

**SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO**

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

J. E. Slapbaugh & Associates, Inc.
Certified Public Accountant
10 East Main Street
Leavington, Ohio 44504

**SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO**

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YEAR ENDED JUNE 30, 1999**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

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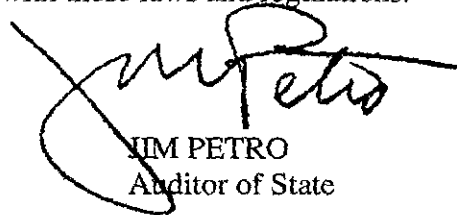
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Sandusky Metropolitan Housing Authority
Fremont, Ohio

We have reviewed the Independent Auditor's Report of the Sandusky Metropolitan Housing Authority, Sandusky 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 Sandusky Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

February 9, 2000

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
Sandusky Metropolitan Housing Authority
Fremont, Ohio

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

We have audited the accompanying financial statements of the Sandusky Metropolitan Housing Authority, Fremont, 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, Sandusky 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 Sandusky 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 January 19, 2000, on our consideration of Sandusky 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 Sandusky 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
January 19, 2000

EXHIBIT A

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

BALANCE SHEET AT JUNE 30, 1999

	<u>Annual Contribution Contract</u>	
	<u>C-5094</u>	<u>C-5020</u>
<u>ASSETS</u>		
Cash	\$ 25,730	\$ 179,122
Accounts Receivable		
Tenants	2,582	
HUD		83,407
Other		36,567
Investments	18,330	66,694
Land, Structures and Equipment	<u>3,586,294</u>	<u>48,176</u>
Total Assets	<u>\$ 3,632,936</u>	<u>\$ 413,966</u>
 <u>LIABILITIES AND SURPLUS</u>		
Accounts Payable		
Vendor	\$ 12,052	\$ 20,172
Tenant Security Deposit	9,235	
HUD		223,320
Other	30,034	45,417
Accrued Liabilities	3,987	
Deferred Credits	<u>8,149</u>	
Total Liabilities	63,457	288,909
Surplus - Exhibit C	<u>3,569,479</u>	<u>125,057</u>
Total Liabilities and Surplus	<u>\$ 3,632,936</u>	<u>\$ 413,966</u>

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

EXHIBIT B(1)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

STATEMENT OF INCOME AND EXPENSE - PHA OWNED HOUSING

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5506

Project OH 54-1

Operating Income

Dwelling Rental \$ 49,243

Total Rental Income 49,243

Interest on General Fund Investments 5,314

Other Income 7,293

Total Operating Income - Exhibit D(1) 61,850

Operating Expenses

Administrative 32,293

Utilities 9,367

Ordinary Maintenance & Operation 50,494

General Expense 31,405

Total Operating Expense - Exhibit D(1) 123,559

Net Operating Income (Loss) \$ (61,709)

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

EXHIBIT B(2)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-10004

Project OH054CE

Operating Income

Interest Earned on Operating Reserve Investments	\$	1,335
Interest on General Fund Investments		3,152
Other Income		<u>1,510</u>
Total Operating Income - Exhibit D(2)		5,997

Operating Expenses

Administrative Expense		112,598
Housing Assistance Payments		744,531
Audit Costs		<u>2,804</u>
Total Operating Expense - Exhibit D(2)		<u>859,933</u>
Net Operating Income (Loss)	\$	<u>(853,936)</u>

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

EXHIBIT B(3)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-10004V

Project OH054VO

Operating Income

Interest Earned on Operating Reserve Investments	\$	218
Interest Earned on General Fund Investments		<u>276</u>
Total Operating Income - Exhibit D(3)		494

Operating Expenses

Administrative Expense		12,620
Housing Assistance Payments		50,349
Audit Costs		<u>191</u>
Total Operating Expense - Exhibit D(3)		<u>63,160</u>
Net Operating Income (Loss)	\$	<u>(62,666)</u>

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

EXHIBIT B(4)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

STATEMENT OF CASH FLOWS

Year Ended June 30, 1999

	Annual Contribution Contract	
	<u>C-5506</u>	<u>C-10004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (61,709)	\$ (916,602)
Adjustments to reconcile net loss to net cash provided by operating activities:		
(Increase) Decrease In:		
Accounts Receivable	21,715	80,847
Investments	5,099	(66,694)
Increase (Decrease) In:		
Accounts Payable	31,944	67,289
Accrued Expenses	(431)	
Deferred Credits	994	
	<u> </u>	<u> </u>
Net Cash Used By Operating Activities	<u>(2,388)</u>	<u>(835,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment Purchased	(580)	
Modernization Expenditures	<u>(225,494)</u>	<u> </u>
Net Cash Used By Investing Activities	<u>(226,074)</u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Operating Subsidy	85,752	909,731
HUD Grants	105,798	
Prior Period Adjustment - RAD	<u> </u>	<u> </u>
Net Cash Provided By Financing Activities	<u>191,550</u>	<u>909,731</u>
Net Increase (Decrease) In Cash	(36,912)	74,571
Cash At The Beginning Of Year	<u>62,642</u>	<u>104,551</u>
Cash At End Of Year	<u>\$ 25,730</u>	<u>\$ 179,122</u>

