

Columbiana Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2005



**Auditor of State
Betty Montgomery**

Board of Directors
Columbiana Metropolitan Housing Authority
325 Moore Street
East Liverpool, Ohio 43920-2572

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

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

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

BETTY MONTGOMERY
Auditor of State

April 19, 2006

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

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Independent Auditors' Report

Board of Directors
Columbiana Metropolitan Housing
Authority

I have audited the accompanying financial statements of the business-type activities of Columbiana Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Columbiana 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 Columbiana Metropolitan Housing Authority, Ohio, as of June 30, 2005, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2006, on my consideration of the Columbiana 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 Columbiana 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.

February 22, 2006

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

June 30, 2005

UNAUDITED

The Columbiana 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 (its ability to address the next and subsequent year challenges), 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.

FINANCIAL HIGHLIGHTS

- Net assets were \$10,000,297 and \$10,100,082 for fiscal year ending June 30, 2005 and 2004, respectively. The Authority-wide statements reflect a decrease in total net assets of \$99,785 during 2005. This decrease is reflective of the year’s activities.
- The business-type activity revenue increased by \$293,m007 during 2005, and was \$4,706,850 and \$4,999,857 for 2004 and 2005, respectively.
- The total expenses of all Authority programs decreased by \$78,220. Total expenses were \$5,182,259 and \$5,104,039 for 2004 and 2005, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Fund Financial Statement ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~

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

June 30, 2005

UNAUDITED

The focus 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.

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, equal “Net Assets”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed 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”. This account resembles the old operating reserves account.

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

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

June 30, 2005

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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.

Financial Statements

Traditional users of governmental financial statements will find the Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Fund. Enterprise fund utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Business Type Programs:

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority’s physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

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.

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

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State and Local Program – The State and Local Program represents the Authority contracts with the Columbiana County Department of Job and Family Services, City of Salem, City of East Liverpool and Columbiana Mental Health Board. Under these contracts the Authority administers a voucher program for the Cities of East Liverpool and City of Salem. The Authority contract with the Mental Health Board is to provide housing quality inspections and the contract with the Department of Job and Family Service is to operate an After School Program for disadvantage youths.

Shelter Plus Care Program – Under the Shelter Plus Care Program, the Authority administers contracts with independent landlords that own the property and property owned and managed by Columbiana County Mental Health. 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.

Component Unit – The component unit represent the program operated by the Housing Program Limited Corporation, a not for profit corporation under the Internal Revenue Service ruling section 501 (c) (3). This out of school program is an educational and recreational program for school aged resident. The program is provided on site at the Authority family developments. The program offers a safe, friendly and clean setting that promotes educational programs targeting a healthy lifestyle and reducing risky behaviors. The program also reinforces academics by helping students with homework and providing educational computer software in the Authority computer labs.

AUTHORITY-WIDE STATEMENT

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.

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

June 30, 2005

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

	<u>2005</u>	RESTATED <u>2004</u>
Current and Other Assets	\$ 796,534	\$ 1,654,130
Capital Assets	<u>10,756,853</u>	<u>10,026,822</u>
 Total Assets	 <u>\$ 11,553,387</u>	 <u>\$ 11,680,952</u>
 Current Liabilities	 \$ 346,698	 \$ 271,499
Long-Term Liabilities	<u>1,206,392</u>	<u>1,309,371</u>
 Total Liabilities	 <u>1,553,090</u>	 <u>1,580,870</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	9,493,259	8,669,957
Restricted Net Assets	-	777,847
Unrestricted Net Assets	<u>507,038</u>	<u>652,278</u>
 Total Net Assets	 <u>10,000,297</u>	 <u>10,100,082</u>
 Total Liabilities and Net Assets	 <u>\$ 11,553,387</u>	 <u>\$ 11,680,952</u>

For more detail information see Statement of Net Assets presented elsewhere in this report. The 2004 amounts were restated to eliminate the interprogram due to/from.

