BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

of the

FAYETTE METROPOLITAN HOUSING AUTHORITY

for the

Year Ended December 31, 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Fayette Metropolitan Housing Authority
121 East East St.
Washington Court House, OH 43160

We have reviewed the *Independent Auditors' Report* of the Fayette Metropolitan Housing Authority, Fayette County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2006 to December 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 Fayette Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 19, 2007

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Fayette Metropolitan Housing Authority
Washington Court House, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the accompanying basic financial statements of Fayette Metropolitan Housing Authority, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Fayette Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Fayette Metropolitan Housing Authority, as of December 31, 2006, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2007 on our consideration of Fayette Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The FDS schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the Fayette Metropolitan Housing Authority. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
June 15, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Fayette Metropolitan Housing Authority's (the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

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

Financial Highlights

- **During FY 2006, the Authority's net assets increased by $65,423 (or 23.2%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were $282,377 and $347,800 for FY 2005 and FY 2006 respectively.**

- **The revenue increased by $189,260 (or 12.8%) during FY 2006, and was $1,487,579 and $1,689,288 for FY 2005 and FY 2006 respectively.**

- **The total expenses of the Authority increased by $149,260 (or 10.1%). Total expenses were $1,474,605 and $1,623,865 for FY 2005 and FY 2006 respectively.**

USING THIS ANNUAL REPORT

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

MD&A

~ Management Discussion
And Analysis ~

Basic Financial Statements

~Authority-Wide Financial Statements ~
~ Fund Financial Statement (refocused) ~
~ Notes to Financial Statements (expanded/restructured) ~

Other Required Supplementary Information

~ Required Supplementary Information - none~
(Other than MD&A)
(Expanded)

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 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 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 (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 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

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.

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

The Authority's Programs and Funds

Housing Choice Voucher Program (HCVP) – 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 2006	Restated FY 2005
Current and Other Assets	$ 419,186	$ 350,154
Capital Assets	616,126	581,362
Total Assets	1,035,312	931,516
Current Liabilities	154,574	274,826
Non-Current Liabilities	532,938	374,313
Total Liabilities	687,512	649,139
Net Assets:		
Invested in Capital Assets, Net of Related Debt	82,961	92,478
Unrestricted	264,839	189,899
Total Net Assets	$ 347,800	$ 282,377

Major Factors Affecting the Statement of Net Assets

Current assets were increased by $69,028 or (19.71%) in fiscal year 2006, and liabilities increased by $28,989 or (4.40%) in fiscal year 2006.

Capital Assets were increased by $34,764. The purchase of a computer system at a cost of $13,139 and an additional home at 388 Leslie Trace for $110,594 accounts for the addition net against the current year's depreciation of $88,969 will account for this years decrease. For more detail see "Capital Assets and Debt Administration" later in the discussion.

TABLE 2

Change of Unrestricted Net Assets

Unrestricted Net Assets 12/31/05		**$ 180,519**
Results of Operations	**65,423**	
Adjustments:		
Depreciation (1)	**88,969**	
Prior Period Adjustments - Net (2)	**9,380**	
Retired Debt (3)	**(6,909)**	
Adjusted Results from Operations		**156,863**
Capital Expenditures –net of Bank Notes		**(72,543)**
Unrestricted Net Assets 12/31/06		**$ 264,839**

(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 adjustments – net

- **Less: HUD adjusted the FY05 SRO year-end reports by $4.**
- **Add: The reclassification of deferred revenues to donations per agreement with MMRD 12 months of grant earned adding $9,384.**

(3) The total of the 5 Rental Homes loans principal payments for FY06.

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 2006	FY 2005
Revenues		
HUD PHA Operating Grants	$ 1,423,983	$ 1,401,274
Investment Income	8,359	6,948
Tenant Revenue	89,636	79,081
Other Revenues	167,310	276
Total Revenue	1,689,288	1,487,579
Expenses		
Administrative	170,167	162,999
Maintenance	46,624	50,042
General & Interest Exp	43,090	33,791
Housing Assistance Payments	1,275,015	1,203,477
Depreciation	88,969	24,296
Total Expenses	1,623,865	1,474,605
Net Increase/(Decrease)	$ 65,423	$ 12,974

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

The amount of HUD PHA Grants available for FY2006 includes administrative fees and Housing Assistance Payments for Housing Choice Voucher, Mainstream and SRO programs. The net increase for FY 2006 includes $22,612 in "undesignated" HAP funds for the Housing Choice Vouchers and $14,259 in "undesignated" HAP funds for the Mainstream Vouchers. HUD notice PIH 2006-03 states that these funds may only be used to assist families up to the number of units under contract. The remaining increase is $22,118 for rental housing program and an increase of $6,436 for the Section 8 Programs.