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

EXHIBIT B(5)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

AGENCY FUNDS
FORT STEPHENSON APARTMENTS
BALANCE SHEET

AT JUNE 30, 1999

	<u>Operations Fund</u>	<u>Asset Replacement Fund</u>
<u>Assets</u>		
Investments	\$ 28,659	\$ 47,216
Accounts Receivable - Other SMHA	203,471	
Equipment	<u>12,373</u>	<u>91,041</u>
Total Assets	<u>\$ 244,503</u>	<u>\$ 138,257</u>
<u>Liabilities and Surplus</u>		
Accounts Payable:		
Other	177,169	
Security Deposits	<u>8,238</u>	
Total Liabilities	185,407	
Fund Balance	<u>59,096</u>	<u>138,257</u>
Total Liabilities and Fund Balance	<u>\$ 244,503</u>	<u>\$ 138,257</u>

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

EXHIBIT B(6)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

AGENCY FUNDS - FORT STEPHENSON APARTMENTS
STATEMENT OF INCOME AND EXPENSE AND CHANGES IN FUND BALANCE

	Operations Fund	Asset Replacement Fund
	<u>Year Ended June 30, 1999</u>	
OPERATING INCOME		
Advances from Sandusky County Commissioners	\$ 198,000	
Rental Income	105,946	
Interest Income	669	\$ 1,371
Other Income	<u>165</u>	<u>2,159</u>
TOTAL OPERATING INCOME	304,780	3,530
OPERATING EXPENSES		
Personnel Costs	84,582	
Utilities and Trash Removal	46,507	
Repairs and Maintenance	27,098	14,416
Insurance	4,505	
Computer	650	
Office Expenses	1,976	
Other Expenses	8,103	
Capital Expenditures		15,821
Tenant Assistance Payments	<u>106,257</u>	
TOTAL OPERATING EXPENSES	<u>279,678</u>	<u>30,237</u>
TOTAL OPERATING RECEIPTS OVER (UNDER) OPERATING EXPENSES	25,102	(26,707)
OTHER FINANCING SOURCES (USES)		
Transfers In - Replacement Reserve		30,000
Transfers Out - Replacement Reserve	<u>(30,000)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>30,000</u>
Excess of Revenues & Other Sources Over (Under) Expenses & Other Uses	(4,898)	3,293
Prior Year Adjustment		6,347
Fund Balance - Beginning of Period	<u>63,994</u>	<u>128,887</u>
Fund Balance - End of Period	<u>\$ 59,096</u>	<u>\$ 138,527</u>

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

EXHIBIT B(7)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

BALANCE SHEET
SPECIAL FUNDS

	<u>Year Ended</u> <u>June 30, 1999</u>
<u>Assets</u>	
Cash	\$ 121,861
Total Assets	<u>\$ 121,861</u>
 <u>Liabilities and Surplus</u>	
Accounts Payable:	
Other SMHA Programs	\$ 98,020
Payroll Withholdings	2,255
Deferred Credits	<u>917</u>
Total Liabilities	101,192
Surplus	<u>20,669</u>
Total Liabilities and Surplus	<u>\$ 121,861</u>

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

EXHIBIT B(8)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
SANDUSKY COUNTY

STATEMENT OF INCOME AND EXPENSES AND
CHANGES IN FUND BALANCES
SPECIAL FUNDS

	<u>Year Ended</u> <u>June 30, 1999</u>
OPERATING INCOME	
Management of Fort Stephenson Apartments	\$ 28,088
Interest Income	<u>1,784</u>
Total Operating Income	29,872
OPERATING EXPENSES	
Salaries	22,580
Employee benefits and insurance	<u>5,846</u>
Total Operating Expenses	<u>28,426</u>
Excess of Operating Income Over (Under) Operating Expenses	1,446
Fund Balance - Beginning of Period	<u>19,223</u>
Fund Balance - End of Period	<u>\$ 20,669</u>

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

EXHIBIT C

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

STATEMENT OF CHANGES IN SURPLUS

Twelve Months Ended June 30, 1999

	<u>Annual Contribution Contract</u>	
	<u>C-5506</u>	<u>C-10004</u>
SURPLUS at July 1, 1998	\$ 3,496,554	\$ 131,927
Increase (Decrease) In:		
Unreserved Surplus	(85,172)	507,587
Prior Year Adjustment	(56,917)	(450,709)
Operating Reserve	23,464	(10,579)
Project Account - Unfunded		(1,415,611)
Cumulative HUD Contributions	85,752	1,362,442
Cumulative HUD Grants	<u>105,798</u>	<u> </u>
SURPLUS at June 30, 1999	<u>\$ 3,569,479</u>	<u>\$ 125,057</u>

Exhibit A

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 1 - Summary of Significant Accounting Policies

A. Organization

The Sandusky 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 Certificate of Deposit, was \$ 487,612, and the Bank Balance was \$ 509,829.

