

WILLIAMS METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

June 30, 2005

Together with Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Williams Metropolitan Housing Authority
1044 Chelsea
Napoleon, OH 43545

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 17, 2006

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**WILLIAMS METROPOLITAN HOUSING AUTHORITY
BRYAN, OHIO**

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Assets	10
Statement of Revenues and Expenses and Changes in Net Assets	11
Statement of Cash Flows	12
Notes to Financial Statements	14
Financial Data Schedule – Balance Sheet	19
Financial Data Schedule – Statement of Revenue, Expenses Changes in Equity	20
Financial Data Schedule – Additional Information Required by HUD	21
Schedule of Expenditures of Federal Awards	22
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	23
Independent Auditors' Report on Compliance With Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133	25
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Audit Findings	28



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Independent Auditor's Report

Board of Trustees
Williams Metropolitan Housing Authority
Bryan, Ohio

I have audited the accompanying statement of net assets of Williams Metropolitan Housing Authority, as of June 30, 2005 and the related statements of revenues, expenses, and changes in net assets and cash flows for the period April 1, 2004 through June 30, 2005. These financial statements are the responsibility of the Williams Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 in my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Williams Metropolitan Housing Authority, as of June 30, 2005, and the changes in net assets and revenues, expenditures and other changes and statement of cash flows for the year ended June 30, 2005 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 4 – 9, is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. The MD&A has been reviewed in accordance with the standards established by the American Institute of Certified Public Accountants. Such a review, however, is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion on the MD&A information.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2005 on my consideration of the Williams Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Williams Metropolitan Housing Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. In addition, the financial data schedule, pages 19 to 21 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development. These schedules are the responsibility of management of Williams Metropolitan Housing Authority, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin L. Penn, Inc.

November 30, 2005

Williams Metropolitan Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD APRIL 1, 2004 THROUGH JUNE 30, 2005

Introduction

The Williams Metropolitan Housing Authority's (the Authority's) 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 10).

FINANCIAL HIGHLIGHTS

- The Authority received permission from the Department of Housing and Urban Development to change the fiscal year from March 31 to June 30. For the 2005 fiscal year the Authority will be reporting on a fifteen month period.
- During FY 2005, the Authority's net assets decreased by \$5,094 (or 8.03%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$58,349 and \$63,443 for FY 2005 and FY 2004 respectively.
- The revenue increased by \$97,454 (or 19.5%) during 2005, and was \$596,977 and \$499,523 for FY 2005 and FY 2004 respectively.
- The total expenses increased by \$103,619 (or 20.84%) during FY 2005 for the Authority. Total expenses were \$600,870 and \$497,251 for FY 2005 and FY 2004 respectively.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pages 10-11) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as 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, Statement of Cash Flows (see page 12) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

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

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

The Authority’s Funds

Business Type Funds

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.

Business Activities – represents non-HUD resources developed from a variety of activities.

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

	FY 2004	FY 2005
Current and Other Assets	\$ 81,703	\$ 105,328
Capital Assets	5,812	1,290
Total Assets	<u>87,515</u>	<u>106,618</u>
Other Liabilities	16,388	35,908
Long-Term Liabilities	7,684	12,361
Total Liabilities	<u>24,072</u>	<u>48,269</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,812	1,290
Restricted	- 0 -	- 0 -
Unrestricted	57,631	57,059
Total Net Assets	<u>\$63,443</u>	<u>\$58,349</u>

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

Major Factors Affecting the Statement of Net Assets

Current assets were increased by \$23,625 in 2005; liabilities also increased by \$24,197. Current assets (primarily cash and investments) were added to by the HUD funds that were over requested.

Capital assets changed, decreasing from \$5,812 to \$1,290. The \$4,522 net decrease was attributed to the current year's 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 UNRESTRICTED NET ASSETS**

Unrestricted Net Assets 6/30/2004		\$ 57,631
Results of Operations	(3,893)	
Adjustments:		
Depreciation (1)	4,522	
Prior Period Adjustment (2)	(1,201)	
Adjusted Results from Operations		(572)
Capital Expenditures		<u>(0)</u>
Unrestricted Net Assets 6/30/05		<u><u>\$ 57,059</u></u>

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

(2) Prior Period Adjustment – HUD adjusted FY2004 for retro increase in administrative fees.

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.

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.