Depreciation increased because of the addition of another Rental Home and other additions to capital assets during fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of 12/31/06, the Authority had $82,962 net of debt invested in capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of $9,516 from the end of last year.

Table 4

Capital Assets at Year-End
(Net of Depreciation)

	Business-type Activities	
	FY 2006	FY 2005
Equipment – Administrative	$ 48,457	$ 35,318
Buildings – Rental Homes	775,044	664,450
Accumulated Depreciation	(207,375)	(118,406)
Total	$ 616,126	$ 581,362

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the footnotes.

Table 5

Change in Capital Assets

	Business Type Activities
Beginning Balance	$ 581,362
Additions	123,733
Depreciation	(88,969)
Ending Balance	$ 616,126

This year's additions were a computer system for Rental Housing Program Computers $13,139 and a house at 38 Leslie Trace $110,594.

Debt Outstanding

As of 12/31/06, the Authority had $533,165 debt (bonds, notes, etc.) outstanding compared to $488,884 last year for a $44,281 increase.

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 Franco Palma; Executive Director for the Fayette Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

FAYETTE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	297,787
Receivables, net of allowance		116,976
Prepaid expenses		4,423
TOTAL CURRENT ASSETS		419,186
NONCURRENT ASSETS		
Capital Assets:		
Buildings and equipment		823,501
Less accumulated depreciation		(207,375)
Capital assets, net		616,126
TOTAL ASSETS		1,035,312
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		285
Intergovernmental payable		32,182
Tenant security deposits		2,794
Deferred revenue		94,145
Current portion - Loans Payable		25,168
TOTAL CURRENT LIABILITIES		154,574
NONCURRENT LIABILITIES		
Loans Payable		507,997
Non current liabilities - other		24,941
		532,938
TOTAL LIABILITIES		687,512
NET ASSETS		
Invested in capital assets, net of related debt		82,961
Unrestricted net assets		264,839
TOTAL NET ASSETS	$	347,800

See accompanying notes to the basic financial statements

FAYETTE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2006

OPERATING REVENUES		
Government operating grants	$	1,423,983
Tenant rental revenue		89,636
Other revenues		167,310
TOTAL OPERATING REVENUES		1,680,929
OPERATING EXPENSES		
Administrative		170,167
Maintenance		46,624
General		11,261
Housing assistance payments		1,275,015
Depreciation		88,969
TOTAL OPERATING EXPENSES		1,592,036
OPERATING INCOME		88,893
NONOPERATING REVENUES (EXPENSES)		
Interest income		8,359
Interest expense		(31,829)
TOTAL NON-OPERATING REVENUES (EXPENSES)		(23,470)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS		65,423
Net Assets Beginning of Year - Restated		282,377
TOTAL NET ASSETS - ENDING	$	347,800

See accompanying notes to the basic financial statements

FAYETTE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from HUD	$	1,368,816
Cash from contract services		45,000
Cash received from tenants		89,636
Cash payments for administrative		(154,644)
Cash payments for HAP		(1,275,015)
NET CASH PROVIDED BY OPERATING ACTIVITIES		73,793
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Repayment of debt		(6,909)
Acquisition of capital assets		(123,733)
Interest expense		(31,829)
Loan proceeds		51,190
TOTAL		(111,281)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		8,359
DECREASE IN CASH AND CASH EQUIVALENTS		(29,129)
CASH AND CASH EQUIVALENTS, BEGINNING		326,916
CASH AND CASH EQUIVALENTS, ENDING	$	297,787

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH (USED FOR) OPERATING ACTIVITIES

Cash flows from operating activities:		
Net income for the year	$	88,893
Adjustments to reconcile net cash provided by operating activities:		
Depreciation		88,969
Net prior period adjustments		9,380
Changes in assets and liabilites:		
Accounts receivable- HUD		(55,167)
Accounts receivable- other		(43,730)
Prepaid expenses		(495)
Accounts payable		(681)
Accounts payable- HUD		538
FSS escrows payable		(4,530)
Deferred revenues		(9,384)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	73,793

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fayette Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 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 GASB Statement 14, the financial Reporting Entity, in that the financial statements include all organizations, activities and functions foe which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Component units may also include organizations that ate fiscally dependent on the Authority in that the Authority approves their budget, the issuance of their debt or the levying of their taxes. Based upon the application of theses criteria, the Authority has no component units.