Major Factors Affecting the Statement of Net Assets

During 2005 current and non-current assets decreased by \$857,596 and total liabilities decreased by \$27,780. The Authority signed an energy performance contract with Honeywell during 2005 year. The decrease in the current asset is accounted for in the cash balance on hand of \$777,847 which is restricted for the pay-off of Honeywell contract. The decrease in the liability is explained by the note payable with Citibank financed the energy savings capital improvement. Two loan payments were made in September 15, 2004 and March 15, 2005.

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

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Capital assets net change between 2005 and 2004 was \$730,031. This is reflected by the current year improvements for the energy savings program, less depreciation expense.

During 2005 Total Net Assets decreased by \$99,785. This can be explained by the increase in the Housing Assistance Payments and the decrease in depreciation expenses due to the large amount of expenditure from the capital fund program in prior years, and restricted funds being disbursed to Honeywell, Inc. for the Energy Performance Contract.

Statement of Revenue, Expenses and Change 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.

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

	<u>2005</u>	<u>2004</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 506,217	\$ 572,728
Operating Subsidies	3,920,321	3,483,757
Capital Grants	501,576	385,789
Investment Income	24,736	13,068
Other Revenues	47,007	251,508
Total Revenues	<u>4,999,857</u>	<u>4,706,850</u>
<u>Expenses</u>		
Administrative	973,296	985,875
Tenant Services	8,394	11,800
Utilities	444,828	402,142
Maintenance	622,380	579,478
Protective Services	185,310	153,248
General and Interest Expenses	191,003	144,834
Housing Assistance Payments	2,056,181	2,060,414
Depreciation	622,647	844,468
Total Expenses	<u>5,104,039</u>	<u>5,182,259</u>
Net Increases (Decreases)	<u>\$ (104,182)</u>	<u>\$ (475,409)</u>

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

June 30, 2005

UNAUDITED

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets

Tenant revenue declined. This reduction was primarily due to vacancies associated with marketing conditions for the 3, 4, and 5 bedroom units. Especially at Woodland Hills where CMHA has 125 family units with no waiting list for 3,4, and 5 bedroom apartments.

Operating Subsidies, Grants and Capital Grants increased. This was primarily due to a higher level of activity in the areas of capital grants. Operating subsidies and grants have increased accordingly.

Most expenses decreased. Assets became fully depreciated during fiscal year 2005. The decrease was also due to the cost effective insurance premiums which decreased the health benefits by 14%. Also, the retirement of an administrative employee's payment of accrued vacation and sick leave.

The HAP payments decreased by \$4,233. The decrease was due to fewer lease-ups caused by subsidy reduction by HUD. Columbiana County Housing Authority's Section Eight lease-up for 2005 was 97% and 2004 was 99%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$10,756,853 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$730,031 from the end of last year.

Table 3 - Condensed Statement of Changes in Capital Assets

	<u>2005</u>	<u>2004</u>
Land and Land Rights	\$ 1,057,760	\$ 1,056,540
Buildings	20,803,945	19,510,262
Equipment	843,874	890,331
Leasehold Improvements	2,326,010	2,271,432
Construction in Progress	785,000	801,351
Accumulated Depreciation	<u>(15,059,736)</u>	<u>(14,503,094)</u>
Total	<u>\$ 10,756,853</u>	<u>\$ 10,026,822</u>

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

June 30, 2005

UNAUDITED

Table 4 - Changes in Capital Assets

Beginning Balance - June 30, 2004	\$ 10,026,822
Current year Additions	1,352,678
Current year Depreciation Expense	<u>(622,647)</u>
 Ending Balance - June 30, 2005	 \$ <u><u>10,756,853</u></u>
 Current year Additions are summarized as follows:	
Capital Improvement Program	\$ 573,611
Energy Savings Program	777,847
Purchase of Land	<u>1,220</u>
 Total 2005 Additions	 \$ <u><u>1,352,678</u></u>

