

**AUDITED BASIC FINANCIAL STATEMENTS**  
**OF THE**  
**MORROW METROPOLITAN HOUSING AUTHORITY**  
**OCTOBER 1, 2004 – SEPTEMBER 30, 2005**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Morrow Metropolitan Housing Authority  
943 Adams Street  
PO Box 7  
Marion, Ohio 43301-0007

We have reviewed the *Independent Auditor's Report* of the Morrow Metropolitan Housing Authority, Morrow County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2004 through September 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 Morrow 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 24, 2006

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MORROW METROPOLITAN HOUSING AUTHORITY  
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Board of Directors  
Morrow Metropolitan Housing Authority  
81 North Rich Street  
Mt. Gilead, Ohio 43338

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Morrow Metropolitan Housing Authority, Morrow County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Morrow Metropolitan Housing Authority, Morrow County as of September 30, 2005, and the changes in its financial position and its cash flows, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 8, the Authority restated net assets for improperly recording certain accounts payable. In addition, the Authority adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* as disclosed in Note 9.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2006, on our consideration of the Authority's internal control over financial reporting and our 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 our 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 results of our audit.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

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Board of Directors  
Independent Auditors' Report

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

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Federal Awards Expenditures as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Supplementary Financial Data Schedules, as required by the U.S. Department of Housing and Urban Development, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

*Wilson, Shuman & Sauer, Inc.*

Newark, Ohio  
February 24, 2006

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

The Morrow 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 fiscal 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 (beginning on page 12).

**FINANCIAL HIGHLIGHTS**

- During fiscal year 2005, the Authority's net assets increased by \$23,832 (or 49.15%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$48,491 (as restated) and \$72,323 for fiscal year 2004 and fiscal year 2005, respectively.
  
- The revenue decreased by \$34,631 (or 5.42%) during fiscal year 2005, and was \$638,851 and \$604,220 for fiscal year 2004 and fiscal year 2005, respectively.
  
- The total expenses of the Authority decreased \$59,223 (or 9.26%). Total expenses were \$639,611 and \$580,388 for fiscal year 2004 (as restated) and fiscal year 2005, respectively.

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**USING THIS ANNUAL REPORT**

The following is a graphic outlining the three major sections of the report.

<p><b>MD&amp;A</b></p> <p>~ Management Discussion and Analysis ~</p>
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<p><b>Basic Financial Statements</b></p> <p>~ Basic Financial Statements – pgs 12-14 ~ ~ Notes to Financial Statements – pgs 15-21 ~</p>
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<p><b>Other Required Supplementary Information</b></p> <p>~ Required Supplementary Information - none~ (other than MD&amp;A)</p>
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The primary focus of the Authority's financial statement is on the Authority as a whole and its respective financial position. This perspective allows the user to address relevant questions, broaden a basis for comparison (year-to-year or Authority-to-Authority) and enhance the Authority's accountability.

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like and present the results of operations.

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 to 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 Net Fund Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as Housing and Urban Development Grants, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as interest income.

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, 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.

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**The Authority's Funds**

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of more significant programs is as follows:

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 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 adjusted household income.

Other Programs - In addition to the major programs listed above, the Authority also maintains the following programs. The only other program the Authority is involved with is listed below:

HOME Activities – represent other HUD resources developed through a grant agreement with Morrow County.

Business Activities – represents non-HUD resources developed from a variety of activities, including services to other entities.

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**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**

**STATEMENT OF NET ASSETS**

	<u>2005</u>	(Restated) <u>2004</u>
Current and Other Assets	\$ 120,228	\$119,643
Capital Assets	<u>3,706</u>	<u>5,413</u>
Total Assets	<u>123,934</u>	<u>125,056</u>
Other Liabilities	47,301	52,102
Non-Current Liabilities	<u>4,310</u>	<u>24,463</u>
Total Liabilities	<u>51,611</u>	<u>76,565</u>
Net Assets:		
Invested in Capital Assets	3,706	5,413
Unrestricted	<u>68,617</u>	<u>43,078</u>
Total Net Assets	\$ <u>72,323</u>	\$ <u>48,491</u>

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

**Major Factors Affecting the Statement of Net Assets**

Current and Other Assets were increased by \$585 in fiscal year 2005. Total liabilities decreased by \$24,954. Liability related to the Family Self-Sufficiency program increased by \$22,675 in fiscal year 2005 due to increasing number of participants. \$43,262 of cash is restricted for Family Self-Sufficiency program participants (see Note 5 for further detail regarding the FSS program.) At September 30, 2004 the Authority had \$47,213 reported as HUD and other Governmental Payables which the Authority paid out in fiscal year 2005. At September 30, 2005, the Authority reported \$41,337 as HUD Accounts Receivable.

