Clinton Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2005

Auditor of State
Betty Montgomery

Board of Directors
Clinton Metropolitan Housing Authority
478 Thorne Avenue
Wilmington, Ohio 45177

We have reviewed the *Independent Auditor's Report* of the Clinton Metropolitan Housing Authority, Clinton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 23, 2006

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CLINTON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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Independent Auditors' Report

Board of Directors
Clinton Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Clinton Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clinton Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, as of December 31, 2005, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* I have also issued a report dated August 2, 2006, on my consideration of Clinton Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be consider in conjunction with this report in considering the results of my audit.

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

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Clinton 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") is 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
Certified Public Accountant

August 2, 2006

CLINTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2005

Unaudited

Clinton Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by $236,311 (or 49 %) during 2005. The increase was the result of the proceeds received from the sale of the Public Housing property in 2004, and current year activities. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were $477,856 and $714,167 for 2004 and 2005 respectively.

- Revenues increased by $1,019,685 (or 207%) during 2005, and were $491,986 and $1,511,671 for 2004 and 2005 respectively.

- The total expenses of all Authority programs decreased by $233,313 (or 15%). Total expenses were $1,508,730 and $1,275,417 for 2004 and 2005 respectively.

CLINTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2005

Unaudited

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

~ Management's Discussion and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~
(other than the MD&A)

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

Unaudited

Authority-Wide Financial Statements

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

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

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

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

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

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

Unaudited

Financial Statements

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

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

The Authority's Funds

Business Type Fund

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

AUTHORITY-WIDE STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

CLINTON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended DECEMBER 31, 2005

Unaudited

TABLE 1

STATEMENT OF NET ASSETS

		2005		2004
Current and Other Assets	$	547,239	$	367,267
Capital Assets		187,468		157,830
Total Assets	$	734,707	$	525,097
Current Liabilities	$	20,540	$	47,241
Long-Term Liabilities		-		
Total Liabilities		20,540		47,241
Net Assets:				
Investment in Capital Assets, net of Related Debt		187,468		157,830
Restricted net assets		317,610		351,502
Unrestricted Net Assets		209,089		(31,476)
Total Net Assets		714,167		477,856
Total Liabilities and Net Assets	$	734,707	$	525,097

For more detailed information see page 12 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

During 2005, current and other assets increased by $179,972. Current liabilities decreased by $26,701. The current and other assets, primarily cash and receivables, increased due to current year activities.

Capital assets increasing from $157,830 to $187,468. The $29,638 increase is due to current year purchases less depreciation expense. For more detail see "Capital Assets and Debt Administration" below.

Table 2 presents details on the change in Unrestricted Net Assets

TABLE 2

CHANGE OF TOTAL NET ASSETS

		Unrestricted		Restricted Net Assets		Investment in Fixed Aseets
Beginning Balance - December 31, 2004	$	(31,476)	$	351,502	$	157,830
Results of Operation		236,254		-		-
Adjustments:						
Current year Depreciation Expense (1)		19,827		-		(19,827)
Capital Expenditure		(49,465)		-		49,465
Prior Period Adjustment		57		-		-
Transfer Between Net Assets		33,892		(33,892)		-
Ending Balance - December 31, 2005	$	209,089	$	317,610	$	187,468

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Total Net Assets provides a clearer change in financial well-being.

Unaudited

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2005	2004
Revenues		
Total Tenant Revenues	$ -	$ 8,811
Operating Subsidies	1,504,900	1,347,199
Investment Income	6,126	9,634
Other Revenues	645	640
Loss from Sale of Assets	-	(874,298)
Total Revenues	**1,511,671**	**491,986**
Expenses		
Administrative	190,139	205,693
Utilities	2,330	11,151
Maintenance	5,597	24,489
General Expenses	4,813	13,677
Housing Assistance Payaments	1,052,711	1,169,296
Depreciation	19,827	84,424
Total Expenses	**1,275,417**	**1,508,730**
Net Increases (Decreases)	**$ 236,254**	**$ (1,016,744)**

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

The change in tenant revenue was due to the Authority no longer having any public housing units. The Public Housing Units were sold in 2004. Operating Subsidies increased was due to the changes made by HUD in recognizing revenue for the Housing Choice Voucher Program. The Authority is required to recognize the entire award amount in the year received.

The other item effecting the change in total revenue is the loss incurred in 2004 from the sale of the public housing units.

