

**HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED JUNE 30, 1999**

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44904

**HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO**

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Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

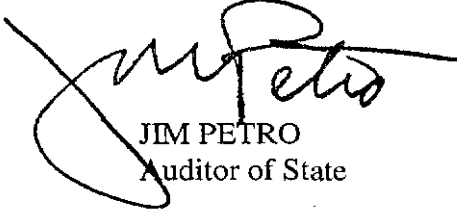
Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Commissioners
Huron Metropolitan Housing Authority
Norwalk, Ohio

We have reviewed the Independent Auditor's Report of the Huron Metropolitan Housing Authority, Huron County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. 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 Huron Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

December 28, 1999

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Huron Metropolitan Housing Authority
Norwalk, Ohio

U.S. Dept. of Housing and
Urban Development
Public Housing Division
Cincinnati, Ohio

We have audited the accompanying financial statements of the Huron Metropolitan Housing Authority, Norwalk, Ohio, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As discussed in Note 1, Huron Metropolitan Housing Authority prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a *comprehensive basis of accounting other than generally accepted accounting principles*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huron Metropolitan Housing Authority as of June 30, 1999, and the results of its operations and the cash flows for the year then ended on the basis of accounting prescribed above.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 1999, on our consideration of Huron Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of Huron 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*, and the supplemental exhibits, listed in the Table of Contents, 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 financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

J. E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
December 15, 1999

EXHIBIT A

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

BALANCE SHEET AT JUNE 30, 1999

Annual Contribution Contract C-10014/C-5021

ASSETS

Cash		\$ 218,660
Accounts Receivable	- HUD	547
	- Other	43,260
Investments		304,717
Deferred Charges		3,070
Land, Structures and Equipment		<u>45,049</u>
Total Assets		<u>\$ 615,303</u>

LIABILITIES AND SURPLUS

Accounts Payable		\$ 2,807
Vendor		1,594
Other		267,450
HUD		<u>42,074</u>
Deferred Credits		
Total Liabilities		313,925
Surplus	-Exhibit C	<u>301,378</u>
Total Liabilities and Surplus		<u>\$ 615,303</u>

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

EXHIBIT B(1)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

STATEMENT OF INCOME AND EXPENSE
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-10014E

Project OH030CE

Operating Income

Interest on Operating Reserve Investments	\$	5,003
Interest on General Fund Investments		7,645
Other Income		<u>2,486</u>
Total Operating Income - Exhibit D(1)		15,134

Operating Expenses

Administrative Expense		148,008
Housing Assistance Payments		879,709
Audit Costs		<u>2,541</u>
Total Operating Expense - Exhibit D(1)		<u>1,030,258</u>

Net Income (Loss)	\$	<u>(1,015,124)</u>
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The accompanying notes are an integral part of these financial statements.

EXHIBIT B(2)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

STATEMENT OF INCOME AND EXPENSE
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-10014V

Project OH030VO

Operating Income

Interest on Operating Reserve Investments	\$	699
Interest on General Fund Investments		198
Other Income		<u>658</u>
Total Operating Income - Exhibit D(2)		1,555

Operating Expenses

Administrative Expense		63,754
Housing Assistance Payments		368,149
Audit Costs		<u>1,102</u>
Total Operating Expense - Exhibit D(2)		<u>433,005</u>
Net Income (Loss)	\$	<u>(431,450)</u>

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

EXHIBIT B(3)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

SPECIAL BOARD FUND

Twelve Months Ended June 30, 1999

BALANCE SHEET

ASSETS

Cash	\$	5,250
Investments		125,404
Land, Structures, and Equipment		<u>119,000</u>
Total Assets	\$	<u>249,654</u>

LIABILITIES AND SURPLUS

Accounts Payable	\$	500
Surplus		<u>249,154</u>
Total Liabilities and Surplus	\$	<u>249,654</u>

STATEMENTS OF INCOME AND EXPENSES AND CHANGES TO SURPLUS

INCOME:

Interest Income	\$	2,653
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EXPENSE:

Sundry Expense		<u>- 0 -</u>
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Net Income		2,653
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Surplus at Beginning of Year		<u>246,501</u>
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Surplus at End of Year	\$	<u>249,154</u>
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The accompanying notes are an integral part of these financial statements.