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

Basis of Presentation

In July 1999, the GASB issued GASB statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Government*. The effective date of the statement is for periods beginning after June 15, 2002. The statement requires enhanced disclosures and changes to the presentation of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Authority has implemented GASB 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net assets, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

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

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

<u>Unrestricted Net Assets:</u> Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt" or "Restricted Net Assets." This account is similar to the former operating reserve account.

This new standard provides for significant changes in terminology; recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets; inclusion of management discussion and analysis as supplementary information; and other changes.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily though user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management a control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result form providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are rents collected form tenants and subsidies provided by federal agencies. The Authority also recognized as operating revenue and expenses the portion of interest on bonds and notes related to housing developments of the Authority and its partnerships. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and amortization of bond discounts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted components.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

<u>Fund Accounting</u>
The Authority maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is designed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in self-balancing groups of accounts and accounting entities that are separate from the activities reported in other funds.

A summary of each of these funds is provided below:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8, other business activity and public housing 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 on or after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority has elected not to implement any such guidance after such date.

Investments
Investments are restricted by the provisions of the HUD Regulations. Investments are valued at market value. Interest income earned in fiscal year 2006 for both programs totaled $8,359.

Capital Assets
Capital assets over the Authority's capitalization threshold of $500 are recorded at cost and depreciated using the straight-line method over an estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5	Buildings – non residential	40
Building improvements	15	Furniture – dwelling	7
Furniture – non-dwelling	7	Equipment – dwelling	5
Equipment – non-dwelling	7	Autos and trucks	5
Computer hardware	3	Computer software	3
Leasehold improvements	15	Land improvements	15

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.

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).**
- **Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).**
- **Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).**
- **Voluntary nonexchange transactions; result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).**

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specified period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.**

- **Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.**

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Due From/To Other Programs

Inter-program receivables and payables as of December 31, 2006 on the Financial Data Schedule have been eliminated on the Statement of Net Assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

Operating revenues are revenues generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue. Operating expenses are expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance, protective services, general, depreciation, bad debts and housing assistance payments.

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

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Section 8 New Construction Program – Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30 percent of their monthly adjusted family income, 10 percent of gross family income, or the portion of welfare assistance designated for housing toward rent. This program is inactive, i.e., no new projects are being approved.

Other Business Activities – Represents non HUD resources and derived from a variety of other activities mainly MRDD rentals.

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

Accounts Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was $2,413 at December 31, 2006.

Net Assets

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

2. CASH 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 negotiable 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 account is including, but not limited to passbook accounts.

2. CASH AND INVESTMENTS - CONTINUED

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, but 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.

At fiscal year end December 31, 2006, the carrying amount of the Authority's deposits totaled $297,787 and its bank balance was $305,708. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2006, $205,708 was exposed to custodial risk as discussed below, while $100,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

3. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

4. RISK MANAGEMENT

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 coverages and no settlements exceeded insurance coverage during the past three years.

5. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 12/31/2005	Additions / Deletions	Balance 12/31/2006
CAPITAL ASSETS, BEING DEPRECIATED			
Buildings and Improvements	$ 664,450	$ 110,594	$ 775,044
Furniture and equipment	35,318	13,139	48,457
Totals at Historical Costs	699,768	123,733	823,501
Less: Accumulated Depreciation	(118,406)	(88,969)	(207,375)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	$ 581,362	$ 34,764	$ 616,126

The depreciation expense for the year then ended December 31, 2006 was $88,969.

6. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2006, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

7. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

NET ASSETS, BEGINNING OF THE YEAR	$	272,997
PRIOR PERIOD ADJUSTMENTS:		
MRDD correction of amount earned		9,384
Receivable correction		(4)
TOTAL ADJUSTMENTS		9,380
NET ASSETS, BEGINNING OF THE YEAR, RESTATED	$	282,377

8. CONTRACT SERVICES

The authority contracts with:

- **Fayette County to provide financial services for the housing authority. The authority does not have any employees; instead, services are subcontracted from Fayette County.**
- **Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.**
- **Fayette County Board of Mental Retardation and Developmental Disabilities (MRDD) to provide a rent subsidy program for persons with mental retardation or other developmental disabilities. To provide these services, the authority acquired two residential houses on behalf of the MRDD. The MRDD will maintain a legal interest in the property acquired with community assistance funds and will compensate the authority for housing expenses when vacancies occur in the properties.**

9. LONG-TERM DEBT

The Authority has interest bearing notes that are payable to Merchants National Bank. The interest rates are noted and are due in monthly installments.

