

**LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Licking County Metropolitan Housing Authority  
144 W. Main Street  
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Metropolitan Housing Authority, prepared by Haemmerle, Heximer, Harvey & Co., for the audit period January 1, 2005 through December 31, 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 Licking County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 11, 2006

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Board of Commissioners  
Licking Metropolitan Housing Authority  
Newark, Ohio

### **Independent Auditors' Report**

We have audited the accompanying statement of net assets of Licking Metropolitan Housing Authority, as of and for the year ended December 31, 2005 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Licking Metropolitan Housing Authority as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles in the United States generally accepted.

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.

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In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2006, on our consideration of Licking 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Licking Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, the Schedule of Revenue and Expense by Program, and the Schedule of Activity are presented for the purposes of additional analysis and are 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 stated in all material respects in relation to the basic financial statements taken as a whole.

HHH CPA Group LLC

**HHH CPA GROUP, LLC.**

Columbus, Ohio

May 15, 2006



## LICKING METROPOLITAN HOUSING AUTHORITY

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**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2005  
Unaudited**

Housing Authority's ("the Authority") *Management Discussion and Analysis* is designed to:

- (a) Assist the reader in focusing on significant financial issues
- (b) Provide an overview of the Authority's financial activity
- (c) Identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges)
- (d) Identify the single enterprise fund issues or concerns.

This *Management Discussion and Analysis (MD & A)* is new and will now be presented at the front of each year's financial statements. Since the *MD & A* is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements which follow.

### FINANCIAL HIGHLIGHTS

- In 2004, the Housing Authority implemented GASB 34.
- Total revenues: FYE 12/31/05: \$5,789,005, decrease of \$24,077 in 2005  
FYE 12/31/04: \$5,813,082 increase of \$337,248 in 2004
- Total expenses: FYE 12/31/05: \$6,017,356 increase of \$63,257 in 2005  
FYE 12/31/04: \$5,954,099 increase of \$420,192 in 2004

### USING THIS ANNUAL REPORT

This is a very different presentation of the Authority's previous financial statements. The following graphic outlining these changes is provided for your review:

<b>MD&amp;A</b> ~ Management Discussion and Analysis (new) ~
Basic Financial Statements ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~

The new and clearly preferable focus is on the Authority as a single enterprise fund. This new format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2005  
Unaudited**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the 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, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

The basic 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, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

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

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the authority's units.

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 Annual Contributions Contract (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.



**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2005  
Unaudited**

**Other Business Activity** – LMHA purchased a building in May 2005 to move Section 8 and Administrative Staff from LMHA's Public Housing, Terrace Gardens Apartment Building.

**Section 8 New Construction (NC)** – Under this projected-based cluster, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance. The Authority subsidizes the family's rent through HAP made to the landlord.

**Shelter Plus Care (SPC)** – The Shelter Plus Care Program provides rental assistance, in connection with supportive services funded from sources other than this program, to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through four components: (1) Tenant-based Rental Assistance (TRA); (2) Sponsor-based Rental Assistance (SRA); (3) Project-based Rental Assistance (PRA); (4) and Single Room Occupancy for Homeless Individuals (SRO).

**BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET ASSETS**

The following table reflects the condensed Statement of Net Assets compared to prior years.

**TABLE 1  
STATEMENT OF NET ASSETS**

		2005	2004	2003
Current & Other Assets		\$489,173	\$1,046,951	\$1,003,253
Capital Assets		\$1,590,610	\$1,301,082	\$1,378,055
	TOTAL ASSETS	\$2,079,783	\$2,348,033	\$2,381,308
Current & Other Liabilities		\$202,817	\$235,882	\$152,832
Long-term Liabilities		-	-	-
	TOTAL LIABILITIES	\$202,817	\$235,882	\$152,832
Net Assets:				
Invested in Capital Assets, net of related debts		\$1,590,610	\$1,301,082	\$1,378,055
Reserved for capital projects		\$248,965	\$598,628	-
Unrestricted		\$37,391	\$212,441	\$850,361
	TOTAL NET ASSETS	\$1,876,966	\$2,112,151	\$2,228,416