	FY 2004	FY 2005
Revenues		
HUD PHA Operating Grants	498,488	594,759
Investment Income	373	566
Other Revenues – Fraud Recovery	662	1,652
Total Revenue	<u>499,523</u>	<u>596,977</u>
Expenses		
Administrative	75,091	94,479
Maintenance	922	972
General	5,029	6,717
Housing Assistance Payments	411,297	494,180
Depreciation	4,912	4,522
Total Expenses	<u>497,251</u>	<u>600,870</u>
Net (Decrease)/Increase	<u>\$ 2,272</u>	<u>\$ (3,893)</u>

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

HUD PHA Grants decreased slightly due to changes in Payment Standards and changes in client's incomes which directly affects Housing Assistance Payments.

During fiscal year 2005 there were no employees. The Authority contracts with Henry Metropolitan Housing Authority for the Executive Director and leasing/inspection services as well as Hap check processing and office space.

The Housing Authority continued to maintain a high leasing rate average of 99%.

Most other expenses increased moderately due to inflation

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$1,290 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	Business-type Activities	
	FY 2004	FY 2005
Equipment – Administrative	\$ 26,977	\$ 26,977
Accumulated Depreciation	(21,165)	(25,687)
Total	\$ 5,812	\$1,290

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 13 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance	\$ 5,812
Additions	0
Depreciation	<u>(4,522)</u>
Beginning Balance	<u><u>\$ 1,290</u></u>

Debt Outstanding

As of year-end, the Authority has no outstanding debt (bonds, notes, etc.)

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 Williams Metropolitan Housing Authority, at (419) 526-1622 Specific requests may be submitted to the Authority at 1044 Chelsea Avenue Napoleon, OH 43454-1202.

WILLIAMS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

Current Assets

Cash and Cash Equivalents (Note 1)	\$ 91,112
Fraud Recovery	12,361
Prepaid Expenses	1,855
Total Current Assets	105,328

Capital Assets

Property and Equipment - Net (Note 1)	1,290
Total Capital Assets	1,290
TOTAL ASSETS	\$ 106,618

LIABILITIES

Current Liabilities

Accounts Payable	\$ 155
Deferred Revenue	35,753
Total Current Liabilities	35,908

Non-Current Liabilities

Undistributed Credits - Fraud Recovery	12,361
Total Non-Current Liabilities	12,361
Total Liabilities	\$ 48,269

NET ASSETS

Investment in Capital Assets, Net of Related Debt	\$ 1,290
Unrestricted	57,059
Total Net Assets	\$ 58,349

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

WILLIAMS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD APRIL 1, 2004 THROUGH JUNE 30, 2005

Operating Revenue:

HUD Operating Subsidies and Grants	\$ 594,759
Fraud Recovery	<u>1,652</u>
Total Revenue	596,411

Operating Expenses:

Housing Assistance Payments	494,180
Management Fee	68,957
Other Administrative Expense	25,522
Material and Labor – Maintenance	972
Depreciation Expense	4,522
General Expenses	<u>6,717</u>
Total Operating Expenses	<u>600,870</u>

Operating Income (Loss)	(4,459)
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Non-Operating Revenues (Expenses):

Investment Income – Unrestricted	<u>566</u>
Total Non-Operating Revenues (Expenses)	<u>566</u>

Change in Net Assets	(3,893)
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Net Assets - Beginning of Year as Previously Reported	63,443
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Prior Period Adjustments – Note 8	<u>(1,201)</u>
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Net Assets - Beginning of Year as Restated	<u>62,242</u>
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Net Assets - End of Year	<u><u>\$ 58,349</u></u>
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The accompanying notes are an integral part of the financial statements.

WILLIAMS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD APRIL 1, 2004 THROUGH JUNE 30, 2005

Cash Flows From Operating Activities:	
Cash payments to suppliers for goods and services	\$ (98,696)
Housing assistance payments	(507,817)
HUD operating subsidies and grants	630,512
Other receipts	2,218
Other payments	<u>(6,717)</u>
Net Cash Provided (Used) by Operating Activities	19,500
Cash Flows From Non-Capital Financing:	
Net Cash Provided (Used) by Non-Capital Financing	-
Cash Flows From Capital and Related Financing Activities:	
Net Cash Provided (Used) by Capital and Related Financing Activities	-
Cash Flows From Investing Activities:	
Investment Income	<u>566</u>
Net Cash Provided (Used) by Investing Activities	<u>566</u>
Increase (Decrease) in Cash and Cash Equivalents	20,066
Cash and Cash Equivalents - Beginning of Year	<u>71,046</u>
Cash and Cash Equivalents – End of Year	<u><u>\$ 91,112</u></u>

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

(Continued)

WILLIAMS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD APRIL 1, 2004 THROUGH JUNE 30, 2005

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ (4,459)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,522
(Increase) decrease in:	
Accounts Receivable	(4,677)
Prepaid Expenses	1,118
Increase (decrease) in:	
Accounts Payable	(17,434)
Deferred Revenue	35,753
Other Adjustments	4,677
	4,677
Net Cash Provided (Used) by Operating Activities	\$ 19,500

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

**WILLIAMS METROPOLITAN HOUSING AUTHORITY
FINDLAY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - Summary of Significant Accounting Policies:

A. Organization

The Williams Metropolitan Housing Authority (WMHA) is a political subdivision of the State of Ohio, located in Bryan, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the WMHA and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criteria was considered in determining the reporting entity.

B. Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. Effective April 1, 2002, the Authority implement GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, and Statement No. 38, Certain Financial Statement Disclosures. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. The Authority now follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with GASB statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

Management's Discussion and Analysis
Basic Financial Statements:
 Statement of Net Assets
 Statement of Revenues, Expenses, and Changes in Net Assets
 Statement of Cash Flows
Notes to the Financial Statements

**WILLIAMS METROPOLITAN HOUSING AUTHORITY
FINDLAY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - Summary of Significant Accounting Policies: (continued)

B. Basis of Accounting (continued)

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the Governmental Accounting Standards Board.

C. Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized, while maintenance and repair costs are expensed as incurred.

Useful life of property and equipment is as follows:

Equipment	7 Years
Autos	5 Years

Depreciation is recorded on the straight-line method. Total depreciation expense for the period April 1, 2004 through June 30, 2005 was \$4,912.

D. Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investment.

F. Use of Estimates

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

H. Change in Fiscal Year

The Authority received permission from the Department of Housing and Urban Development to change the fiscal year from March 31 to June 30. For the 2005 fiscal year the Authority will be reporting on a fifteen month period.

**WILLIAMS METROPOLITAN HOUSING AUTHORITY
FINDLAY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 2 – Deposits and Investments:

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

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 withdrawable on demand, including order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1, includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2, includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3, includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

Category 1.	\$91,882 was covered by federal depository insurance.
Category 2.	None

The book balance at June 30, 2005, was as follows:

Cash on Hand	\$ 49
Cash	\$ <u>91,063</u>
Total	\$ <u>91,112</u>

**WILLIAMS METROPOLITAN HOUSING AUTHORITY
FINDLAY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 2 – Deposits and Investments: (continued)

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A, includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B, includes uninsured and unregistered investments for which the securities are held by the counter-party's Trust department or agent in the Authority's name.

Category C, includes uninsured and unregistered investments for which securities are held by the counter-party or its Trust department but not in the Authority's name.

NOTE 3 – Property and Equipment:

A summary of property and equipment at June 30, 2005, by class is as follows:

Furniture, Equipment – Administrative	\$ 26,977
Less Accumulated Depreciation	<u>(25,687)</u>
Net Property and Equipment	<u>\$ 1,290</u>

**WILLIAMS METROPOLITAN HOUSING AUTHORITY
FINDLAY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 4 – Administrative Fee:

The Authority receives and “administrative fee” as part of the annual contributions from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined based rate for each unit per month under HAP contracts.

NOTE 5 – Allocation of Costs:

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 6 – Insurance:

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. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years.

NOTE 7 – Contingencies:

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2005 the Authority was involved in no matters management believes would have a material effect on the financial statements.

NOTE 8 – Prior Period Adjustment:

Beginning net assets balance has been restated in the amount of \$(1,201) as a result of the understating of accounts payable – HUD.

NOTE 9 – Schedule of Federal Awards Expenditures:

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

WILLIAMS METROPOLITAN HOUSING AUTHORITY
Balance Sheet
June 30, 2005

Financial Data Schedule Submitted to U.S. Department of HUD

FDS Line Item No.	Account Description	
	ASSETS	
111	Cash and Cash Equivalents	<u>\$ 91,112</u>
100	TOTAL CASH	91,112
128	Accounts Receivable - Fraud Recovery	<u>12,361</u>
120	TOTAL ACCOUNTS RECEIVABLE	12,361
142	Prepaid Expenses	<u>1,855</u>
150	TOTAL CURRENT ASSETS	105,328
164	Furniture, Equipment & Machinery - Administration	26,977
166	Accumulated Depreciation	<u>(25,687)</u>
160	TOTAL FIXED ASSETS, NET	<u>1,290</u>
190	TOTAL ASSETS	<u><u>\$ 106,618</u></u>
	LIABILITIES	
312	Accounts Payable	\$ 155
342	Deferred Revenue	<u>35,753</u>
310	TOTAL CURRENT LIABILITIES	35,908
353	Undistributed Credits - Fraud Recovery	<u>12,361</u>
	TOTAL NON-CURRENT LIABILITIES	<u>12,361</u>
	TOTAL LIABILITIES	48,269
508.1	Investment in Capital Assets, Net of Related Debt	4,611
512.1	Unrestricted Net Assets	<u>53,738</u>
	TOTAL EQUITY	<u>58,349</u>
	TOTAL LIABILITIES AND EQUITY	<u><u>\$ 106,618</u></u>