Debt Outstanding

As of year-end, the Authority had \$1,263,594 in debt (bonds, notes, etc.) outstanding compared to \$1,356,866 for prior year. The \$93,272 debt decrease was due to principal payments made during the year:

Table 5 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - June 30, 2004	\$ 1,356,866
Current Year Principal Payments	<u>(93,272)</u>
 Ending Balance - June 30, 2005	 \$ <u><u>1,263,594</u></u>

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

June 30, 2005

UNAUDITED

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

Columbiana Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Claudia Pilarcik, Deputy Director of the Columbiana Metropolitan Housing Authority. Specific requests may be submitted to Claudia Pilarcik, Deputy Director, Columbiana Metropolitan Housing Authority, 325 Moore Street, East Liverpool, OH 43920.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
June 30, 2005

ASSETS

Current assets

Cash and cash equivalents	\$619,195
Receivables, net	62,645
Inventories, net	13,866
Prepaid expenses and other assets	57,322
Total current assets	<u>753,028</u>

Noncurrent assets

Capital assets:	
Land	1,057,760
Building and equipment	23,973,829
Construction in Progress	785,000
Less accumulated depreciation	<u>(15,059,736)</u>
Capital assets, net	10,756,853
Other noncurrent assets	<u>43,506</u>
Total noncurrent assets	<u>10,800,359</u>
Total assets	<u><u>\$11,553,387</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$29,049
Accrued liabilities	29,746
Intergovernmental payables	32,531
Tenant security deposits	38,306
Deferred revenue	125,896
Bonds, notes, and loans payable	<u>91,170</u>
Total current liabilities	<u>346,698</u>

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
June 30, 2005

Noncurrent liabilities	
Bonds, notes, and loans payable	1,172,424
Accrued compensated absences non-current	33,968
<i>Total noncurrent liabilities</i>	<u>1,206,392</u>
Total liabilities	<u><u>\$1,553,090</u></u>
 <i>NET ASSETS</i>	
Invested in capital assets, net of related debt	\$9,493,259
Unrestricted net assets	507,038
Total net assets	<u><u>\$10,000,297</u></u>

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

OPERATING REVENUES

Tenant Revenue	\$506,217
Government operating grants	3,920,321
Other revenue	42,058
Total operating revenues	<u>4,468,596</u>

OPERATING EXPENSES

Administrative	973,296
Tenant services	8,394
Utilities	444,828
Maintenance	622,380
Protective services	185,310
General	121,556
Housing assistance payment	2,056,181
Depreciation	622,647
Total operating expenses	<u>5,034,592</u>
Operating income (loss)	<u>(565,996)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	24,736
Miscellaneous revenue	4,949
Interest expense	(69,447)
Total nonoperating revenues (expenses)	<u>(39,762)</u>
Income (loss) before contributions and transfers	(605,758)

Capital grants	501,576
Change in net assets	(104,182)
Prior Period Adjustment	4,397
Total net assets - beginning	10,100,082
Total net assets - ending	<u><u>\$10,000,297</u></u>

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

Columbiana Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$3,929,769
Tenant revenue received	511,076
Other revenue received	56,851
General and administrative expenses paid	(2,283,323)
Housing assistance payments	<u>(2,056,181)</u>

Net cash provided (used) by operating activities 158,192

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned received	24,736
Cash received from note receivable	<u>17,179</u>

Net cash provided (used) by investing activities 41,915

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	501,576
Proceeds from Sale of Capital Assets	3,045
Property and equipment purchased	<u>(1,350,774)</u>

Net cash provided (used) by capital and related activities (846,153)

CASH FLOWS FROM FINANCING ACTIVITIES

Interest Payment	(74,707)
Principal Payment	<u>(93,272)</u>

Net cash provided (used) by financing activities (167,979)

Net increase (decrease) in cash (814,025)

