$837,287	\$1,334,412	\$3,362	\$13,643	\$9,472	\$14,889,456
312	Accounts Payable <= 90 Days	\$0	\$518	\$0	\$49,221	\$979	\$8,810	\$0	\$0	\$341	\$0	\$59,869
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$100,373	\$0	\$16,337	\$14,499	\$0	\$0	\$0	\$131,209
322	Accrued Compensated Absences - Current Portion	\$0	\$3,654	\$0	\$78,947	\$0	\$17,485	\$0	\$0	\$0	\$0	\$100,086
331	Accounts Payable - HUD PHA Programs	\$0	\$50,201	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,201
341	Tenant Security Deposits	\$0	\$0	\$0	\$157,169	\$0	\$0	\$0	\$0	\$0	\$0	\$157,169
342	Deferred Revenues	\$16,238	\$0	\$0	\$0	\$0	\$683	\$0	\$2,816	\$13,302	\$9,472	\$42,511
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$30,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,120
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$10,294	\$0	\$0	\$0	\$0	\$0	\$0	\$10,294
347	Interprogram Due To	\$7,808	\$0	\$15,069	\$65,958	\$30,680	\$598	\$61,560	\$546	\$0	\$0	\$182,219
310	Total Current Liabilities	\$54,166	\$54,373	\$15,069	\$461,962	\$31,659	\$43,913	\$76,059	\$3,362	\$13,643	\$9,472	\$763,678
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$707,643	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$707,643

Zanesville Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
June 30, 2006

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2 WIA	Other Federal Program 3	Total
354	Accrued Compensated Absences - Non Current	\$0	\$3,096	\$0	\$73,970	\$0	\$15,504	\$0	\$0	\$0	\$0	\$92,570
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$52,475	\$0	\$0	\$0	\$0	\$52,475
350	Total Noncurrent Liabilities	\$707,643	\$3,096	\$0	\$73,970	\$0	\$67,979	\$0	\$0	\$0	\$0	\$852,688
300	Total Liabilities	\$761,809	\$57,469	\$15,069	\$535,932	\$31,659	\$111,892	\$76,059	\$3,362	\$13,643	\$9,472	\$1,616,366
508.1	Invested in Capital Assets, Net of Related Debt	\$562,383	\$0	\$0	\$9,254,659	\$0	\$7,861	\$1,258,353	\$0	\$0	\$0	\$11,083,256
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$138,493	\$75,139	\$0	\$1,258,668	\$0	\$717,534	\$0	\$0	\$0	\$0	\$2,189,834
513	Total Equity/Net Assets	\$700,876	\$75,139	\$0	\$10,513,327	\$0	\$725,395	\$1,258,353	\$0	\$0	\$0	\$13,273,090
600	Total Liabilities and Equity/Net Assets	\$1,462,685	\$132,608	\$15,069	\$11,049,259	\$31,659	\$837,287	\$1,334,412	\$3,362	\$13,643	\$9,472	\$14,889,456
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$1,220,656	\$0	\$0	\$0	\$0	\$0	\$0	\$1,220,656
704	Tenant Revenue - Other	\$0	\$0	\$0	\$19,262	\$0	\$0	\$0	\$0	\$0	\$0	\$19,262
705	Total Tenant Revenue	\$0	\$0	\$0	\$1,239,918	\$0	\$0	\$0	\$0	\$0	\$0	\$1,239,918
706	HUD PHA Operating Grants	\$0	\$475,348	\$26,298	\$1,150,334	\$89,452	\$3,705,624	\$688,720	\$0	\$0	\$0	\$6,135,776
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$503,505	\$0	\$0	\$0	\$503,505
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$616	\$124,429	\$32,732	\$157,777
711	Investment Income - Unrestricted	\$22,196	\$3,862	\$0	\$34,714	\$0	\$31,244	\$0	\$0	\$0	\$0	\$92,016
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$2,646	\$0	\$0	\$0	\$0	\$2,646
715	Other Revenue	\$130,434	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130,434
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$0	\$175,228	\$0	\$0	\$0	\$0	\$0	\$0	\$175,228
700	Total Revenue	\$152,630	\$479,210	\$26,298	\$2,600,194	\$89,452	\$3,739,514	\$1,192,225	\$616	\$124,429	\$32,732	\$8,437,300
911	Administrative Salaries	\$0	\$3,140	\$1,931	\$366,333	\$61,123	\$288,104	\$342,405	\$0	\$86,963	\$30,033	\$1,180,032
912	Auditing Fees	\$0	\$500	\$0	\$6,012	\$0	\$8,518	\$0	\$0	\$0	\$0	\$15,030