EXHIBIT B(4)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

STATEMENT OF CASH FLOWS

Year Ended June 30, 1999

Annual Contribution Contracts C-10014/C-5021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$ (1,446,574)
Adjustments to reconcile net loss to net cash provided by operating activities:	
(Increase) Decrease In:	
Accounts Receivable	137
Deferred Charges	48
Investments	(83,784)
Increase (Decrease) In:	
Accounts Payable	231,252
Deferred Credits	<u>5,164</u>
Net Cash Used By Operating Activities	(1,293,757)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment Purchased	<u>-</u>
Net Cash Used By Investing Activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Operating Subsidy	<u>1,444,760</u>
Net Cash Provided By Financing Activities	<u>1,444,760</u>
Net Increase (Decrease) In Cash	151,003
Cash At The Beginning Of Year	<u>67,657</u>
Cash At End Of Year	<u>\$ 218,660</u>

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

EXHIBIT C

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

STATEMENT OF CHANGES IN SURPLUS

Twelve Months Ended June 30, 1999

		<u>Annual Contribution Contract</u>
		<u>C-10014/5021</u>
SURPLUS at July 1, 1998		\$ 302,187
Increase (Decrease) In:		
Unreserved Surplus		(1,066,622)
Operating Reserve		(1,814)
Project Account - Unfunded		(377,133)
Cumulative HUD Contributions		<u>1,444,760</u>
SURPLUS at June 30, 1999	Exhibit A	<u>\$ 301,378</u>

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

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 1 - Summary of Significant Accounting Policies

A. Organization

The Huron Metropolitan Housing Authority is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. 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 rent subsidies. Based on the criteria established by GASB codification 2300, there are no component units to be included with the reporting entity.

B. Basis of Accounting

The Authority's policy is to maintain its accounting records on the modified cash basis in accordance with accounting practices prescribed by the Department of Housing and Urban Development. The Authority does not depreciate its structures and equipment. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with generally accepted accounting principles.

C. Land, Structures and Equipment

Land, Structures and Equipment are recorded at cost. No depreciation is provided according to HUD accounting practices.

D. Cash and Investments

At year-end, the Book Value of the PHA's cash and investments, consisting of Demand Deposits and Certificates of Deposit was \$ 654,031 , and the Bank Balance was \$ 657,579.

- 1) \$ 200,000 was covered by Federal Depository Insurance.
- 2) \$ 457,579 was covered by specific collateral held by a third party in the name of the PHA.

HUD Handbook 7475.1, Chapter 4, Section 1, authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies;
- Demand and Savings Deposits and Certificates of Deposit.

The PHA's cash, which are demand deposits, at June 30, 1999, are as follows:

<u>Annual Contribution Contract</u>	<u>Book Amount</u>	<u>Bank Amount</u>
C-10014/C-5021	\$ 523,377	\$ 529,579
Board Funds	<u>130,654</u>	<u>128,000</u>
TOTAL	<u>\$ 654,031</u>	<u>\$ 657,579</u>

E. Financial Statements Format and Content

The format and content of the financial statements included in this report conform to the format and content of annual report forms submitted to HUD.

NOTE 2 - DEFINED BENEFIT PENSION PLAN:

A. Public Employees Retirement System Pension Plan

All Huron Metropolitan Housing Authority's full-time employees participate in the Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employees retirement system operated by the State.

All public employees in Ohio, except for certain specific exclusions and exemptions, are required to become contributing member of PERS. Employees may retire at or after age 60 with 5 years of credited service. They are entitled to a retirement benefit, payable monthly for life, equal to 2.1% of their final average salary for the first 30 years of credited service and 2.5% for years of service in excess of 30 years. Final average salary is the employee's average salary over the highest 3 years of earnings. Benefits fully vest upon reaching 5 years of service. Employees may retire at any age with 30 years of service, at age 60 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65, receive reduced retirement benefits. Benefits are established by the state statute.

Covered employees are required by state statute to contribute 8.5% of their salary to the plan. The total 1999 employer contribution rate for local government employees units is 13.55%, of which 8.44% is used to fund pension obligations. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund the health care program for retirants. For the year ended June 30, 1999, the employer portion of the retirement contribution amounted to \$ 15,811 on covered payroll of \$ 116,691, which met the contribution rate stated above. The contribution rates for the preceding two years is as follows:

	<u>Contribution</u>	<u>Contribution %</u>
June 30, 1998	\$ 13,188	13.55 %
June 30, 1997	\$ 10,885	13.55 %

NOTE 3 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

Huron Metropolitan Housing Authority has completed an inventory of computer systems and other equipment necessary to conducting the Authority's mission critical operations. The results are as follows:

Systems and Equipment: The information provided by the hardware supplier (Unisys), the operating system supplier (SCO), and the software supplier (Real World), have indicated their efforts to be Year 2000 ready. The Authority has completed the remediation stage of the process, but must complete testing and validation procedures to be Year 2000 compliant. This phase will be completed prior to December 28, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Authority is or will be Year 2000 ready, that the Authority's remediation efforts will be successful in whole or in part, or that parties with whom the Authority does business will be year 2000 ready.

