Tuscarawas Metropolitan Housing Authority

Financial statements

For the Year Ended March 31, 2006

Auditor of State
Betty Montgomery

Board of Directors
Tuscarawas Metropolitan Housing Authority
134 2nd Street SW
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2005 through March 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 19, 2006

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2006

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SALVATORE CONSIGLIO, CPA, INC.

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Independent Auditors' Report

Board of Directors
Tuscarawas Metropolitan Housing
Authority

I have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component unit of the Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2006, which collectively comprise the Authority financial statements, as listed in the table of contents. These financial statements are the responsibility of the Tuscarawas Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the Tuscarawas Affordable Housing One, LLC, a component unit, which represent 64 percent, and 6 percent, respectively, of the assets and total revenue of Tuscarawas Metropolitan Housing Authority, Ohio. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Tuscarawas Affordable Housing One, LLC, is based solely on the report of the other auditors.

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

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component unit of the Tuscarawas Metropolitan Housing Authority, Ohio, as of March 31, 2006 the respective change in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* I have also issued a report dated October 12, 2006, on my consideration of Tuscarawas 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 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tuscarawas Metropolitan Housing Authority financial statements. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and, in my opinion, based on my audit and the report of other auditors, are fairly stated in all material respect in relation to the financial statements taken as a whole.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

October 12, 2006

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
March 31, 2006

Unaudited

The Tuscarawas 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 year activities, resulting changes and current known facts, please read it in conjunction with the Authority's financial statements, which begin on page 10.

Financial Highlights

- During fiscal year 2006, the Authority's net assets increased by $11,043, or 2.1 percent. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets were $536,007 and $524,964 for fiscal year 2006 and fiscal year 2005, respectively.
- The Authority's revenue increased by $36,728, or 1.59 percent during fiscal year 2006. Revenue for fiscal year 2006 and fiscal year 2005 was $2,251,960 and $2,288,688, respectively.
- The total expenses of the Authority decreased by $21,276, or .94 percent. Total expenses for fiscal year 2006 and fiscal year 2005 were $2,240,917 and $2,262,193, respectively.

Using This Annual Report

This report includes three major sections, the Management's Discussion and Analysis (MD&A), the Financial statements, and Other Required Supplementary Information.

MD&A
Management's Discussion and Analysis

Financial statements
Authority-Wide Financial Statements
Notes to the Financial statements

Other Required Supplementary Information
Required Supplementary Information - Financial Data Schedules

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 10 through 14 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. The financial statements of the Authority include component units which are more fully discussed in the notes to the financial statements.

The 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 on 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 Fund Net Assets, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as grant revenue, investment income, and interest expense.

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

Finally, a Statement of Cash Flows on page 13 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

The Authority is accounted for as an enterprise fund. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

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

The Authority's Programs

Business-Type Fund

Housing Choice Voucher Program: Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under 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 percent of adjusted household income.

Other Programs: In addition to the programs above, the Authority also operates the following Programs:

- Business Activities - represents non-HUD resources primarily from housing management services.

Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
March 31,2005

Unaudited

Authority-Wide Statements

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

Table 1 - Statement of Net Assets

	FY 2006	FY 2005
Assets		
Current and Other Assets	$ 575,100	$ 522,645
Capital Assets	1,914,767	1,965,453
Total Assets	2,489,867	2,488,098
Liabilities		
Current Liabilities	78,676	80,125
Noncurrent Liabilities	1,875,184	1,883,009
Total Liabilities	1,953,860	1,963,134
Net Assets		
Invested in Capital Assets	483,316	522,696
Restricted	41,054	57,622
Unrestricted	11,637	(55,354)
Total Net Assets	$ 536,007	$ 524,964

For more detailed information, see page 10 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Assets increased by $1,769 and liabilities were reduced by $9,274. Most of the increase in current assets was related to capital asset additions.

Capital assets changed significantly, decreasing from $1,965,453 to $1,914,767. The $50,686 decrease can be attributed to a combination of acquisitions less current year depreciation. For more detail, see Capital Assets and Debt Administration below.

Table 2 presents details on the change in Unrestricted Net Assets.