Zanesville Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
June 30, 2006

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2 WIA	Other Federal Program 3	Total
914	Compensated Absences	\$0	\$470	\$0	\$10,372	\$0	\$2,897	\$0	\$0	\$0	\$0	\$13,739
915	Employee Benefit Contributions - Administrative	\$0	\$2,729	\$824	\$141,782	\$10,615	\$118,651	\$35,218	\$0	\$18,214	\$0	\$328,033
916	Other Operating - Administrative	\$31,765	\$3,194	\$0	\$78,809	\$0	\$59,517	\$0	\$616	\$19,252	\$0	\$193,153
924	Tenant Services - Other	\$14,846	\$0	\$0	\$14,780	\$0	\$0	\$0	\$0	\$0	\$0	\$29,626
931	Water	\$0	\$0	\$0	\$87,384	\$0	\$0	\$0	\$0	\$0	\$0	\$87,384
932	Electricity	\$0	\$0	\$0	\$161,623	\$0	\$0	\$0	\$0	\$0	\$0	\$161,623
933	Gas	\$0	\$0	\$0	\$352,359	\$0	\$0	\$0	\$0	\$0	\$0	\$352,359
935	Labor	\$0	\$0	\$0	\$32,624	\$0	\$0	\$0	\$0	\$0	\$0	\$32,624
937	Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$16,236	\$0	\$0	\$0	\$0	\$0	\$0	\$16,236
938	Other Utilities Expense	\$0	\$0	\$0	\$170,331	\$0	\$0	\$0	\$0	\$0	\$0	\$170,331
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$548,685	\$0	\$0	\$0	\$0	\$0	\$0	\$548,685
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$142,900	\$0	\$0	\$0	\$0	\$0	\$0	\$142,900
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$692	\$0	\$64,477	\$0	\$14,131	\$111,096	\$0	\$0	\$2,699	\$193,095
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$286,594	\$0	\$0	\$0	\$0	\$0	\$0	\$286,594
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$17,714	\$0	\$0	\$0	\$0	\$0	\$17,714
953	Protective Services - Other	\$0	\$0	\$0	\$1,057	\$0	\$0	\$0	\$0	\$0	\$0	\$1,057
961	Insurance Premiums	\$0	\$0	\$0	\$137,425	\$0	\$4,835	\$0	\$0	\$0	\$0	\$142,260
962	Other General Expenses	\$0	\$0	\$0	\$7,363	\$0	\$0	\$0	\$0	\$0	\$0	\$7,363
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$14,887	\$0	\$0	\$0	\$0	\$0	\$0	\$14,887
966	Bad Debt - Other	\$0	\$0	\$0	\$151	\$0	\$0	\$0	\$0	\$0	\$0	\$151
967	Interest Expense	\$38,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,035
969	Total Operating Expenses	\$84,646	\$10,725	\$2,755	\$2,642,184	\$89,452	\$496,653	\$488,719	\$616	\$124,429	\$32,732	\$3,972,911
970	Excess Operating Revenue over Operating Expenses	\$67,984	\$468,485	\$23,543	(\$41,990)	\$0	\$3,242,861	\$703,506	\$0	\$0	\$0	\$4,464,389