The summary of maturities of long-term debt for the eight homes purchased are as follows:

	364 Carolyn Road	834 Lincoln Drive	1029 South Fayette Street	1120 South Fayette Street	842 Lincoln Avenue	594 Leslie Trace	1103 Golfview Drive	388 Leslie Trace	Total
Interest Rate	6.25%	6.25%	5.38%	6.00%	7.00%	5.38%	7.00%	7.25%	
Loan #	54012	54011	54793	54524	53725	54794	53724	55335	
2007	$ 1,080	$ 1,080	$ 1,500	$ 16,451	$ 1,327	$ 1,386	$ 1,511	$ 832	$ 25,167
2008	1,158	1,158	1,583	-	1,423	1,463	1,620	894	9,299
2009	1,242	1,242	84,229	-	1,526	77,839	1,738	961	168,777
2010	1,332	1,332	-	-	70,877	-	80,727	1,033	155,301
2011	1,428	1,428	-	-	-	-	-	847	3,703
Thereafter	62,356	62,356	-	-	-	-	-	46,206	170,918
	$ 68,596	$ 68,596	$ 87,312	$ 16,451	$ 75,153	$ 80,688	$ 85,596	$ 50,773	533,165
LESS CURRENT PORTION									(25,168)
LONG TERM DEBT									$ 507,997

To avoid the final balloon payments, it is the intent of the Authority to refinance the debt. The authority pays interest only on some of the accounts.

FAYETTE METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
December 31, 2006

FDS Line Item No.	Account Description	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 N/C S/R	Other Bus. Activities	TOTAL
	ASSETS				
111	Cash - unrestricted	$ 198,552	$ 37,585	$ 37,322	$ 273,459
115		24,328	-	-	24,328
100	TOTAL CASH	222,880	37,585	37,322	297,787
122	Accounts receivable - HUD other proj.	53,869	1,298	-	55,167
124	Accounts receivable - other state local	-	-	1,739	1,739
125	Accounts receivable - miscellaneous	60,000	-	-	60,000
128	Fraud recovery	2,413	-	-	2,413
128.1	Fraud recovery - allowance	(2,413)	-	-	(2,413)
129	Accrued interest receivable	70	-	-	70
120	TOTAL ACCOUNTS RECEIVABLE	113,939	1,298	1,739	116,976
142	Prepaid expenses & other assets	-	-	4,423	4,423
144	Interprogram due from	1,235	-	-	1,235
150	TOTAL CURRENT ASSETS	338,054	38,883	43,484	420,421
162	Buildings	-	-	775,044	775,044
164	Furniture and equipment - admin	32,980	-	15,477	48,457
166	Accumulated depreciation	(29,972)	-	(177,403)	(207,375)
160	TOTAL FIXED ASSETS, NET	3,008	-	613,118	616,126
180	TOTAL NON-CURRENT ASSETS	3,008	-	613,118	616,126
190	TOTAL ASSETS	$ 341,062	$ 38,883	$ 656,602	$ 1,036,547
	LIABILITIES				
312	Accounts payable <=90 days	$ 285	$ -	$ -	$ 285
331	Accounts payable - HUD PHA programs	21,333	10,849	-	32,182
341	Tenant security deposits	-	-	2,794	2,794
342	Deferred Revenues	-	-	94,145	94,145
343	Current Portion of Long Term Debt	-	-	25,168	25,168
347	Interprogram due to	-	-	1,235	1,235
310	TOTAL CURRENT LIABILITIES	21,618	10,849	123,342	155,809
351	Long Term Debt	-	-	507,997	507,997
353	Noncurrent liabilities - other	24,941	-	-	24,941
350	TOTAL NONCURRENT LIABILITIES	24,941	-	507,997	532,938
300	TOTAL LIABILITIES	46,559	10,849	631,339	688,747
513	TOTAL EQUITY	294,503	28,034	25,263	347,800
600	TOTAL LIABILITIES AND EQUITY	$ 341,062	$ 38,883	$ 656,602	$ 1,036,547