WILLIAMS METROPOLITAN HOUSING AUTHORITY
Statement of Revenue, Expenses and Changes in Equity
For the Period April 1, 2004 through June 30, 2005

Financial Data Schedule Submitted to U.S. Department of HUD

FDS Line Item No.	Account Description	
	Revenue:	
706	HUD PHA Operating Grant	\$ 594,759
711	Investment Income – Unrestricted	566
714	Fraud Recovery	1,652
		<hr/>
700	Total Revenue	596,977
	Expenses:	
912	Audit Fees	2,980
913	Outside Management Fees	68,957
916	Other Operating – Administrative	22,542
942	Ordinary Maintenance and Operations - Materials and Other	972
961	Insurance Premiums	6,717
		<hr/>
969	Total Operating Expenses	102,168
970	Excess Operating Revenue over Expenses	494,809
	Other Expenses	
973	Housing Assistance Payments	494,180
974	Depreciation Expense	4,522
		<hr/>
900	Total Expenses	600,870
1010	Total Other Funding Sources(Uses)	<hr/> -
1000	Excess of Operating Revenue Over Expenses	(3,893)
1103	Beginning Equity	63,443
1104	Prior Period Adjustment	<hr/> (1,201)
	Ending Equity	<hr/> <hr/> \$ 58,349

WILLIAMS METROPOLITAN HOUSING AUTHORITY
Additional Information Required by HUD
For the Period April 1, 2004 through June 30, 2005

Financial Data Schedule Submitted to U.S. Department of HUD

<u>FDS Line</u> <u>Item No.</u>	<u>Account Description</u>		
1113	Maximum Annual Contributions Commitment (Per ACC)	\$	630,372
1115	Contingency Reserve, ACC Program Reserve	\$	28,027
1116	Total Annual Contributions Available	\$	658,399
1120	Unit Months Available		2,415
1121	Number of Unit Months Leased		2,359

WILLIAMS METROPOLITAN HOUSING AUTHORITY
 Schedule of Expenditures of Federal Awards
 For the Period April 1, 2004 through June 30, 2005

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Amount Received</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Direct Program:				
Section 8 Tenant Based Cluster:				
Housing Choice Vouchers	14.871	C-5180	\$630,512	\$594,759

TOTAL FEDERAL FINANCIAL ASSISTANCE				\$594,759
				=====

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



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enn, Inc.

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Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
Williams Metropolitan Housing Authority
Bryan, Ohio

I have audited the financial statements of Williams Metropolitan Housing Authority as of and for the period April 1, 2004 through June 30, 2005, and have issued my report thereon dated November 30, 2005. I conducted my audit in accordance with generally accepted auditing standards 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 Williams Metropolitan Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

November 30, 2005



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Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Williams Metropolitan Housing Authority
Bryan, Ohio

Compliance

I have audited the compliance of Williams Metropolitan Housing 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 each of its major federal programs for the period April 1, 2004 through June 30, 2005. Williams Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results 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 Williams Metropolitan Housing Authority's management. My responsibility is to express an opinion on Williams Metropolitan Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 Williams Metropolitan Housing Authority'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 Williams Metropolitan Housing Authority's compliance with those requirements.

In my opinion, Williams Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the period April 1, 2004 through June 30, 2005.

Internal Control Over Compliance

The management of Williams Metropolitan Housing 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 my audit, I considered Williams Metropolitan Housing 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 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 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

November 30, 2005

Williams Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 June 30, 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? No
 Reportable condition(s) identified
 not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:
 Material weakness(es) identified? No
 Reportable condition(s) identified
 not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance
 for major program: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? No

Identification of major programs:
 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Williams Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
For the Period April 1, 2004 through June 30, 2005

There were no audit findings, during the 2004 fiscal year.



**Auditor of State
Betty Montgomery**

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WILLIAMS METROPOLITAN HOUSING AUTHORITY

WILLIAMS 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
FEBRUARY 9, 2006**