**NOTE:** For more detailed information, see the *Statement of Net Assets*.

Major factors affecting the *Statement of Net Assets*: A decrease in total net assets of \$235,185 was reflected in 2005. LMHA did not properly monitor expenditures. LMHA will vigorously monitor expenditures in 2006.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended December 31, 2005  
Unaudited

**TABLE 2**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal years:

	2005	2004 restated	2003 restated
<b>REVENUES</b>			
Tenant Revenue Rent & other	\$207,051	\$205,192	\$217,139
Operating subsidies & Grants	\$5,569,381	\$5,597,163	\$5,105,606
Capital Grants	-	-	\$142,314
Investment Income	\$10,475	\$10,000	\$10,769
Other revenue	\$2,098	\$721	-
<b>TOTAL REVENUE</b>	<b>\$5,789,005</b>	<b>\$5,813,076</b>	<b>\$5,475,828</b>
<b>EXPENSES</b>			
Administrative	\$863,085	\$764,623	\$754,473
Tenant Services	\$4,990	\$3,396	\$4,516
Utilities	\$101,402	\$88,276	\$89,268
Maintenance	\$13,776	\$62,483	\$55,594
General & PILOT	\$32,764	\$41,344	\$36,499
Housing Assistance Payments	\$4,922,227	\$4,907,843	\$4,420,660
Depreciation	\$80,395	\$79,763	\$169,246
Miscellaneous	\$(1,283)	\$6,371	\$3,657
<b>TOTAL EXPENSES</b>	<b>\$6,017,356</b>	<b>\$5,954,099</b>	<b>\$5,533,913</b>
Net operating loss	\$(228,351)	\$(141,017)	\$(58,085)
Equity, beginning, Restated	\$2,105,317	\$2,253,168	\$2,311,253
<b>EQUITY, ENDING</b>	<b>\$1,876,966</b>	<b>\$2,112,151</b>	<b>\$2,253,168</b>

Major factors affecting the *Statement of Revenue, Expenses, and Changes in Net Asset*: Comparisons between these years do reflect an increase in administrative expenses, due in part by reclassification of expenses for "maintenance" into the "administration" classification. This reclassification also explains the decrease in the "maintenance" from 2004 to 2005.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2005  
Unaudited**

**CAPITAL ASSETS**

As of year end, the Authority had \$1,590,610 invested in a variety of capital assets as reflected in the following schedule which represents a net increase (addition, deductions and depreciation) of \$289,528 from the end of last year.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END  
(Net of Depreciation)**

	2005	2004 restated	2003 restated
Land & land rights	\$209,300	\$209,300	\$209,300
Buildings	\$4,740,358	\$4,363,674	\$4,360,884
Equipment – Administrative	\$114,850	\$104,490	\$104,490
Equipment – dwellings	\$2,712	\$2,712	\$2,712
Accumulated depreciation	\$(3,476,610)	\$(3,406,115)	\$(3,326,352)
Leasehold improvements	-	\$27,021	\$27,021
<b>TOTAL</b>	<b>\$1,590,610</b>	<b>\$1,301,082</b>	<b>\$1,378,055</b>

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets for 2005.

Beginning Balance	\$1,301,082
Additions	\$360,023
Depreciation	\$(70,495)
<b>ENDING BALANCE</b>	<b>\$1,590,610</b>

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2005**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

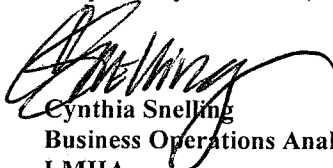
**IN CONCLUSION**

Licking Metropolitan Housing Authority has a growing concern about the consistent and sound financial condition of this Authority. These conditions will be monitored closely by the Business Operations Analyst and the newly-appointed Executive Director, so that further increases are minimized or negated.

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Paul Colbert, Executive Director of the Licking Metropolitan Housing Authority at (740)-349-8069 Ext 222.