The February 28, 2005 purchase of the computer software for \$497 was the only capital asset acquisition made during the fiscal year. For more detail see "Capital Assets and Debt Administration" below.

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**TABLE 2**

**CHANGE OF UNRESTRICTED NET ASSETS**

Unrestricted Net Assets October 1, 2004 (1)		\$ 43,078
Results of Operation	\$23,832	
Adjustments:		
Depreciation (2)	<u>2,204</u>	
Adjusted Results from Operations		26,036
Capital Expenditures		<u>(497)</u>
Unrestricted Net Assets September 30, 2005		\$ <u>68,617</u>

(1) HUD adjusted fiscal year 2004 year-end reports reducing administrative fees earned thereby increasing the payable made to HUD for fiscal year 2004.

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

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

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**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(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.

	<u>2005</u>	(Restated) <u>2004</u>
Revenues		
HUD PHA Operating Grants	\$ 562,210	\$ 601,914
Investment Income	275	207
Other Revenues – Service Income	41,705	36,730
Other Revenues – Fraud Recovery	<u>30</u>	<u>-</u>
Total Revenue	<u>604,220</u>	<u>638,851</u>
Expenses		
Administrative	149,868	156,199
Maintenance	2,541	3,426
General	5,738	6,183
Housing Assistance Payments	420,037	472,252
Depreciation	<u>2,204</u>	<u>1,551</u>
Total Expenses	<u>580,388</u>	<u>639,611</u>
Net Increase (Decrease)	\$ <u>23,832</u>	\$ <u>(760)</u>

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

The Housing Choice Program leasing rate was 98% for fiscal year 2004 and 97% for fiscal year 2005 which translates to approximately 17 fewer unit months leased during the fiscal year. In addition the Home Program through the county was active for only 8 months of fiscal year 2005 whereas the program was active for the entire fiscal year 2004. Both these factors resulted in less grant revenue and housing assistance payments during fiscal year 2005.

Administrative expense decreased \$6,331 due to less overtime worked during fiscal year 2005 and reduction of hours per workweek taken by one employee.

Most other expenses decreased moderately due to conservative efforts made by management of the Authority to limit expenses.

**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2005, the Authority had \$3,706 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

**TABLE 4**

**CAPITAL ASSETS AT FISCAL YEAR-END  
(NET OF DEPRECIATION)**

	Business-Type Activities	
	<u>2005</u>	<u>2004</u>
Equipment – Administrative	\$ 12,927	\$ 12,430
Accumulated Depreciation	<u>(9,221)</u>	<u>(7,017)</u>
Total	\$ <u>3,706</u>	\$ <u>5,413</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

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**MORROW METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(UNAUDITED)**

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

	Business-Type Activities
Beginning Balance	\$ 5,413
Additions	497
Depreciation	<u>(2,204)</u>
Ending Balance	\$ <u>3,706</u>

This year's major addition is:

Peachtree Computer Software	\$ 497
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**Debt Outstanding**

As of September 30, 2005, the Authority has no outstanding debt.

**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, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Marsha K. Inscho, Finance Manager for the Morrow Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at 298 East Center St, Marion, OH 43302.

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 32,421
Accounts Receivable - HUD	41,337
Prepaid Items	2,544
	76,302
Total Current Assets	76,302

Non-Current Assets

Accounts Receivable - Fraud Recovery	664
Restricted Cash - Family Self-Sufficiency	43,262
Capital Assets:	
Furniture and Equipment	12,927
Accumulated Depreciation	(9,221)
	3,706
Total Capital Assets	3,706

Total Non-Current Assets	47,632
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Total Assets	123,934
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**Liabilities**

Current Liabilities

Accounts Payable	1,303
Accounts Payable - Other Government	838
Accrued Wages and Payroll Taxes	1,166
Accrued Compensated Absences	732
	4,039
Total Current Liabilities	4,039

Non-Current Liabilities

Family Self-Sufficiency Deposits Payable	43,262
Accrued Compensated Absences	3,646
Other Non-Current Liabilities	664
	47,572
Total Non-Current Liabilities	47,572