Table 2 - Change of Net Assets

	Investment in Capital Assets	Restricted	Unrestricted
Net Assets at March 31, 2005	$522,696	$57,622	($55,354)
Results of Operations	0	0	11,043
Adjustments:			
Depreciation (1)	(70,813)	0	70,813
Capital Expenditures - Net	20,127	(16,568)	(3,559)
Debt Payment	11,306	0	(11,306)
Net Assets at March 31, 2006	$483,316	$41,054	$11,637

Unrestricted Net Assets at March 31, 2006

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net assets.

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

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets compared to prior year and compares the revenues and expenses for the current and previously fiscal year. The Authority is engaged in only business-type activities.

Table 3 - Statement of Revenues, Expenses, and Changes in Net Assets

	FY 2006	FY 2005
Revenues		
HUD PHA Operating Grants/Subsidies	$ 2,084,653	$ 2,138,141
Tenant Revenue	137,031	120,029
Loss on Disposition of Equipment	0	(195)
Investment Income	8,028	1,889
Other Revenues	22,248	28,824
Total Revenues	2,251,960	2,288,688
Expenses		
Administrative	362,646	358,347
Utilities	28,932	27,027
Maintenance	33,601	26,733
General	23,579	34,591
Housing Assistance Payments	1,683,434	1,708,229
Interest	37,912	38,641
Depreciation	70,813	68,625
Total Expenses	2,240,917	2,262,193
Change in Net Assets	$ 11,043	$ 26,495

Unaudited

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

HUD PHA operating grants decreased due to HUD change in the amount award for the fiscal year 2006. Fiscal year 2006 had a leasing rate of 96 percent or 6,639 unit months leased out of a 6,888 available. This is compared to a 97 percent rate for fiscal year 2005 or 6,695 unit months leased with 6,888 available.

Total expenses decreased .94 percent during fiscal year 2006 from $2,262,193 to $2,240,917. Most of the reduction can be attributed to a decrease in housing assistance payments, which were due to less unit months leased.

Most other expenses increased modestly due to inflation.

Capital Assets

As of March 31, 2006, the Authority had $1,914,767 invested in capital assets as reflected in the following schedule, which represents a net increase (additions, disposals, and depreciation) of $50,686 from the prior year.

Table 4 - Capital Assets at Year-End (Net of Depreciation)

	FY 2006	FY 2005
Land	$ 130,000	$ 130,000
Buildings and Improvements	1,900,593	1,699,329
Furniture and Equipment	125,078	127,408
Construction in Progress	0	178,807
Accumulated Depreciation	(240,904)	(170,091)
Total	$ 1,914,767	$ 1,965,453

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 22 of the notes.

Unaudited

Table 5 - Change in Capital Assets

	Business-Type Activities
Beginning Balance, April 1, 2005	$ 1,965,453
Additions	20,127
Depreciation	(70,813)
Ending Balance, March 31, 2006	$ 1,914,767
The year's major additions are:	
Building Improvements	$ 13,900
Equipment	6,227
Total	$ 20,127

Debt

The Authority's debt was reduced by $11,306 during 2006, a reduction of .78 percent. The following is a comparison of the Authority's debt outstanding at year end 2006 and year end 2005.

Table 6 - Changes in Debt Outstanding

	2006	2005
Current Portion of Debt	$ 12,178	$ 11,306
Long-Term Portion of Debt	1,419,273	1,431,451
Total	$ 1,431,451	$ 1,442,757

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 Claudia Duerr, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2nd Street SW, New Philadelphia, Ohio 44663.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
March 31, 2006

	Primary Governement	*Component Units*
ASSETS		
Current assets		
Cash and cash equivalents	$492,005	$26,050
Restricted cash and cash equivalents	0	51,289
Receivables, net	2,305	3,441
Total current assets	**494,310**	**80,780**
Noncurrent assets		
Capital assets:		
Land	30,000	100,000
Building and equipment	496,312	1,529,359
Less accumulated depreciation	(119,204)	(121,700)
Capital assets, net	407,108	1,507,659
Other noncurrent assets	0	10
Total noncurrent assets	***407,108***	***1,507,669***
Total assets	**$901,418**	**$1,588,449**
LIABILITIES		
Current liabilities		
Accounts payable	$5,448	$3,839
Accrued liabilities	27,743	3,541
Intergovernmental payables	0	13,689
Tenant security deposits	0	10,422
Bonds, notes, and loans payable	5,500	6,678
Other current liabilities	1,816	0
Total current liabilities	***40,507***	***38,169***