Respectfully submitted,

  
Cynthia Snelling  
Business Operations Analyst  
LMHA

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

ASSETS

Current assets:

Cash and cash equivalents – unrestricted	\$ 973
Cash and cash equivalents – restricted	301,557
Investments	104,407
Accounts receivable – HUD	42,928
Accounts receivable – other, net of allowance	1,622
Prepaid expenses	36,150
Inventory - net of allowance	<u>1,536</u>

Total current assets 489,173

Capital assets:

Land	284,300
Other capital assets – net	<u>1,306,310</u>

Total assets 2,079,783

LIABILITIES AND EQUITY

Current liabilities:

Tenant security deposits	9,510
Accounts payable – trade	72,033
Accounts payable – other governments	10,565
Accrued wages and payroll taxes	6,686
Accrued compensated absences	13,784
Deferred revenue	<u>90,239</u>

Total current liabilities 202,817

Equity:

Invested in capital assets	1,590,610
Designated	269,754
Undesignated	<u>16,602</u>

Total net assets \$1,876,966

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

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2005

Revenue:	
HUD grants	\$5,569,381
Rental income	207,051
Investment income – unrestricted	2,643
Investment income – restricted	7,832
Other	<u>2,098</u>
Total revenue	<u>5,789,005</u>
Expenses (except depreciation):	
Housing assistance payments	4,922,227
Administrative salaries	345,291
Other administrative expenses	219,504
Employee benefits	199,221
Utilities	101,402
Contract services	99,069
Material and labor – maintenance	13,776
PILOT	10,565
Tenant services	4,990
Bad Debt	(725)
Other	<u>22,199</u>
Total expenses – except depreciation	<u>5,937,519</u>
Loss before depreciation and operating transfers	(148,514)
Depreciation expense	(80,395)
Other income	558
Operating transfer into the Low Rent Program	10,000
Operating transfer out of the Capital Fund	<u>(10,000)</u>
Net loss	<u>(228,351)</u>
Total net assets – beginning of year, as previously reported	2,112,151
Prior period adjustment	<u>(6,834)</u>
Total net assets – beginning of year, as adjusted	<u>2,105,317</u>
Total net assets – end of year	<u>\$1,876,966</u>

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

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

Cash flows from operating activities:	
Cash received from tenants	\$ 207,954
Cash received from HUD	5,679,853
Cash payments for housing assistance payments	(4,870,605)
Cash payments for administrative	(764,016)
Cash payments for other operating expenses	(231,574)
Cash payments to HUD and other governments	<u>(75,894)</u>
Net cash used in operating activities	(54,282)
Cash flows from financing activities:	
Purchases of property and equipment	<u>(360,023)</u>
Net cash used in financing activities	(360,023)
Cash flows from investing activities:	
Investment income	(10,475)
Transfer of investments to cash	<u>159,014</u>
Net cash provided by investing activities	<u>148,539</u>
Decrease in cash and cash equivalents	(265,766)
Cash and cash equivalents - beginning of year	<u>568,296</u>
Cash and cash equivalents - end of year	<u>\$ 302,530</u>
Non cash transactions:	
Prior period adjustment	\$ (6,834)
Accounts receivable - other	<u>6,834</u>
	<u>\$ -</u>

(Continued)

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

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

STATEMENT OF CASH FLOWS – (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2005

Reconciliation of operating loss to net cash used in operating activities:

Cash flows from operating activities:

Net loss	\$ (228,351)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	80,395
Changes in operating assets that (increase) decrease cash flows:	
Accounts receivable – HUD	(42,928)
Accounts receivable – other	67,547
Prepaid expenses	(10,304)
Inventory	444
Changes in operating liabilities that increase (decrease) cash flows:	
Accounts payable - trade	51,692
Accounts payable – HUD	(64,477)
Accounts payable – other governments	(852)
Tenant security deposits	710
Accrued wages and payroll taxes	(479)
Accrued compensated absences	2,082
Deferred revenue	<u>90,239</u>
Net cash used in operating activities	\$ <u>(54,282)</u>

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



LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

The Licking Metropolitan Housing Authority (LMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and U.S. 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 a 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.

These criteria were considered in determining that the reporting entity did not have any component units.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

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 Financial Accounting Standards Board 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments.

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LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - Summary of Significant Accounting Policies - (Continued)

The Authority's programs that are consolidated into a single enterprise fund are as follows:

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

Capital Fund Program (CFP) - This is the current primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the authority's units.

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 Annual Contributions Contract (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.

Other Business Activity - Under the Other Business Activity Program, the Authority transferred administrative fees from the HCVP administration reserves for future development/acquisition of building for housing purposes.