Cash and cash equivalents - Beginning of year 1,433,220

Cash and cash equivalents - End of year \$619,195

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

**Columbiana Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2005**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$565,996)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	622,647
- (Increases) Decreases in Accounts Receivable	11,383
- (Increases) Decreases in Inventory	17,133
- (Increases) Decreases in Prepaid Assets	2,274
- Increases (Decreases) in Accounts Payable	(31,015)
- Increases (Decreases) in Accounts Payable - PILOT	(13,716)
- Increases (Decreases) in Accrued Expenses Payable	(10,775)
- Increases (Decreases) in Deferred Revenue	123,703
- Increases (Decreases) in Tenant Security Deposits	2,554
Net cash provided by operating activities	\$158,192

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1: REPORTING ENTITY

Introduction

The Columbiana 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 Columbiana 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.

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

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

NOTE 1: REPORTING ENTITY (Continued)

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.

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.

The accompanying financial statements present the Authority's primary government and the Housing Program Limited Corporation, component unit, which the Authority exercises, significant control.

Component Units

The component unit reported in the Authority financial statements as shown below:

<u>Blended Presented Component Unit</u>	<u>Brief Description and Relationship</u>
Housing Program Limited Corporation	A not for profit corporation under the IRS ruling 501 (c) (3). The corporation was created by Columbiana Metropolitan Housing Authority to operate it's after school program and to be eligible to apply for other funding that the non-profit organization may be eligible for. The board members consist of the Executive Director, Finance Director and another staff of the Authority.

Description of programs

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

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

NOTE 1: REPORTING ENTITY (Continued)

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Shelter Plus Care

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities. The Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

E. State and Local Fund

The Authority administered a contract with Columbiana County Department of Job and Family Services, City of Salem, City of East Liverpool and Columbiana Mental Health to provide rental assistance services to their clients. CMHA administers contracts with independent landlords that own the property. This funding enables the Authority to structure a lease that sets the participants' rent at 30% of the household's income.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Proprietary Fund Types

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

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

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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

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

Inventory

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

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2005 totaled \$24,736.

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.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

These deposits must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation.

Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

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

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

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

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

Deposits

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

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

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

Deposits - At year-end, the carrying amount of the Authority's deposits was \$619,195 and the bank balance was \$705,327. The difference represents outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by Federal depository insurance and the remaining balance of \$205,327 was covered by security pledged in the name of the housing authority as required by HUD.

Investments - The Authority's had no investments during the fiscal year.

NOTE 4: TENANT ACCOUNT RECEIVABLES

As of June 30, 2005, tenant account receivable is shown net of an allowance for doubtful accounts of \$10,781.

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.

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2005, 2004, and 2003 amounted to \$117,911, \$113,185, and \$95,342. These costs have been charged to the employee fringe benefit account. All required contributions have been paid.

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

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

NOTE 6: POST-EMPLOYMENT BENEFITS (Continued)

portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2005 was 4.0 percent of covered payroll, which amounted to \$34,808. 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 7: CAPITAL ASSETS

The following is a summary of Capital assets:

Land	\$1,057,760
Buildings	20,803,945
Furniture, Machinery and Equipment - Dwelling	270,724
Furniture, Machinery and Equipment – Admin	573,150
Leasehold Improvements	2,326,010
Construction in Progress	785,000
Total Capital assets	25,816,589
Accumulated Depreciation	(15,059,736)
Net Capital assets	\$10,756,853

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

NOTE 7: CAPITAL ASSETS

The following is a summary of changes:

	Balance 07/01/04	Adjust	Additions	Disposal	Balance 06/30/05
Land	\$1,056,540	\$0	\$1,220	\$0	\$1,057,760
Buildings	19,510,262	801,351	492,332	0	20,803,945
F, M & E - Dwelling	276,144	(5,420)	0	0	270,724
F, M & E – Admin	614,187	5,420	19,548	66,005	573,150
Leasehold Imprv.	2,271,432	0	54,578	0	2,326,010
Constr. in Prog.	801,351	(801,351)	785,000	0	785,000
Total Capital assets	\$24,529,916	\$0	\$1,352,678	\$66,005	\$25,816,589