The decrease in total expenses was due to decrease in Housing Assistance Payments and the change in depreciation expense for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had $187,468 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of $29,638 or 19% from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2005	2004
Land and Land Rights	$ 6,750	$ -
Buildings	353,882	333,581
Equipment	58,455	36,041
Accumulated Depreciation	(231,619)	(211,792)
Total	$ 187,468	$ 157,830

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 23 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS (IN THOUSANDS)

Beginning Balance - December 31, 2004	$	157,830
Current year Additions		49,465
Current year Depreciation Expense		(19,827)
Ending Balance - December 31, 2005	$	187,468

Current year Additions are summarized as follows:		
Purchase of house	$	27,051
Software purchased		22,414
Total 2005 Additions	$	49,465

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Kathy Collins, Executive Director of the Clinton Metropolitan Housing Authority, at (937) 382-5749. Specific requests may be submitted to the Clinton Metropolitan Housing Authority at 478 Thorne Avenue, Wilmington, OH 45177.

CLINTON METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2005

ASSETS	
Current assets	
Cash and cash equivalents	$545,098
Receivables, net	597
Prepaid expenses and other assets	1,544
Total current assets	**547,239**
Noncurrent assets	
Capital assets:	
Land	6,750
Building and equipment	412,337
Less accumulated depreciation	(231,619)
Total noncurrent assets	***187,468***
Total assets	**$734,707**
LIABILITIES	
Current liabilities	
Accounts payable	$11,366
Accrued liabilities	7,098
Intergovernmental payables	2,076
Total current liabilities	***20,540***
Total liabilities	**$20,540**
NET ASSETS	
Invested in capital assets, net of related debt	$187,468
Restricted net assets	317,610
Unrestricted net assets	209,089
Total net assets	**$714,167**

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

CLINTON METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

OPERATING REVENUES	
Government operating grants	$1,504,900
Other revenue	645
Total operating revenues	**1,505,545**
OPERATING EXPENSES	
Administrative	190,139
Utilities	2,330
Maintenance	5,597
General	4,813
Housing assistance payment	1,052,711
Depreciation	19,827
Total operating expenses	***1,275,417***
Operating income (loss)	**230,128**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	6,126
Total nonoperating revenues (expenses)	***6,126***
Income (loss) before contributions and transfers	236,254
Total net assets - beginning	477,856
Prior Period Adjustment	57
Total net assets - ending	**$714,167**

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

CLINTON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,504,900
Other revenue received	645
Total operating expenses paid	(978,545)
Net cash provided (used) by operating activities	**527,000**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	6,126
Net cash provided (used) by investing activities	**6,126**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Property and equipment purchased	(49,465)
Net cash provided (used) by capital and related activities	**(49,465)**
Net increase (decrease) in cash	483,661
Cash and cash equivalents - Beginning of year	61,437
Cash and cash equivalents - End of year	**$545,098**

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

CLINTON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2005

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	$230,128
Activities	
- Depreciation	19,827
- (Increases) Decreases in Accounts Receivable	301,339
- (Increases) Decreases in Prepaid Assets	2,407
- Increases (Decreases) in Accounts Payable	(11,377)
- Increases (Decreases) in Accounts Payable - Intergovermental	(11,487)
- Increases (Decreases) in Accrued Expenses Payable	(3,145)
- Increases (Decreases) in Accrued Compensated Absences	(692)
Net cash provided by operating activities	**$527,000**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, a 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 the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Proprietary Fund Types

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of programs

The following are the various programs which are included in the single enterprise fund:

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.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2005 totaled $6,126.

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 $250 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

The carrying amount of the Authority's deposits was $545,098 at December 31, 2005. The corresponding bank balance was $553,880. Of the bank balance, $100,000 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

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.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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 then 2 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 then one depository.

The Authority did not have any investments as of December 31, 2005 other than certificates of deposits.

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2005 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 4: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/04	Additions	Deletion	Balance 12/31/05
Capital Assets Not Being Depreciated:				
Land	$0	$6,750	$0	$6,750
Total Capital Assets Not Being Depreciated	**0**	**6,750**	**0**	**6,750**
Capital Assets Being Depreciated:				
Buildings	333,581	20,301	0	353,882
Furnt, Mach. and Equip.	36,041	22,414	0	58,455
Total Capital Assets Being Depreciated	369,622	42,715	0	412,337
Accumulated Depreciation	(211,792)	(19,827)	0	(231,619)
Total Capital Assets Being Depreciated, Net	**157,830**	**22,888**	**0**	**180,718**
Total Capital Assets, Net	**$157,830**	**$29,638**	**$0**	**$187,468**

NOTE 5: RESTRICTED NET ASSETS

The restricted net assets of $317,610 represent the assets from the sale of the public housing units. This asset is restricted by HUD and can only be used for future public housing development. The Authority has asked HUD for exception to use the proceeds from the sale for the continuing operation of the Housing Choice Voucher Program, but a response has not been received. If this request is denied, the future existence of the agency is in jeopardy.

NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit

NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2005, 2004, and 2003 amounted to $13,307, $12,534 and $17,915 respectively. Ninety-Two percent has been contributed for 2005. All required contributions for the two previous years have been paid.

NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care

NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2005 was 4.0 percent of covered payroll, which amounted to $3,928. 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.

NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 9: PRIOR PERIOD ADJUSTMENT

The prior period adjustment of $57 represent HUD adjustment to the Housing Choice Voucher Program annual contribution earned for the for the fiscal year ended December 31, 2004.

Clinton Metropolitan Housing Authority FDS Schedule Submitted To REAC Proprietary Fund Type – Enterprise Fund December 31, 2005				
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Total
111	Cash - Unrestricted	$225,907	$319,191	$545,098
100	Total Cash	$225,907	$319,191	$545,098
126	Accounts Receivable - Tenants - Dwelling Rents	$33	$0	$33
126.1	Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	$0
128	Fraud Recovery	$0	$764	$764
128.1	Allowance for Doubtful Accounts - Fraud	$0	($200)	($200)
120	Total Receivables, net of allowances for doubtful accounts	$33	$564	$597
142	Prepaid Expenses and Other Assets	$0	$1,544	$1,544
144	Interprogram Due From	$95,114	$0	$95,114
150	Total Current Assets	$321,054	$321,299	$642,353
161	Land	$6,750	$0	$6,750
162	Buildings	$20,301	$333,581	$353,882
164	Furniture, Equipment & Machinery - Administration	$0	$58,455	$58,455
165	Leasehold Improvements	$0	$0	$0
166	Accumulated Depreciation	($338)	($231,281)	($231,619)
160	Total Fixed Assets, Net of Accumulated Depreciation	$26,713	$160,755	$187,468
180	Total Non-Current Assets	$26,713	$160,755	$187,468
190	Total Assets	$347,767	$482,054	$829,821
312	Accounts Payable <= 90 Days	$1,368	$9,998	$11,366
321	Accrued Wage/Payroll Taxes Payable	$0	$1,417	$1,417
322	Accrued Compensated Absences - Current Portion	$0	$5,681	$5,681
333	Accounts Payable - Other Government	$2,076	$0	$2,076
347	Interprogram Due To	$0	$95,114	$95,114
310	Total Current Liabilities	$3,444	$112,210	$115,654
350	Total Noncurrent Liabilities	$0	$0	$0

Clinton Metropolitan Housing Authority FDS Schedule Submitted To REAC Proprietary Fund Type – Enterprise Fund December 31, 2005				
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Total
300	Total Liabilities	$3,444	$112,210	$115,654
508.1	Invested in Capital Assets, Net of Related Debt	$26,713	$160,755	$187,468
511.1	Restricted Net Assets	$317,610	$0	$317,610
512.1	Unrestricted Net Assets	$0	$209,089	$209,089
513	Total Equity/Net Assets	$344,323	$369,844	$714,167
600	Total Liabilities and Equity/Net Assets	$347,767	$482,054	$829,821
705	Total Tenant Revenue	$0	$0	$0
706	HUD PHA Operating Grants	$0	$1,504,900	$1,504,900
711	Investment Income - Unrestricted	$1,547	$1,613	$3,160
714	Fraud Recovery	$0	$70	$70
715	Other Revenue	$575	$0	$575
720	Investment Income - Restricted	$2,966	$0	$2,966
700	Total Revenue	$5,088	$1,506,583	$1,511,671
911	Administrative Salaries	$6,500	$80,565	$87,065
912	Auditing Fees	$0	$5,824	$5,824
914	Compensated Absences	$0	$10,448	$10,448
915	Employee Benefit Contributions - Administrative	$975	$30,423	$31,398
916	Other Operating - Administrative	$5,524	$49,880	$55,404
931	Water	$0	$179	$179
932	Electricity	$0	$1,650	$1,650
933	Gas	$0	$501	$501
942	Ordinary Maintenance and Operations - Materials and Other	$0	$626	$626
943	Ordinary Maintenance and Operations - Contract Costs	$0	$4,971	$4,971
961	Insurance Premiums	$0	$5,647	$5,647
964	Bad Debt - Tenant Rents	($1,070)	$0	($1,070)
966	Bad Debt - Other	$0	$236	$236
969	Total Operating Expenses	$11,929	$190,950	$202,879