Section 8 New Construction (NC) - Under this projected-based cluster, the rental subsidy is tied to a specific unit and when a family moves from the unit, it has no right to continued assistance. The Authority subsidizes the family's rent through HAP made to the landlord.

Shelter Plus Care (SPC) - The Shelter Plus Care Program provides rental assistance, in connection with supportive services funded from sources other than this program, to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through four components: (1) Tenant-based Rental Assistance (TRA); (2) Sponsor-based Rental Assistance (SRA); (3) Project-based Rental Assistance (PRA); (4) and Single Room Occupancy for Homeless Individuals (SRO).

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - Summary of Significant Accounting Policies - (Continued)

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Tenant Receivables

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 account was \$75 as of December 31, 2005.

Property and Equipment

Property and equipment are 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. The Authority's capitalization threshold is \$500. Depreciation is recorded on the straight-line method under the following lives:

Buildings	27.5 years
Buildings improvements	15 years
Equipment	7 years
Autos	5 years

Due From/To Other Programs

Inter-program receivables and payables as of December 31, 2005 on the Financial Data Schedule have been eliminated on the Statement of Net Assets.

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - Summary of Significant Accounting Policies – (Continued)

Capitalization of Interest

The Department of Housing and Urban Development's policy is not to capitalize interest in the construction or purchase of fixed assets.

NOTE 2 – Cash and Investments

Cash

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 withdrawal 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 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 deposits with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 - Cash and Investments - (Continued)

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

Category 1: \$287,187 was covered by FDIC

Category 2: \$119,750 was covered by specific collateral pledged by  
the financial institution in the name of the Authority

Book balances for the period ending December 31, 2005 were as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Unrestricted low Rent Housing	\$ 973	\$ -	\$ 973
Restricted:			
Low Rent Housing	75,732	-	75,732
Section 8 Business Activities	<u>225,825</u>	<u>104,407</u>	<u>330,232</u>
Total Restricted	<u>301,557</u>	<u>104,407</u>	<u>405,964</u>
	<u>\$ 302,530</u>	<u>\$ 104,407</u>	<u>\$ 406,937</u>

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instruments, 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 repurchase 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 upon delivery by 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.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 – Cash and Investments – (Continued)

Interest rate risk: The Authority does not have a policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk: The Authority does not place a limit on the amount that may be invested in any one issuer.

Custodial credit risk: For an investment, the custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In order to mitigate custodial risk, the Authority purchases their investments only through an approved broker/dealer or institution.

NOTE 3 – Capital Assets

Following is a summary of capital assets:

	<u>Balance</u> <u>12/31/04</u>	<u>New Additions/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/05</u>
Capital assets, not being depreciated			
Land	\$ <u>209,300</u>	\$ <u>75,000</u>	\$ <u>284,300</u>
Capital assets, being depreciated			
Buildings and improvements	\$ 4,390,695	\$ 274,663	\$ 4,665,358
Furniture and equipment	<u>107,202</u>	<u>10,360</u>	<u>117,562</u>
	4,497,897	285,023	4,782,920
Less accumulated depreciation	\$ <u>(3,406,115)</u>	\$ <u>(70,495)</u>	\$ <u>(3,476,610)</u>
Total capital assets, net, being depreciated	\$ <u>1,091,782</u>	\$ <u>289,528</u>	\$ <u>1,381,310</u>

NOTE 4 – Deferred Revenue

The Authority received Capital fund draws during 2005 that were not expended by December 31, 2005.

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - Equity

A prior period adjustment of \$6,834 was recorded in 2005 due to changes in administrative fees for the 2004 financial statements.

NOTE 6 - 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 7 - Retirement and Other Benefit Plans

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2004 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contribution to PERS for the years ending December 31, were as follows:

	<u>Contribution</u>	<u>Percent</u>
2005	\$ 46,787	13.55
2004	\$ 46,029	13.55
2003	\$ 47,004	13.55
2002	\$ 43,769	13.55
2001	\$ 45,222	13.55

All required contributions were made prior to each of those fiscal year ends.

(Continued)

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 7 – Retirement and Other Benefit Plans – (Continued)

PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio revised Code provides statutory authority for employee and employer contributions. The 2005 employer contribution rate for state employers was 13.55% of covered payroll: 4.3% was the portion that was used to fund health care for the year.

OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely.

NOTE 8 – Compensated Absences

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 4.6 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated without limit.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation. At December 31, 2005, \$13,784 was accrued by the Authority for unused vacation time.

NOTE 9 – 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 10 – Contingencies

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2005, the Authority was involved in no such matters which would have a material effect on the financial statements.



LICKING METROPOLITAN HOUSING AUTHORITY  
 NEWARK, OHIO  
 FDS SCHEDULE SUBMITTED TO HUD  
 SCHEDULE OF ASSETS AND LIABILITIES BY PROGRAM  
 DECEMBER 31, 2005

	Low rent Program	Capital Fund	Shelter Plus Care Program	Section 8 Program	Choice Voucher Program	Business Activities Program	Total
<b>ASSETS</b>							
Cash - unrestricted	\$ 973	-	-	\$ -	-	\$ -	\$ 973
Cash - restricted	75,682	-	-	-	-	225,875	301,557
Investments - unrestricted	14,168	-	-	-	-	-	-
Investments - restricted	-	90,239	-	-	-	-	90,239
Accounts receivable - HUD	-	16,280	-	-	1,200	-	17,480
Accounts receivable - other	903	-	5,004	20,444	719	-	27,070
Interprogram due from	-	-	-	-	73,889	46,324	120,213
Prepaid expenses	6,672	-	-	-	29,478	-	36,150
Inventory - net	706	-	-	-	830	-	1,536
<b>Total Current Assets</b>	<b>99,104</b>	<b>106,519</b>	<b>5,004</b>	<b>20,444</b>	<b>106,116</b>	<b>272,199</b>	<b>609,386</b>
Property and equipment - net	1,218,939	15,828	-	-	22,912	332,931	1,590,610
<b>Total Assets</b>	<b>\$ 1,318,043</b>	<b>\$ 122,347</b>	<b>\$ 5,004</b>	<b>\$ 20,444</b>	<b>\$ 129,028</b>	<b>\$ 605,130</b>	<b>\$ 2,199,996</b>
<b>LIABILITIES</b>							
Tenant security deposits	\$ 9,510	-	-	\$ -	-	\$ -	\$ 9,510
Accounts payable	11,179	-	-	-	58,410	2,445.00	72,034
Accounts payable - HUD	-	-	-	-	-	-	-
Accounts payable - other governments	10,565	-	-	-	-	-	10,565
Accounts payable - other	-	-	-	-	-	-	-
Interprogram due to	32,161	16,280	5,004	20,444	46,324	-	120,213
Deferred Revenues	-	90,239	-	-	-	-	90,239
Accrued wages and payroll taxes	-	-	-	-	6,686	-	6,686
Accrued compensated absences	2,757	-	-	-	11,027	-	13,784
<b>Total Liabilities</b>	<b>66,172</b>	<b>106,519</b>	<b>5,004</b>	<b>20,444</b>	<b>122,447</b>	<b>2,445</b>	<b>323,031</b>
<b>EQUITY</b>							
Contributed capital	-	-	-	-	-	-	-
Retained earnings	1,251,871	15,828	-	-	6,581	602,685	1,876,965
<b>Total Equity</b>	<b>1,251,871</b>	<b>15,828</b>	<b>-</b>	<b>-</b>	<b>6,581</b>	<b>602,685</b>	<b>1,876,965</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,318,043</b>	<b>\$ 122,347</b>	<b>\$ 5,004</b>	<b>\$ 20,444</b>	<b>\$ 129,028</b>	<b>\$ 605,130</b>	<b>\$ 2,199,996</b>