NOTE 9: LONG-TERM DEBT

Promissory Note Payable – Home Savings & Loan

Columbiana Metropolitan Housing Authority has an outstanding note payable with Home Savings & Loan (formally Potter Bank) for \$53,006 as of June 30, 2005. The original note was for \$85,000 dated August 2, 2001 to be used for renovation of a building owned by the PHA and leased to the Community Action Agency of Columbiana County. The note contains an interest rate of 7% fixed through March 3, 2002 at which time a Certificate of Deposit securing the note matures. Interest thereafter is calculated at the then current Certificate of Deposit rate plus 2%. A monthly principal payment of \$472.22 plus the current interest rate is due monthly starting on September 2, 2001 through the maturity date of August 2, 2016.

Lease/Purchase Agreement – Citicorp North America, Inc.

Columbiana Metropolitan Housing Authority entered into an energy performance contract with Honeywell International Inc. on February 11, 2004 for \$1,294,815. North America, Inc. (CitiCapital) provides the financing source for the project. The term of the loan is 144 semi-annual payments at 4.35% fixed interest rate. The outstanding loan balance as of June 30, 2005 is \$1,210,588.

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

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

NOTE 9: LONG-TERM DEBT (Continued)

DESCRIPTION	BALANCE 06/30/04	ISSUED	RETIRED	BALANCE 06/30/05
Home Savings & Loan	\$62,051	\$-0-	\$9,045	\$53,006
Citicorp North America, Inc.	1,294,815	-0-	84,227	1,210,588
TOTAL	<u>\$1,356,866</u>	<u>\$-0-</u>	<u>\$93,272</u>	<u>\$1,263,594</u>

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

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
June 30, 2006	\$91,170	\$54,143
2007	95,193	50,120
2008	99,393	45,920
2009	103,780	41,533
2010	108,359	36,954
2011 – 2015	617,881	108,684
2016 – 2020	<u>147,818</u>	<u>5,152</u>
Total	<u>\$1,263,594</u>	<u>\$342,506</u>

NOTE 10: PRIOR PERIOD ADJUSTMENT

Beginning retained earnings for 2005 was adjusted to reflect adjustment made by HUD of \$4,411 to the Housing Choice Voucher Program for prior year administration fees earned, and an immaterial adjustment of \$14 to the Low Rent Program to reconcile with prior year audit report.

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.

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

NOTE 13: CONTINGENCIES

Litigations and Claims

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

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.