Clinton Metropolitan Housing Authority FDS Schedule Submitted To REAC Proprietary Fund Type – Enterprise Fund December 31, 2005				
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Total
970	Excess Operating Revenue over Operating Expenses	($6,841)	$1,315,633	$1,308,792
973	Housing Assistance Payments	$0	$1,052,711	$1,052,711
974	Depreciation Expense	$338	$19,489	$19,827
900	Total Expenses	$12,267	$1,263,150	$1,275,417
1010	Total Other Financing Sources (Uses)	$0	$0	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($7,179)	$243,433	$236,254
1103	Beginning Equity	$351,502	$126,354	$477,856
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$57	$57
	Ending Equity	$344,323	$369,844	$714,167
1113	Maximum Annual Contributions Commitment (Per ACC)	$0	$1,504,900	$1,504,900
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$0	$106,629	$106,629
1116	Total Annual Contributions Available	$0	$1,611,529	$1,611,529
1120	Unit Months Available	0	3,516	3,516
1121	Number of Unit Months Leased	0	3,516	3,516

Clinton Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 2005

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Housing Choice Voucher Program	14.871	$1,243,661
Total Expenditure of Federal Award		$1,243,661

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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
Clinton Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Clinton Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the Clinton Metropolitan Housing Authority basic financial statements and have issued my report thereon dated August 2, 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 Clinton 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 an opinion 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 component 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 the financial statements being auditing 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 Clinton 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 grants, 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 that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other that these specified parties.

Salvatore Consiglio

Salvatore Consiglio
Certified Public Accountant

August 2, 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
Clinton Metropolitan Housing Authority

Compliance

I have audited the compliance of the Clinton Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. Clinton 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 Clinton Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Clinton 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 Clinton 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 Clinton Metropolitan Housing Authority, Ohio's compliance with those requirements.

As described in item FED-2005-1 and FED-2005-2 in the accompanying schedule of findings and questioned costs, Clinton Metropolitan Housing Authority, Ohio, did not comply with requirements regarding Special Test and Provisions that are applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for Clinton Metropolitan Housing Authority, Ohio, to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Clinton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Clinton 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 Clinton 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, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Salvatore Consiglio

Salvatore Consiglio
Certified Public Accountant

August 2, 2006

Clinton Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 2005

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Was 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	Qualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.871 Housing choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	No

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

There are no Findings or questioned costs for the year ended December 31, 2005.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER	FED-2005-1

FSS PROGRAM IMPLEMENTATION

U.S. Department of HUD
Housing Choice Voucher Program (CFDA # 14.871)

24 CFR 984 requires that each PHA that received new vouchers must operate a FSS program.

The Authority requirement is to have 30 participants in the FSS program, as of December 31, 2005 the PHA has not met the 30 participant requirement.

The PHA is working on complying with the above requirement. However, the PHA is having difficulties recruiting participants from enrolling in the program.

Recommendation:

The PHA must continue to try to comply with the above requirement.

PHA Response:

The Authority has made progress on having tenants participate in the program. Education to the tenants has been emphasized, and it is believed that this effort is working. It is anticipated that the goal of 30 participants in the program will be met by the end of the fiscal year, December 31, 2006. The Executive Director is responsible to meet this requirement.

FINDING NUMBER	FED-2005-2

Rent Reasonableness

U.S. Department of HUD
Housing Choice Voucher Program (CFDA # 14.871)

24 CFR 982.507 requires that the PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units.

Per inquiry of staff it was revealed that Authority has not updated its rent reasonable data base. Therefore, I could not determine if the rent charged by the land lords is reasonable.

This finding was noted in prior year audit.

Recommendation:

The PHA must update it data base to be able to properly document that the rent charged by landlords is reasonable.

PHA Response:

The PHA was not able to comply with this requirement in 2005. Emphases was place on resolving the other finding and implementation of the new software system for processing HAP payments. Because of this, there wasn't sufficient time finish this task. The Executive Director will perform a survey and update the date base by December 31, 2006.

Clinton Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2005

The following are the status of the December 31, 2004 audit findings. Those findings not fully corrected are repeated in the 2004 audit report.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
GAS-2004-1	Software program used for processing HAP payment is old and obsolete.	Yes	New software program was purchased and implement during the fiscal year.
GAS-2004-2	Proper segregation of duties in processing HAP payments not in place.	Yes	Executive Director is performing quality review of all tenant files.
FED-2004-1	Utility allowance study not performed and forms used not updated	Yes	Utility allowance study was performed and forms were updated.
FED-2004-2	FSS Program	No	The PHA did not meet the required number (30) of participants participating in the program. Finding was repeated as FED-2005-1.
FED-2004-3	Rent Reasonableness data base not updated	No	Rent reasonableness survey not performed and data base not updated. Finding was repeated as FED-2005-2

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CLINTON METROPOLITAN HOUSING AUTHORITY

CLINTON 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
NOVEMBER 9, 2006