See independent auditors' report

FAYETTE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
PROPRIETARY FUND TYPE
ENTERPRISE FUND
Year Ended December 31, 2006

FDS Line Item No.	Account Description	14.871 Sect. 8 Hsg Choice VO	14.182 Sect. 8 N/C S/R	Other Bus. Activity	TOTAL
	REVENUE				
703	Net tenant rental revenue	$ -	$ -	$ 89,636	$ 89,636
706	PHA HUD grants	1,371,439	52,544	-	1,423,983
708	Other government revenue	-	-	164,632	164,632
711	Investment income - unrestricted	7,319	985	55	8,359
714	Fraud recovery	2,678	-	-	2,678
	TOTAL REVENUE	1,381,436	53,529	254,323	$ 1,689,288
	EXPENSES				
912	Auditing fees	6,211	190	-	6,401
913	Management fees	74,442	3,270	2,150	79,862
916	Other operating - administrative	78,250	3,300	2,354	83,904
942	Ordinary maint and op-materials	4,782	258	41,584	46,624
961	Insurance premiums	2,265	122	4,574	6,961
962	Other general expenses	-	-	4,300	4,300
967	Interest expense	-	-	31,829	31,829
969	TOTAL OPERATING EXPENSES	165,950	7,140	86,791	259,881
970	EXCESS OPERATING REVENUE OVER EXPENSES	1,215,486	46,389	167,532	1,429,407
973	Housing Assistance Payments	1,171,526	44,788	58,701	1,275,015
974	Depreciation expense	2,255	-	86,714	88,969
900	TOTAL EXPENSES	1,339,731	51,928	232,206	1,623,865
1000	EXCESS OF REVENUE OVER EXPENSES	41,705	1,601	22,117	65,423
1103	Beginning equity	252,798	26,437	(6,238)	272,997
1104	Prior period adj/equity transfers	-	(4)	9,384	9,380
					-
	ENDING EQUITY	$ 294,503	$ 28,034	$ 25,263	347,800

See independent auditors' report

FAYETTE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
December 31, 2006

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
FROM U.S. DEPARTMENT OF HUD		
DIRECT PROGRAMS		
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	1,371,439
Section 8 - NC/SR	14.182	52,544
Total - All Programs		$ 1,423,983

See independent auditors' report

Jones, Cochenour & Co.
Certified Public Accountants

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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
Fayette Metropolitan Housing Authority
Washington Court House, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the financial statements of Fayette Metropolitan Housing Authority as of and for the year ended December 31, 2006, and have issued our report thereon dated June 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fayette Metropolitan Housing Authority's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
June 15, 2007

Jones, Cochenour & Co.
Certified Public Accountants

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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
Fayette Metropolitan Housing Authority
Washington Courthouse, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

<u>Compliance</u>

We have audited the compliance of Fayette Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 2006. Fayette Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' 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 Fayette Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Fayette Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fayette Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Fayette Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Fayette 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 year ended December 31, 2006.

<u>Internal Control Over Compliance</u>

The management of Fayette 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 our audit, we considered Fayette 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Jones, Cochenour & Co.
June 15, 2007

Summary of Auditors'
Results and Schedules of Findings
OMB Circular A-133 § .505

Fayette Metropolitan Housing Authority
December 31, 2006

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	**Unqualified**
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	**No**
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	**No**
Was there any reported material non-compliance at the financial statement level (GAGAS)?	**No**
Were there any material internal control weakness conditions reported for major federal programs?	**No**
Were there any other reportable internal control weakness conditions reported for major federal programs?	**No**
Type of Major Programs' Compliance Opinion	**Unqualified**
Are there any reportable findings under § .510?	**No**
Major Programs (list):	**14.871 – Housing Choice Vouchers** **14.182 Section 8 N/C S/R**
Dollar Threshold: Type A/B Programs	**$300,000**
Low Risk Auditee?	**Yes**

Summary of Auditors'
Results and Schedules of Findings
OMB Circular A-133 § .505 - Continued

Fayette Metropolitan Housing Authority
December 31, 2006

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2006.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2006.

Mary Taylor, CPA
Auditor of State

FAYETTE METROPOLITAN HOUSING AUTHORITY

FAYETTE 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
OCTOBER 2, 2007

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