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

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Temporary Assistance for Needy Families	Total
111	Cash - Unrestricted	\$0	\$349,233	\$143,162	\$0	\$0	\$126,800	\$0	\$619,195
100	Total Cash	\$0	\$349,233	\$143,162	\$0	\$0	\$126,800	\$0	\$619,195
124	Accounts Receivable - Other Government	\$0	\$0	\$8,429	\$0	\$16,980	\$0	\$0	\$25,409
125	Accounts Receivable - Miscellaneous	\$0	\$3,521	\$0	\$0	\$6,930	\$0	\$0	\$10,451
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$13,179	\$0	\$0	\$0	\$0	\$0	\$13,179
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$2,398)	\$0	\$0	\$0	\$0	\$0	(\$2,398)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$9,500	\$0	\$0	\$0	\$0	\$0	\$9,500
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$5,972	\$532	\$0	\$0	\$0	\$0	\$6,504
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$29,774	\$8,961	\$0	\$23,910	\$0	\$0	\$62,645
142	Prepaid Expenses and Other Assets	\$0	\$57,322	\$0	\$0	\$0	\$0	\$0	\$57,322
143	Inventories	\$0	\$17,310	\$0	\$0	\$0	\$0	\$0	\$17,310
143.1	Allowance for Obsolete Inventories	\$0	(\$3,444)	\$0	\$0	\$0	\$0	\$0	(\$3,444)
144	Interprogram Due From	\$0	\$22,405	\$22,496	\$0	\$0	\$0	\$0	\$44,901
150	Total Current Assets	\$0	\$472,600	\$174,619	\$0	\$23,910	\$126,800	\$0	\$797,929
161	Land	\$0	\$1,057,760	\$0	\$0	\$0	\$0	\$0	\$1,057,760
162	Buildings	\$0	\$20,803,945	\$0	\$0	\$0	\$0	\$0	\$20,803,945
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$270,724	\$0	\$0	\$0	\$0	\$0	\$270,724
164	Furniture, Equipment & Machinery - Administration	\$0	\$432,418	\$135,312	\$0	\$0	\$5,420	\$0	\$573,150
165	Leasehold Improvements	\$0	\$2,326,010	\$0	\$0	\$0	\$0	\$0	\$2,326,010
166	Accumulated Depreciation	\$0	(\$14,968,391)	(\$89,207)	\$0	\$0	(\$2,138)	\$0	(\$15,059,736)
167	Construction In Progress	\$0	\$0	\$0	\$785,000	\$0	\$0	\$0	\$785,000

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

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Temporary Assistance for Needy Families	Total
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$9,922,466	\$46,105	\$785,000	\$0	\$3,282	\$0	\$10,756,853
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$43,506	\$0	\$0	\$0	\$0	\$0	\$43,506
180	Total Non-Current Assets	\$0	\$9,965,972	\$46,105	\$785,000	\$0	\$3,282	\$0	\$10,800,359
190	Total Assets	\$0	\$10,438,572	\$220,724	\$785,000	\$23,910	\$130,082	\$0	\$11,598,288
312	Accounts Payable <= 90 Days	\$0	\$21,302	\$5,489	\$0	\$1,505	\$753	\$0	\$29,049
321	Accrued Wage/Payroll Taxes Payable	\$0	\$4,748	\$0	\$0	\$0	\$0	\$0	\$4,748
322	Accrued Compensated Absences - Current Portion	\$0	\$8,976	\$4,769	\$0	\$0	\$0	\$0	\$13,745
325	Accrued Interest Payable	\$0	\$11,253	\$0	\$0	\$0	\$0	\$0	\$11,253
333	Accounts Payable - Other Government	\$0	\$32,531	\$0	\$0	\$0	\$0	\$0	\$32,531
341	Tenant Security Deposits	\$0	\$38,306	\$0	\$0	\$0	\$0	\$0	\$38,306
342	Deferred Revenues	\$0	\$4,919	\$120,977	\$0	\$0	\$0	\$0	\$125,896
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$91,170	\$0	\$0	\$0	\$0	\$0	\$91,170
347	Interprogram Due To	\$0	\$22,496	\$0	\$0	\$22,405	\$0	\$0	\$44,901
310	Total Current Liabilities	\$0	\$235,701	\$131,235	\$0	\$23,910	\$753	\$0	\$391,599
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$1,172,424	\$0	\$0	\$0	\$0	\$0	\$1,172,424
354	Accrued Compensated Absences - Non Current	\$0	\$26,926	\$7,042	\$0	\$0	\$0	\$0	\$33,968
350	Total Noncurrent Liabilities	\$0	\$1,199,350	\$7,042	\$0	\$0	\$0	\$0	\$1,206,392
300	Total Liabilities	\$0	\$1,435,051	\$138,277	\$0	\$23,910	\$753	\$0	\$1,597,991
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Temporary Assistance for Needy Families	Total
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$8,658,872	\$46,105	\$785,000	\$0	\$3,282	\$0	\$9,493,259
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$344,649	\$36,342	\$0	\$0	\$126,047	\$0	\$507,038
513	Total Equity/Net Assets	\$0	\$9,003,521	\$82,447	\$785,000	\$0	\$129,329	\$0	\$10,000,297
600	Total Liabilities and Equity/Net Assets	\$0	\$10,438,572	\$220,724	\$785,000	\$23,910	\$130,082	\$0	\$11,598,288
703	Net Tenant Rental Revenue	\$0	\$489,555	\$0	\$0	\$0	\$0	\$0	\$489,555
704	Tenant Revenue - Other	\$0	\$16,662	\$0	\$0	\$0	\$0	\$0	\$16,662
705	Total Tenant Revenue	\$0	\$506,217	\$0	\$0	\$0	\$0	\$0	\$506,217
706	HUD PHA Operating Grants	\$55,303	\$1,194,793	\$2,194,436	\$237,369	\$0	\$0	\$0	\$3,681,901
706.1	Capital Grants	\$0	\$0	\$0	\$501,576	\$0	\$0	\$0	\$501,576
708	Other Government Grants	\$0	\$0	\$0	\$0	\$82,914	\$0	\$155,506	\$238,420
711	Investment Income - Unrestricted	\$0	\$22,258	\$1,062	\$0	\$0	\$1,416	\$0	\$24,736
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$20	\$42,038	\$0	\$0	\$0	\$0	\$0	\$42,058
716	Gain/Loss on Sale of Fixed Assets	\$0	\$4,949	\$0	\$0	\$0	\$0	\$0	\$4,949
700	Total Revenue	\$55,323	\$1,770,255	\$2,195,498	\$738,945	\$82,914	\$1,416	\$155,506	\$4,999,857
911	Administrative Salaries	\$0	\$290,129	\$117,141	\$62,438	\$1,165	\$0	\$104,517	\$575,390
912	Auditing Fees	\$0	\$5,400	\$5,400	\$0	\$0	\$0	\$0	\$10,800
913	Outside Management Fees	\$4,099	\$0	\$0	\$0	\$7,261	\$0	\$5,981	\$17,341
914	Compensated Absences	\$0	\$17,763	\$7,172	\$0	\$0	\$0	\$0	\$24,935