Total Liabilities	51,611
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**Net Assets**

Invested in Capital Assets	3,706
Unrestricted	68,617
	72,323

Total Net Assets	\$ 72,323
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*The notes to the basic financial statements are an integral part of this statement.*

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

<b>Operating Revenues</b>		
HUD Grants		\$ 562,210
Other Income - Service Revenue		41,705
Other Income - Fraud Recovery		<u>30</u>
Total Operating Revenue		<u>603,945</u>
<b>Operating Expenses</b>		
Housing Assistance Payments	\$ 420,037	
Administrative Salaries	74,039	
Employee Benefits	28,632	
Other Administrative	47,197	
Material and Labor - Maintenance	2,541	
Depreciation	2,204	
General	<u>5,738</u>	
Total Operating Expenses		<u>580,388</u>
Operating Income		<u>23,557</u>
<b>Non-Operating Revenues</b>		
Interest		<u>275</u>
Change in Net Assets		23,832
Restated Net Assets at October 1, 2004 - (See Note 8)		<u>48,491</u>
Net Assets at September 30, 2005		<u><u>\$ 72,323</u></u>

*The notes to the basic financial statements are an integral part of this statement.*

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

<u>Cash flows from operating activities</u>	
Cash received from HUD	\$ 509,761
Cash received from other sources	41,734
Cash payments to employees for services	(103,810)
Cash payments for goods and services - HUD	(420,037)
Cash payments for goods and services	<u>(60,342)</u>
Net cash used in operating activities	<u>(32,694)</u>
<u>Cash flows from capital and related financial activities:</u>	
Acquisition of assets	<u>(497)</u>
Net cash used in capital and related financing activities	<u>(497)</u>
<u>Cash flows from investing activities</u>	
Interest	<u>275</u>
Net cash provided by investing activities	<u>275</u>
Net change in cash and cash equivalents	(32,916)
Cash and cash equivalents at October 1, 2004	<u>108,599</u>
Cash and cash equivalents at September 30, 2005	<u><u>\$ 75,683</u></u>
<u>Cash flows from operating activities:</u>	
Operating income	\$ 23,557
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation expense	2,204
Changes in assets and liabilities:	
Accounts receivable	(34,763)
Prepaid items	1,262
Accounts payable	(48,380)
Accrued wages and payroll taxes	(19)
Accrued compensated absences	(732)
Other liabilities	<u>24,177</u>
Net cash used in operating activities	<u><u>\$ (32,694)</u></u>

*The notes to the basic financial statements are an integral part of this statement.*

**MORROW METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The financial statements of the Morrow Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying financial statements comply with the provisions of GASB Statement 39, *Determining Whether Organizations are Component Units*, 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.

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 over which the Authority is financially accountable.

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority:

**Morrow Housing Development Association** – In accordance with housing subsidy contracts, the Authority has designated this organization as a Section 8 non-profit corporation to serve as an instrumentality of the Authority to assist in the development and financing of housing projects. The Board of the Association is legally separate from the Morrow Metropolitan Housing Authority and is independently elected. This Section 8 non-profit corporation has no employees, performs no day-to-day functions, and the officers thereof serve in a non-paid status. There are no assets or liabilities in this corporation and there were no revenues or expenses incurred during 2005.

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher and Home programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

*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 Authority's only 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.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

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.

**MORROW METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

	<u>Years</u>
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Computer hardware	3
Computer software	3

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments 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 absences 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.

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**  
**(CONTINUED)**

**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 balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislature adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments.

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 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.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Family Self-Sufficiency Deposits and certain accounts receivable. See Note 5 for additional information concerning restricted assets.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other income. Operating expenses are necessary costs to provide the goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

**MORROW METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at September 30, 2005 are as follows:

Demand deposits:

Bank balance - Checking	\$ 20,499	Bank balance - Savings	\$ 61,617
Items-in-transit	<u>(6,458)</u>	Items-in-transit	<u>-</u>
Carrying balance	<u>\$ 14,041</u>	Carrying balance	<u>\$ 61,617</u>

Of the fiscal year-end cash balance, \$20,499 of the checking account and \$61,617 of the savings account was covered by federal deposit insurance and \$25 was maintained in petty cash funds.