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
March 31, 2006

	Primary Governement	*Component Units*
Noncurrent liabilities		
Bonds, notes, and loans payable	279,400	1,139,873
Accrued compensated absences non-current	13,387	0
Noncurrent liabilities - other	42,524	400,000
Total noncurrent liabilities	***335,311***	***1,539,873***
Total liabilities	**$375,818**	**$1,578,042**
NET ASSETS		
Invested in capital assets, net of related debt	$122,208	$361,108
Restricted net assets	0	41,054
Unrestricted net assets	403,392	(391,755)
Total net assets	**$525,600**	**$10,407**

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2006

	Primary Governement	*Component Units*
OPERATING REVENUES		
Tenant Revenue	$0	$137,031
Government operating grants	2,084,653	0
Other revenue	22,126	122
Total operating revenues	**2,106,779**	**137,153**
OPERATING EXPENSES		
Administrative	328,076	34,570
Utilities	3,224	25,708
Maintenance	9,701	23,900
General	2,072	21,507
Housing assistance payment	1,683,434	0
Depreciation	27,395	43,418
Total operating expenses	***2,053,902***	***149,103***
Operating income (loss)	**52,877**	**(11,950)**
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	7,766	262
Interest expense	(13,417)	(24,495)
Total nonoperating revenues (expenses)	***(5,651)***	***(24,233)***
Change in net assets	47,226	(36,183)
Total net assets - beginning	478,374	46,590
Total net assets - ending	**$525,600**	**$10,407**

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2006

	Primary Governement	*Component Units*
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$2,084,653	$0
Tenant revenue received	0	137,031
Other revenue received	22,126	122
General and administrative expenses paid	(342,241)	(109,449)
Housing assistance payments	(1,683,434)	0
Net cash provided (used) by operatin gactivities	81,104	27,704
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Retirement of debt	(5,200)	(6,106)
Interest paid on Debt	(13,417)	(24,495)
Property and equipment purchased, net	(340)	(19,787)
Net cash provided (used) by capital and related financing activities	(18,957)	(50,388)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers from investements	181,169	0
Interest earned	7,766	262
Net cash provided (used) by investing activities	188,935	262
Net increase (decrease) in cash	251,082	(22,422)
Cash and cash equivalents - Beginning of year	240,923	99,761
Cash and cash equivalents - End of year	$492,005	$77,339

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2006

	Primary Governement	*Component Units*
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$52,877	($11,950)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	27,395	43,418
- (Increases) Decreases in Accounts Receivable	(2,225)	(900)
- Increases (Decreases) in Accounts Payable	(4,924)	(4,233)
- Increases (Decreases) in Intergovernmental Payable	0	942
- Increases (Decreases) in Accrued Wages and Payroll Taxes Payable	3,850	(401)
- Increases (Decreases) in Compensated Absences Payable	3,334	0
- Increases (Decreases) in FSS Escrow	(1,019)	0
- Increases (Decreases) in Other Current Liabilities	1,816	0
- Increases (Decreases) in Tenant Security Deposits	0	828
Net cash provided by operating activities	$81,104	$27,704

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, which the Authority exercises, significant influence.

Component Units

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

Discretely Presented Component Unit	*Brief Description and Relationship*
Tuscarawas Affordable Housing Service Corp.	A not-for-profit (IRS section 501(c) (3)) corporation created for the purpose of providing low and moderate-income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

Discretely Presented Component Unit	*Brief Description and Relationship*
Tuscarawas Affordable Housing One, LLC	A limited liability corporation created for the purpose of ownership and management of Clay Village Apartment. Its officers are TMHA Executive Director, Assistant Director and Board Member. Tuscarawas Affordable Housing One, LLC fiscal year is on December 31 year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2005.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC uses the full accrual basis of accounting.

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

A. **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.

B. **Business Activities**
Represents non-HUD resources primarily from housing management services.

C. **Component Units**

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.

- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

Investments
Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2006 totaled $7,766. The interest income earned by Component Units for the fiscal year ending December 31, 2005 totaled $262.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $250 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash represent money held for Tenant Security Deposit, Taxes/Insurance payment and Replacement Reserve.

Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

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

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

NOTE 2: DEPOSIT AND INVESTMENTS (Continued)

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

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

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

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

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

The carrying amount of the Authority's deposits was $310,836 at March 31, 2006. The corresponding bank balance was $313,071. Of the bank balance, $100,000 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

Investments

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

NOTE 2: DEPOSIT AND INVESTMENTS (Continued)

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

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less then 2 years.