EXHIBIT D(1)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-10014E

Project OHE030CE

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 1,334,305
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	<u> -</u>
Maximum Contribution For Period	1,334,305
Project Account Balance at Beginning of Year	<u>688,951</u>
 Total Annual Contribution Available	 2,023,256

Annual Contribution Required

Administrative Fee	139,700
Housing Assistance Payments	879,709
Hard - to - House Fee	855
Audit Costs	<u>2,541</u>
 Total Funds Required	 1,022,805
 Project Receipts Other Than Annual Contribution	 <u>(7,645)</u>
 Total Annual Contributions Required	 <u>1,015,160</u>

Project Account Change

Provision for Project Account	<u>\$ 319,145</u>
 Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	 <u>\$ 1,015,160</u>

EXHIBIT D(1) Continued

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-10014E

Operating Reserve Changes

Operating Income - Exhibit B(1)	\$ 15,134
Annual Contribution Earned	<u>1,015,160</u>

Total Operating Receipts	1,030,294
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Operating Expenditures

Operating Expenses - Exhibit B(1)	<u>1,030,258</u>
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Total Operating Expenditures	<u>1,030,258</u>
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Net Operating Receipts Available	36
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Provision for (Reduction of) Operating Reserve	<u>36</u>
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Deficit Carry-Over	<u>\$ - 0 -</u>
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EXHIBIT D(2)

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-10014V

Project OH030VO

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 459,526
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	<u> -</u>
Maximum Contribution For Period	459,526
Contingency Reserve	<u>86,278</u>
Total Annual Contribution Available	545,804

Annual Contribution Required

Administrative Fee	60,577
Housing Assistance Payments	368,149
Hard - to - House Fee	180
Audit Costs	<u>1,102</u>
Total Funds Required	430,008
Project Receipts Other Than Annual Contribution	<u>(408)</u>
Total Annual Contributions Required	<u>429,600</u>

Project Account Change

Provision for Project Account	<u>\$ 29,926</u>
Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	<u>\$ 429,600</u>

EXHIBIT D(2) Continued

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM
SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-10014V

Operating Reserve Changes

Operating Income - Exhibit B(2)	\$ 1,555
Annual Contribution Earned	<u>429,600</u>

Total Operating Receipts	431,155
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Operating Expenditures

Operating Expenses - Exhibit B(2)	<u>433,005</u>
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Total Operating Expenditures	<u>433,005</u>
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Net Operating Receipts Available	(1,850)
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Provision for (Reduction of) Operating Reserve	<u>(1,850)</u>
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Deficit Carry-Over	<u>\$ - 0 -</u>
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EXHIBIT H

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Twelve Months Ended June 30, 1999

<u>FROM U.S. DEPARTMENT OF HUD</u> <u>DIRECT PROGRAMS</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FUNDS</u> <u>RECEIVED</u>	<u>FUNDS</u> <u>DISBURSED</u>
Section 8 Cluster Programs			
Annual Contribution Contract C-10014:			
Housing Assistance Payments:			
Annual Contribution			
Existing	14.857	\$ 1,015,160	\$ 1,015,160
Vouchers	14.855	<u>429,600</u>	<u>429,600</u>
Total Section 8 Cluster Programs		<u>\$ 1,444,760</u>	<u>\$ 1,444,760</u>

Basis of Accounting:

As discussed in Note 1, Huron Metropolitan Housing Authority prepares its Schedule of Expenditures of Federal Awards on a prescribed basis of accounting that demonstrates compliance with the modified cash basis accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Huron Metropolitan Housing Authority
Norwalk, Ohio

U.S. Dept. of Housing and
Urban Development
Public Housing Division
Cincinnati, Ohio

We have audited the financial statements of Huron Metropolitan Housing Authority, Norwalk, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Huron 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Huron 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Huron Metropolitan Housing Authority in a separate letter dated December 15, 1999.

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.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
December 15, 1999

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

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
Huron Metropolitan Housing Authority
Norwalk, Ohio

U.S. Department of Housing and
Urban Development
Public Housing Division
Cincinnati, Ohio

Compliance

We have audited the compliance of Huron 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 June 30, 1999. Huron 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 Huron Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions 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 Huron 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 Huron Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Huron 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 June 30, 1999.

Internal Control Over Compliance

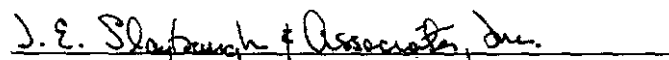
The management of Huron Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's 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.

Report on Compliance and Internal Control

Page 2

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 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 for the information of the management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.



J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
December 15, 1999

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

SUMMARY OF ACTIVITIES

June 30, 1999

At the close of fiscal year ended June 30, 1999, the Huron Metropolitan Housing Authority had the following operations in management:

	<u>Units</u>
<u>Annual Contribution Contract C-10014</u>	
<u>Section 8 -Existing</u>	
Project OH030CE	311
<u>Section 8 - Vouchers</u>	
Project OH030VO	<u>140</u>
 TOTAL UNITS	 <u>451</u>

PRIOR AUDIT FINDINGS

There were no audit findings for the period ending June 30, 1998.

HURON METROPOLITAN HOUSING AUTHORITY
NORWALK, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Huron 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 were 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 Huron Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 Section 8 Programs (Cluster)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Huron 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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HURON METROPOLITAN HOUSING AUTHORITY

HURON 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.

By: *Susan Babbitt*

Date: JANUARY 13, 2000