Based on the Authority having only demand deposits at September 30, 2005, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

**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 2005, the Authority contracted with Cincinnati Insurance for general insurance, real property, building content, public employee liability, and lead-based paint insurance.

Property insurance carries a \$250 deductible. Lead-based paint carries a \$5,000 deductible.

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.

**4. CAPITAL ASSETS**

The following is a summary of capital assets at September 30, 2005:

	Balance <u>September 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>September 30, 2005</u>
<u>Capital Assets - Cost</u>				
Furniture, fixtures, and equipment	\$12,430	\$ 497	\$ -	\$ 12,927
<u>Less: accumulated depreciation</u>				
Furniture, fixture, and equipment	<u>(7,017)</u>	<u>(2,204)</u>	<u>-</u>	<u>(9,221)</u>
Capital assets, net	<u>\$ 5,413</u>	<u>\$ (1,707)</u>	<u>\$ -</u>	<u>\$ 3,706</u>

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**  
**(CONTINUED)**

**5. FSS ESCROW PAYABLE**

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants are limited to a five year contract at which time, they either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs the money earned is used by the Authority to reinvest into the Voucher Program.

**6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All employees participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority was required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to OPERS for the years ended 2003, 2004 and 2005 were \$10,885, \$6,755, and \$10,032, respectively, which were equal to the required contributions for each year. In fiscal year 2005, the Authority resolved to pick up the employees' share of OPERS which totaled \$6,293.

**7. POSTRETIREMENT EMPLOYEE BENEFITS**

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion of each employer's OPERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS. The number of active contributing participants was 369,885 as of December 31, 2004 (most recent information available).

As required by state statute, a portion of each employer's contribution to OPERS is used for the funding of the postemployment health care. Based on the employer's contribution of 13.55% of covered payroll; 4.00% was used to fund health care for the year. Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2003. 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 (actual 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 to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8 percent.

**MORROW METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(CONTINUED)**

**7. POSTRETIREMENT EMPLOYEE BENEFITS – (CONTINUED)**

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

As of December 31, 2003, the audited estimated net assets available for future OPEB payments were \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$26.9 billion and \$16.4 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit.

The benefit recipients will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**8. PRIOR PERIOD ADJUSTMENT**

The beginning balance has been decreased by \$715 to reflect the adjustment to the fiscal year 2004 HUD payable as the result of an adjustment made by HUD to the Authority's fiscal year 2004 annual report, whereas the Authority's payable to HUD increased by this amount. For tracking and reporting purposes, the Authority posted this adjustment through beginning balance rather than current year transactions.

**9. CHANGE IN ACCOUNTING PRINCIPLES**

The Authority has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB had no impact on the Authority's financial position or results of operation.

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers Program	14.239 Home Program	Total
	Current Assets			
111	Cash - Unrestricted	\$ 31,583	\$ 838	\$ 32,421
100	Total Cash	31,583	838	32,421
	Accounts Receivable			
122	Accounts Receivable - HUD Other Projects	41,337	-	41,337
120	Total Accounts Receivable	41,337	-	41,337
	Other Assets			
142	Prepaid Items	2,544	-	2,544
	Other Assets	2,544	-	2,544
150	Total Current Assets	75,464	838	76,302
	Noncurrent assets			
113	Cash - Other Restricted	43,262	-	43,262
128	Fraud Recovery	664	-	664
	Capital Assets			
164	Furniture and Equipment - Administration	12,927	-	12,927
166	Accumulated Depreciation	(9,221)	-	(9,221)
160	Total Capital Assets, net of accumulated depreciation	3,706	-	3,706
180	Total Non-Current Assets	47,632	-	47,632
190	Total Assets	\$ 123,096	\$ 838	\$ 123,934

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>14.871 Housing Choice Vouchers Program</b>	<b>14.239 Home Program</b>	<b>Total</b>
	Current Liabilities			
312	Accounts Payable	\$ 1,303	\$ -	\$ 1,303
321	Accrued Wages and Payroll Taxes	1,166	-	1,166
322	Accrued Compensated Absences	732	-	732
333	Accounts Payable - Other Government	-	838	838
310	Total Current Liabilities	<u>3,201</u>	<u>838</u>	<u>4,039</u>
353	Non-Current Liabilities - Other	43,926	-	43,926
354	Accrued Compensated Absences-Non Current	<u>3,646</u>	<u>-</u>	<u>3,646</u>
350	Total Non-Current Liabilities	<u>47,572</u>	<u>-</u>	<u>47,572</u>
300	Total Liabilities	<u>50,773</u>	<u>838</u>	<u>51,611</u>
	Net Assets			
508.1	Invested in Capital Assets	3,706	-	3,706
512	Unrestricted	<u>68,617</u>	<u>-</u>	<u>68,617</u>
	Total Net Assets	<u>72,323</u>	<u>-</u>	<u>72,323</u>
600	Total Liabilities and Net Assets	<u>\$ 123,096</u>	<u>\$ 838</u>	<u>\$ 123,934</u>