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

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

The Authority did not have any investments as of March 31, 2006 other than high yield savings accounts.

B. Component Unit

The carrying amount of the Component Unit deposits was $77,339 at March 31, 2006. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

NOTE 3: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of Federal Awards expenditures are a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2006 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 5: CAPITAL ASSETS

The following is a summary of the Authority changes in capital assets:

Primary Government

	Balance 03/31/05	**Adjust**	**Additions**	**Deletion**	**Balance 03/31/06**
Capital Assets Not Being Depreciated:					
Land	$30,000	$0	$0	$0	$30,000
Total Capital Assets Not Being Depreciated	**30,000**	**0**	**0**	**0**	**30,000**
Capital Assets Being Depreciated:					
Buildings	421,128	0	0	0	421,128
Furnt, Mach. and Equip.	66,287	0	340	0	66,627
Leasehold Improvement	8,557	0	0	0	8,557
Total Capital Assets Being Depreciated	495,972	0	340	0	496,312
Accumulated Depreciation	(91,809)	0	(27,395)	0	(119,204)
Total Capital Assets Being Depreciated, Net	**404,163**	**0**	**(27,055)**	**0**	**377,108**
Total Capital Assets, Net	**$434,163**	**$0**	**($27,055)**	**$0**	**$407,108**

NOTE 5: CAPITAL ASSETS (Continued)

Component Unit

	Balance 03/31/05	**Adjust**	**Additions**	**Deletion**	**Balance 03/31/06**
Capital Assets Not Being Depreciated:					
Land	$100,000	$0	$0	$0	$100,000
Construction in Progress	178,807	(178,807)	0	0	0
Total Capital Assets Not Being Depreciated	**278,807**	**(178,807)**	**0**	**0**	**100,000**
Capital Assets Being Depreciated:					
Buildings	1,278,201	178,807	13,900	0	1,470,908
Furnt, Mach. and Equip.	52,564	0	5,887	0	58,451
Total Capital Assets Being Depreciated	1,330,765	178,807	19,787	0	1,529,359
Accumulated Depreciation	(78,282)	0	(43,418)	0	(121,700)
Total Capital Assets Being Depreciated, Net	**1,252,483**	**178,807**	**(23,631)**	**0**	**1,407,659**
Total Capital Assets, Net	**$1,531,290**	**$0**	**($23,631)**	**$0**	**$1,507,659**

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

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

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

During the fiscal year the required contribution rates changed. For the period from April 1, 2005 through December 31, 2005 the members were required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the employer was required to contribute 13.55 percent. Effective January 1, 2006, the rates increased to 9% for the members and 13.7% for the employer. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's contribution for the years ended March 31, 2006, 2005, and 2004 amounted to $40,002, $38,756 and $39,802 respectively. The full amount has been contributed for all three years.

NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended March 31, 2006 was 4.0 percent of covered payroll, which amounted to $7,207. 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 expense (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

NOTE 8: MORTGAGE PAYABLE

Tuscarawas Metropolitan Housing Authority (Primary Government)
In the fiscal year ending March 31, 2003, the Authority issued $300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of $89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625%, calculated on a basis of actual number of days and a 365 day year.

NOTE 8: MORTGAGE PAYABLE (Continued)

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term debt for the year ended March 31, 2006:

DESCRIPTION	BALANCE 03/31/05	ISSUED	RETIRED	BALANCE 03/31/06
Mortgage Payable	$290,100	$0	$5,200	$284,900

Debt maturities are as follows:

YEAR	PRINCIPAL	INTEREST
November 1, 2006	$5,500	$13,117
2007	5,800	12,817
2008	6,000	12,617
2009	6,400	12,217
2010	6,600	12,017
2011-2015	37,900	55,185
2016-2020	47,500	45,585
2021-2025	59,600	33,485
2026-2030	74,700	18,385
2031-2032	34,900	2,334
Total	$284,900	$217,759

Tuscarawas Affordable Housing One, LLC (Component Unit)
On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of $1,163,986 from an original loan of $1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9% per annum. Principal and interest are payable in monthly installments of $9,132 reduced to $2,554 (effective 1% interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

NOTE 8: MORTGAGE PAYABLE (Continued)

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

The following is a summary of debt maturity for the next five years as reported on the Tuscarawas Affordable Housing One, LLC audit report:

YEAR	AMOUNT
December 31, 2006	$6,678
2007	7,305
2008	7,990
2009	8,739
2010	9,559
Late Years	1,106,280
Total	$1,146,551

Tuscarawas Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund March 31, 2006					
Line Item No.	Account Description	Business Activities	Housing Choice Vouchers	Component Units	Total
111	Cash - Unrestricted	$16,164	$252,148	$26,050	$294,362
113	Cash - Other Restricted	$0	$42,524	$41,054	$83,578
114	Cash - Tenant Security Deposits	$0	$0	$10,235	$10,235
100	Total Cash	$16,164	$294,672	$77,339	$388,175
122	Accounts Receivable - HUD Other Projects	$0	$0	$1,865	$1,865
124	Accounts Receivable - Other Government	$0	$159	$0	$159
125	Accounts Receivable - Miscellaneous	$2,146	$0	$0	$2,146
126	Accounts Receivable - Tenants - Dwelling Rents	$0	$0	$1,576	$1,576
120	Total Receivables, net of allowances for doubtful accounts	$2,146	$159	$3,441	$5,746
131	Investments - Unrestricted	$0	$181,169	$0	$181,169
144	Interprogram Due From	$0	$11,669	$0	$11,669
150	Total Current Assets	$18,310	$487,669	$80,780	$586,759
161	Land	$0	$30,000	$100,000	$130,000
162	Buildings	$0	$421,128	$1,470,908	$1,892,036
163	Furniture, Equipment & Machinery - Dwellings	$0	$0	$55,951	$55,951
164	Furniture, Equipment & Machinery - Administration	$0	$66,627	$2,500	$69,127
165	Leasehold Improvements	$0	$8,557	$0	$8,557
166	Accumulated Depreciation	$0	($119,204)	($121,700)	($240,904)
160	Total Fixed Assets, Net of Accumulated Depreciation	$0	$407,108	$1,507,659	$1,914,767
174	Other Assets	$0	$0	$10	$10
180	Total Non-Current Assets	$0	$407,108	$1,507,669	$1,914,777
190	Total Assets	$18,310	$894,777	$1,588,449	$2,501,536

Tuscarawas Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund March 31, 2006					
Line Item No.	Account Description	Business Activities	Housing Choice Vouchers	Component Units	Total
312	Accounts Payable <= 90 Days	$0	$5,448	$3,839	$9,287
321	Accrued Wage/Payroll Taxes Payable	$0	$10,420	$1,521	$11,941
322	Accrued Compensated Absences - Current Portion	$0	$17,323	$0	$17,323
325	Accrued Interest Payable	$0	$0	$2,020	$2,020
333	Accounts Payable - Other Government	$0	$0	$13,689	$13,689
341	Tenant Security Deposits	$0	$0	$10,422	$10,422
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$0	$5,500	$6,678	$12,178
345	Other Current Liabilities	$0	$1,816	$0	$1,816
347	Interprogram Due To	$11,669	$0	$0	$11,669
310	Total Current Liabilities	$11,669	$40,507	$38,169	$90,345
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$0	$279,400	$1,139,873	$1,419,273
354	Accrued Compensated Absences - Non Current	$0	$13,387	$0	$13,387
353	Noncurrent Liabilities - Other	$0	$42,524	$400,000	$442,524
350	Total Noncurrent Liabilities	$0	$335,311	$1,539,873	$1,875,184
300	Total Liabilities	$11,669	$375,818	$1,578,042	$1,965,529
508	Invested in Capital Assets, Net of Related Debt	$0	$122,208	$361,108	$483,316
511	Restricted Net Assets	$0	$0	$41,054	$41,054
512	Unrestricted Net Assets	$6,641	$396,751	($391,755)	$11,637
513	Total Equity/Net Assets	$6,641	$518,959	$10,407	$536,007
600	Total Liabilities and Equity/Net Assets	$18,310	$894,777	$1,588,449	$2,501,536
703	Net Tenant Rental Revenue	$0	$0	$128,382	$128,382
704	Tenant Revenue - Other	$0	$0	$8,649	$8,649
705	Total Tenant Revenue	$0	$0	$137,031	$137,031