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

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Temporary Assistance for Needy Families	Total
915	Employee Benefit Contributions - Administrative	\$0	\$113,448	\$57,413	\$40,610	\$175	\$0	\$30,308	\$241,954
916	Other Operating - Administrative	\$0	\$41,814	\$48,150	\$11,811	\$0	\$1,101	\$0	\$102,876
924	Tenant Services - Other	\$0	\$8,394	\$0	\$0	\$0	\$0	\$0	\$8,394
931	Water	\$0	\$170,677	\$0	\$0	\$0	\$0	\$0	\$170,677
932	Electricity	\$0	\$110,464	\$0	\$0	\$0	\$0	\$0	\$110,464
933	Gas	\$0	\$135,861	\$0	\$0	\$0	\$0	\$0	\$135,861
938	Other Utilities Expense	\$0	\$27,826	\$0	\$0	\$0	\$0	\$0	\$27,826
941	Ordinary Maintenance and Operations - Labor	\$0	\$289,616	\$0	\$0	\$0	\$0	\$0	\$289,616
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$110,029	\$0	\$0	\$0	\$0	\$0	\$110,029
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$78,436	\$363	\$0	\$0	\$0	\$0	\$78,799
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$143,936	\$0	\$0	\$0	\$0	\$0	\$143,936
952	Protective Services - Other Contract Costs	\$0	\$62,800	\$0	\$0	\$0	\$0	\$0	\$62,800
953	Protective Services - Other	\$0	\$0	\$0	\$122,510	\$0	\$0	\$0	\$122,510
961	Insurance Premiums	\$0	\$87,674	\$3,684	\$0	\$0	\$0	\$0	\$91,358
962	Other General Expenses	\$0	\$1,815	\$0	\$0	\$6,300	\$0	\$14,700	\$22,815
963	Payments in Lieu of Taxes	\$0	\$7,189	\$0	\$0	\$0	\$0	\$0	\$7,189
964	Bad Debt - Tenant Rents	\$0	\$194	\$0	\$0	\$0	\$0	\$0	\$194
967	Interest Expense	\$0	\$69,447	\$0	\$0	\$0	\$0	\$0	\$69,447
969	Total Operating Expenses	\$4,099	\$1,772,912	\$239,323	\$237,369	\$14,901	\$1,101	\$155,506	\$2,425,211
970	Excess Operating Revenue over Operating Expenses	\$51,224	(\$2,657)	\$1,956,175	\$501,576	\$68,013	\$315	\$0	\$2,574,646
973	Housing Assistance Payments	\$51,224	\$0	\$1,936,944	\$0	\$68,013	\$0	\$0	\$2,056,181
974	Depreciation Expense	\$0	\$592,679	\$28,884	\$0	\$0	\$1,084	\$0	\$622,647
900	Total Expenses	\$55,323	\$2,365,591	\$2,205,151	\$237,369	\$82,914	\$2,185	\$155,506	\$5,104,039