See Independent Auditor's Report

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO  
FDS SCHEDULE SUBMITTED TO HUD  
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Low rent Program	Capital Fund	Shelter Plus Care Program	Section 8 Program	Choice Voucher Program	Business Activities Program	Total
<b>REVENUE</b>							
HUD Grants	\$ 152,508	\$ 26,280	\$ 156,411	\$ 312,624	\$ 4,921,558	\$ -	\$ 5,569,381
Rental Income	207,051	-	-	-	-	-	207,051
Investment Income-Unrestricted	2,643	-	-	-	-	-	2,643
Investment Income - Restricted	-	-	-	-	750	7,082	7,832
Other Revenue	2,098	-	-	-	-	-	2,098
<b>Total Revenue</b>	364,300	26,280	156,411	312,624	4,922,308	7,082	5,789,005
<b>EXPENSES</b>							
Housing Assistance Payments	-	-	144,315	301,353	4,476,559	-	4,922,227
Administrative Salaries	93,656	-	10,000	5,500	236,135	-	345,291
Other Administrative Expense	64,813	-	-	4,251	150,440	-	219,504
Employee Benefits	58,496	-	2,096	1,520	137,109	-	199,221
Utilities	101,402	-	-	-	-	-	101,402
Contract Services	90,737	-	-	-	5,759	2,573	99,069
Material and Labor-Maintenance	13,776	-	-	-	-	-	13,776
Payments in Lieu of Taxes	10,565	-	-	-	-	-	10,565
Bad Debt - Tenant Rents	(725)	-	-	-	-	-	(725)
Tenant Services	4,990	-	-	-	-	-	4,990
General Expenses	17,119	-	-	-	5,080	-	22,199
<b>Total Expenses</b>	454,829	-	156,411	312,624	5,011,082	2,573	5,937,519
<b>Operating Income (Loss) before Depreciation &amp; Other Costs</b>	(90,529)	26,280	-	-	(88,774)	4,509	(148,514)
Depreciation	72,798	452	-	-	6,693	452	80,395
Other costs	-	-	-	-	(558)	-	(558)
Transfers in (out)	10,000	(10,000)	-	-	-	-	-
<b>Operating Income (Loss)</b>	\$ (153,327)	\$ 15,828	\$ -	\$ -	\$ (94,909)	\$ 4,057	\$ (228,351)

See Independent Auditor's Report

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Amount Received</u>	<u>Expenditures for the Year Ended</u>
<b>U.S. Department of Housing And Urban Development</b>				
Direct Programs:				
Public and Indian Housing Program (Low Rent)	14.850(a)	C-5013	\$ 152,508	\$ 152,508
Public Housing Capital Fund Program	14.872	C-5013	26,280	26,280
Section 8 Tenant Based Cluster:				
Section 8 Rental Voucher	14.871	C-5044	4,921,558	4,921,558
Section 8 Project Based:				
Section 8 New Construction	14.182	C-5044	312,624	312,624
Shelter Plus Care Program	14.238	C-5044	<u>156,411</u>	<u>156,411</u>
Total Federal Assistance			<u>\$5,569,381</u>	<u>\$5,569,381</u>

NOTE: This schedule has been prepared on the accrual basis of accounting.

See independent auditors' report.



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**INDEPENDENT AUDITOR'S 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 Commissioners  
Licking Metropolitan Housing Authority  
Newark, Ohio

We have audited the financial statements of Licking Metropolitan Housing Authority, as of and for the year ended December 31, 2005 and have issued our report thereon dated May 15, 2006. We conducted our audit in accordance with auditing standards in the United States generally accepted 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 Licking Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Licking 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 result of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Member: American Institute of Certified Public Accountants

This report is intended for the information and use of 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.

*HHH CPA Group, LLC*

**HHH CPA GROUP, LLC.**

Columbus, Ohio

May 15, 2006



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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 Commissioners  
Licking Metropolitan Housing Authority  
Newark, Ohio

Compliance

We have audited the compliance of Licking 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 year ended December 31, 2005. Licking Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Licking 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 and 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* and the provision of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. 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 Licking 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 Licking Metropolitan Housing Authority's compliance with those requirements.

In our opinion Licking 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, 2005.

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Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal controls 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 relative 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 for the information and use of 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.

HHH CPA Group, LLC

**HHH CPA GROUP, LLC.**

Columbus, Ohio

May 15, 2006

LICKING METROPOLITAN HOUSING AUTHORITY  
NEWARK, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2005

PART I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Licking Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There was no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Licking Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
  - Cluster – Section 8 Programs
  - New Construction – Section 8 Programs
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditor determined that Licking Metropolitan Housing Authority qualified as a low-risk auditee.

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. None

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None





**Auditor of State  
Betty Montgomery**

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**LICKING COUNTY METROPOLITAN HOUSING AUTHORITY**

**LICKING 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  
SEPTEMBER 26, 2006**