Tuscarawas Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund March 31, 2006					
Line Item No.	Account Description	Business Activities	Housing Choice Vouchers	Component Units	Total
706	HUD PHA Operating Grants	$0	$2,084,653	$0	$2,084,653
711	Investment Income - Unrestricted	$18	$7,748	$262	$8,028
714	Fraud Recovery	$0	$8,053	$0	$8,053
715	Other Revenue	$13,659	$414	$122	$14,195
700	Total Revenue	$13,677	$2,100,868	$137,415	$2,251,960
911	Administrative Salaries	$6,255	$174,880	$9,875	$191,010
912	Auditing Fees	$0	$2,922	$2,000	$4,922
914	Compensated Absences	$0	$6,480	$0	$6,480
915	Employee Benefit Contributions - Administrative	$1,376	$86,944	$0	$88,320
916	Other Operating - Administrative	$4,618	$44,601	$22,695	$71,914
931	Water	$0	$200	$16,994	$17,194
932	Electricity	$0	$2,079	$5,146	$7,225
933	Gas	$0	$945	$0	$945
938	Other Utilities Expense	$0	$0	$3,568	$3,568
941	Ordinary Maintenance and Operations - Labor	$0	$0	$10,284	$10,284
942	Ordinary Maintenance and Operations - Materials and Other	$0	$950	$6,706	$7,656
943	Ordinary Maintenance and Operations - Contract Costs	$0	$8,751	$5,410	$14,161
961	Insurance Premiums	$0	$2,072	$5,355	$7,427
963	Payments in Lieu of Taxes	$0	$0	$13,689	$13,689
964	Bad Debt - Tenant Rents	$0	$0	$2,463	$2,463
967	Interest Expense	$0	$13,417	$24,495	$37,912
969	Total Operating Expenses	$12,249	$344,241	$128,680	$485,170
970	Excess Operating Revenue over Operating Expenses	$1,428	$1,756,627	$8,735	$1,766,790
971	Extraordinary Maintenance	$0	$0	$1,500	$1,500
973	Housing Assistance Payments	$0	$1,683,434	$0	$1,683,434
974	Depreciation Expense	$0	$27,395	$43,418	$70,813
900	Total Expenses	$12,249	$2,055,070	$173,598	$2,240,917

Tuscarawas Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund March 31, 2006					
Line Item No.	Account Description	Business Activities	Housing Choice Vouchers	Component Units	Total
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	$1,428	$45,798	($36,183)	$11,043
1103	Beginning Equity	$5,213	$473,161	$46,590	$524,964
	Ending Equity	$6,641	$518,959	$10,407	$536,007
1113	Maximum Annual Contributions Commitment (Per ACC)	$0	$2,084,653	$0	$2,084,653
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$0	$0	$0	$0
1116	Total Annual Contributions Available	$0	$2,084,653	$0	$2,084,653
1120	Unit Months Available	0	6,888	480	7,368
1121	Number of Unit Months Leased	0	6,639	452	7,091

Tuscarawas Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended March 31, 2006

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	**CFDA NUMBER**	**EXPENDITURES**
U.S. Department of Housing and Urban Development Direct Program		
Housing Choice Voucher Program	14.871	$2,084,653
Total Housing Choice Voucher Program		2,084,653
Total Expenditure of Federal Award		$2,084,653

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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
Tuscarawas Metropolitan Housing
Authority

I have audited the financial statements of the business-type activities and the aggregate discretely presented Component units of Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2006, which collectively comprise the Tuscarawas Metropolitan Housing Authority, Ohio, financial statements and have issued my report thereon dated October 12, 2006. I did not audit the financial statements of the Tuscarawas Affordable Housing One, LLC, a component unit. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Tuscarawas Affordable Housing One, LLC, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tuscarawas 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 that are required to be reported under *Government Auditing Standards.*

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

October 12, 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
Tuscarawas Metropolitan Housing
Authority

Compliance

I have audited the compliance of the Tuscarawas 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 March 31, 2006. Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Tuscarawas 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 Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Tuscarawas 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 March 31, 2006.

Internal Control Over Compliance

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

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

October 12, 2006

Tuscarawas Metropolitan Housing Authority

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

March 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS

There are no Findings or questioned costs For the Year Ended March 31, 2006.

3. FINDINGS REALTED TO FEDERAL AWARDS

There are no Findings or questioned costs For the Year Ended March 31, 2006.

Tuscarawas Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2006

The audit report for the fiscal year ended March 31, 2005 contained no audit findings.

Auditor of State
Betty Montgomery

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS 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
JANUARY 2, 2007