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

Line Item No.	Account Description	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Temporary Assistance for Needy Families	Total
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	(\$595,336)	(\$9,653)	\$501,576	\$0	(\$769)	\$0	(\$104,182)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$93,272	\$0	\$0	\$0	\$0	\$0	\$93,272
1103	Beginning Equity	\$0	\$8,985,766	\$87,689	\$896,529	\$0	\$130,098	\$0	\$10,100,082
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$613,091	\$4,411	(\$613,105)	\$0	\$0	\$0	\$4,397
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$2,251,242	\$0	\$0	\$0	\$0	\$2,251,242
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$80,433	\$0	\$0	\$0	\$0	\$80,433
1116	Total Annual Contributions Available	\$0	\$0	\$2,331,675	\$0	\$0	\$0	\$0	\$2,331,675
1120	Unit Months Available	192	5,748	6,744	0	72	0	0	12,756
1121	Number of Unit Months Leased	191	5,366	6,504	0	71	0	0	12,132

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

Comprehensive Grant Number OH12P026502-02

1. The Program Costs are as follows:

Funds Approved	\$805,604
Funds Expended	<u>805,601</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$805,604
Funds Expended	<u>805,601</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 July 29, 2004.
4. The final costs on the certification agree to the Authority's records.

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

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Shelter Plus Care	14.238	\$55,303
Low Rent Public Housing	14.850	1,194,793
Housing Choice Vouchers	14.871	2,194,436
Public Housing Capital Fund Program	14.872	<u>738,945</u>
Total U.S. Department of Housing and Urban Development		<u>4,183,477</u>
U.S. Department of Health and Human Services Pass-Through Program From Columbiana County Department of Job and Family Services		
Temporary Assistance for Needy Families (TANF)	93.558	<u>155,506</u>
Total U.S. Department of Health and Human Services		<u>155,506</u>
Total Expenditure of Federal Award		<u>\$4,338,983</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
Columbiana Metropolitan Housing Authority

I have audited the financial statements of the Columbiana Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, and have issued my report thereon dated February 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 Columbiana 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. However, I noted certain matters that I reported to management in Columbiana Metropolitan Housing Authority, Ohio, in a separate letter dated February 22, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbiana 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.

February 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
Columbiana Metropolitan Housing
Authority

Compliance

I have audited the compliance of the Columbiana Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Columbiana 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 Columbiana Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Columbiana 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 Columbiana 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 Columbiana Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Columbiana Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Columbiana 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 Columbiana 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.

February 22, 2006

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

1. SUMMARY OF AUDITOR'S RESULTS

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

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

3. FINDINGS RELATED TO FEDERAL AWARDS

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

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

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



**Auditor of State
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COLUMBIANA METROPOLITAN HOUSING AUTHORITY

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2006**