**MORROW METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2005**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers Program	14.239 Home Program	Business Activities	Total
Revenue					
706	HUD Grants	\$ 438,429	\$ 123,781	\$ -	\$ 562,210
711	Investment Income - Unrestricted	275	-	-	275
714	Fraud Recovery	30	-	-	30
715	Other Revenue	-	-	41,705	41,705
	Total Revenue	<u>438,734</u>	<u>123,781</u>	<u>41,705</u>	<u>604,220</u>
Expenses					
911	Administrative Salaries	28,616	20,400	25,023	74,039
912	Auditing Fees	6,256	-	-	6,256
914	Compensated Absences	(732)	-	-	(732)
915	Employee Benefit Contribution - Administrative	9,363	8,874	11,127	29,364
916	Other Operating - Administrative	30,660	4,726	5,555	40,941
942	Ordinary Maintenance and Operation - Materials	2,541	-	-	2,541
961	Insurance Premiums	5,738	-	-	5,738
	Total Operating Expenses	<u>82,442</u>	<u>34,000</u>	<u>41,705</u>	<u>158,147</u>
970	Excess Operating Revenue Over Operating Expenses	<u>356,292</u>	<u>89,781</u>	<u>-</u>	<u>446,073</u>
Other Expenses					
973	Housing Assistance Payments	330,256	89,781	-	420,037
974	Depreciation	2,204	-	-	2,204
	Total Other Expenses	<u>332,460</u>	<u>89,781</u>	<u>-</u>	<u>422,241</u>
900	Total Expenses	<u>414,902</u>	<u>123,781</u>	<u>41,705</u>	<u>580,388</u>
1000	Excess of Revenues over Expenses	23,832	-	-	23,832
1103	Net Assets at October 1, 2004	49,206	-	-	49,206
1104	Prior Period Adjustment	(715)	-	-	(715)
	Net Assets at September 30, 2005	<u>\$ 72,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,323</u>

**MORROW METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 414,902
Passed through Morrow County			
Home Investment Partnership Program	N/A	14.239	<u>123,781</u>
Total Federal Award Expenditures			<u><u>\$ 538,683</u></u>

Notes to the Federal Schedule

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



**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  
Morrow Metropolitan Housing Authority  
81 North Rich Street  
Mt. Gilead, Ohio 43338

We have audited the financial statements of the Morrow Metropolitan Housing Authority, Morrow County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated February 24, 2006. As disclosed within Note 9, the Authority adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and restated net assets as disclosed in Note 8. We conducted our 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 our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

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Board of Directors  
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*  
Page 2

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
February 24, 2006



**Report on Compliance with Requirements Applicable to Its Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Directors  
Morrow Metropolitan Housing Authority  
81 North Rich Street  
Mt. Gilead, Ohio 43338

**Compliance**

We have audited the compliance of the Morrow Metropolitan Housing Authority, Morrow County, Ohio (the Authority) 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 its major federal program for the fiscal year ended September 30, 2005. As disclosed in Note 8, the Authority restated net assets and, as disclosed in Note 9, the Authority adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our 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 we 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended September 30, 2005.

*Wilson, Shannon & Snow, Inc.*

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**Internal Control Over Compliance**

The management of the Authority 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 our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our 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 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Wilson, Shanna E. Snow, Inc.*

Newark, Ohio  
February 24, 2006

**MORROW METROPOLITAN HOUSING AUTHORITY**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for a major federal program?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for a major federal program?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Program's Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Program (list):</b>	Housing Choice Vouchers/14.871
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

**MORROW METROPOLITAN HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

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

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted



**Auditor of State  
Betty Montgomery**

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**MORROW METROPOLITAN HOUSING AUTHORITY**

**MORROW 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 9, 2006**