Zanesville Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
June 30, 2006

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Shelter Plus Care	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2 WIA	Other Federal Program 3	Total
971	Extraordinary Maintenance	\$0	\$0	\$0	\$4,796	\$0	\$0	\$0	\$0	\$0	\$0	\$4,796
973	Housing Assistance Payments	\$0	\$454,126	\$23,543	\$0	\$0	\$2,972,330	\$0	\$0	\$0	\$0	\$3,449,999
974	Depreciation Expense	\$39,587	\$0	\$0	\$812,766	\$0	\$4,386	\$77,849	\$0	\$0	\$0	\$934,588
900	Total Expenses	\$124,233	\$464,851	\$26,298	\$3,459,746	\$89,452	\$3,473,369	\$566,568	\$616	\$124,429	\$32,732	\$8,362,294
1001	Operating Transfers In	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	(\$200,000)	\$0	\$0	\$0	(\$200,000)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$200,000	\$0	\$0	(\$200,000)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$28,397	\$14,359	\$0	(\$659,552)	\$0	\$266,145	\$425,657	\$0	\$0	\$0	\$75,006
1103	Beginning Equity	\$672,479	\$60,780	\$0	\$11,176,450	\$0	\$298,349	\$832,696	\$0	\$0	\$0	\$13,040,754
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	(\$3,571)	\$0	\$160,901	\$0	\$0	\$0	\$0	\$157,330
	Ending Equity	\$700,876	\$75,139	\$0	\$10,513,327	\$0	\$725,395	\$1,258,353	\$0	\$0	\$0	\$13,273,090
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$608,413	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$608,413
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$126,855	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$126,855
1116	Total Annual Contributions Available	\$0	\$735,268	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$735,268
1120	Unit Months Available	0	1,152	108	8,088	0	10,908	0	0	0	0	20,256
1121	Number of Unit Months Leased	0	1,116	108	7,782	0	10,709	0	0	0	0	19,715

Zanesville Metropolitan Housing Authority
PHA's Statement and Certification of Actual Cost
June 30, 2006

Capital Fund Grant Number OH16P009501-03

1. The Program Costs are as follows:

Funds Approved	\$1,085,067
Funds Expended	<u>1,085,067</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$1,085,067
Funds Expended	<u>1,085,067</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 December 5, 2005.
4. The final costs on the certification agree to the Authority's records.

Zanesville Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2006

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Section 8 New Construction	14-182	\$475,348
Shelter Plus Care	14.238	26,298
Low Rent Public Housing	14.850a	1,150,334
Resident Opportunity and Supportive Services	14.870	89,452
Housing Choice Vouchers	14.871	3,705,624
Public Housing Capital Fund Program	14.872	<u>1,192,225</u>
Total U.S. Department of Housing and Urban Development		<u>6,639,281</u>
U.S. Department of Labor Pass-Through Program From Muskingum County Workforce Investment Act (Cluster) Youth Employment Services		
	17.259	<u>124,429</u>
Total U.S. Department of Labor		<u>124,429</u>
U.S. Department of Health and Human Services Pass-Through Program From Ohio Department of Job and Family Services Temporary Assistance for Needy Families (TANF) Asset in Action		
	93.558	32,732
	93.558	<u>616</u>
Total U.S. Department of Health and Human Services		<u>33,348</u>
Total Expenditure of Federal Award		<u><u>\$6,797,058</u></u>



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

Board of Directors
Zanesville Metropolitan Housing Authority

I have audited the financial statements of the Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2006, and have issued my report thereon dated December 22, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

December 22, 2006



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

Board of Directors
Zanesville Metropolitan Housing Authority

Compliance

I have audited the compliance of the Zanesville Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Zanesville Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Zanesville Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Zanesville Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Zanesville Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Zanesville Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Zanesville Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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



Salvatore Consiglio, CPA, Inc.

December 22, 2006

Zanesville Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 and 14.872 – Housing Choice Voucher Program and 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, 2006.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no Findings or questioned costs for the year ended June 30, 2006.

Zanesville Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2006

The audit report for the fiscal year ending June 30, 2005 contained no audit findings.



Mary Taylor, CPA
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
MAY 10, 2007**