- 1) \$ 100,000 was covered by Federal Depository Insurance.
- 2) \$ 409,829 was covered by 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>Bank Amount</u>	<u>Book Amount</u>
C-5506	\$ 70,331	\$ 44,060
C-10004	256,966	245,816
Fort Stephenson	78,025	75,875
Special Funds	<u>104,507</u>	<u>121,861</u>
TOTAL	<u>\$ 509,829</u>	<u>\$ 487,612</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 Sandusky 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. The Public Employees Retirement System issue a stand alone financial statement, which is made available to all plan participants.

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 \$ 37,920 on covered payroll of \$ 279,856, which met the contribution rate stated above. For the preceding two years the contribution rates were as follows;

	<u>Contribution</u>	<u>Contribution Rate</u>
June 30, 1998	\$ 32,883	13.55 %
June 30, 1997	\$ 30,869	13.55 %

NOTE 3 - YEAR 2000 ISSUE

To the best of management's knowledge and belief, as of January 19, 2000, the Sandusky Metropolitan Housing Authority has not experienced any significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom Sandusky Metropolitan Housing Authority does business may also experience Year 2000 readiness issues that are as yet, unknown.

EXHIBIT D(1)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS
PHA OWNED HOUSING

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5506

Project OH 54-1

Computation of Residual Receipts

Operating Receipts

Operating Income - Exhibit B(1)	\$ 61,850
HUD Operating Subsidy	<u>85,752</u>
Total Operating Receipts	147,602

Operating Expenditures

Operating Expenses - Exhibit B(1)	123,559
Capital Expenditures	<u>580</u>
Total Operating Expenditures	<u>124,139</u>

Residual Receipts (Deficit)	23,463
Provision for (Reduction of) Operating Reserve	<u>23,463</u>
Residual Receipts	<u>\$ -</u>

EXHIBIT D(2)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
 FREMONT, 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-10004

Project OH054CE

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 1,182,492
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	<u>65,287</u>
Maximum Contribution For Period	1,247,779
Project Account Balance at Beginning of Year	<u>549,447</u>
Total Annual Contribution Available	1,797,226

Annual Contribution Required

Administrative Fee	106,263
Housing Assistance Payments	744,531
Hard - to - House Fee	405
Audit Costs	<u>2,804</u>
Total Funds Required	854,003
Project Receipts Other Than Annual Contribution	<u>(3,152)</u>
Total Annual Contributions Required	<u>850,851</u>

Project Account Change

Provision for Project Account	<u>\$ 396,928</u>
Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	<u>\$ 850,851</u>

EXHIBIT D(2) Continued

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, 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-10004

Operating Reserve Changes

Operating Income - Exhibit B(2)	\$ 5,997
Annual Contribution Earned	<u>850,851</u>
Total Operating Receipts	856,848

Operating Expenditures

Operating Expenses - Exhibit B(2)	<u>859,933</u>
Total Operating Expenditures	<u>859,933</u>
Net Operating Receipts Available	(3,085)
Provision for (Reduction of) Operating Reserve	<u>(3,085)</u>
Deficit Carry-Over	<u>\$ -</u>

EXHIBIT D(3)

SANUDSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

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

Twelve Months Ended June 30, 1998

Annual Contribution Contract C-10004V

Project OH054VO

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 122,551
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	<u> -</u>
Maximum Contribution For Period	122,551
Project Account Balance at Beginning of Year	<u>55,154</u>
 Total Annual Contribution Available	 177,705

Annual Contribution Required

Administrative Fee	8,571
Housing Assistance Payments	50,349
Hard-to-House Fees	45
Audit Costs	<u>191</u>
 Total Funds Required	 59,156
 Project Receipts Other Than Annual Contribution	 <u>(276)</u>
 Total Annual Contributions Required	 <u>58,880</u>

Project Account Change

Provision for Project Account	\$ <u>63,671</u>
 Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	 \$ <u>58,880</u>

SANDUSKY METROPOLITAN HOUSING AUTHORITY
 FREMONT, 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-10004V

Operating Reserve Changes

Operating Income - Exhibit B(3)	\$ 494
Annual Contribution Earned	<u>58,880</u>
Total Operating Receipts	59,374

Operating Expenditures

Operating Expenses - Exhibit B(3)	<u>63,160</u>
Total Operating Expenditures	<u>63,160</u>
Net Operating Receipts Available	(3,786)
Provision for (Reduction of) Operating Reserve	<u>(3,786)</u>
Deficit Carry-Over	<u>\$ -</u>

EXHIBIT E(1)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
 FREMONT, OHIO

STATEMENT OF MODERNIZATION COSTS-UNCOMPLETED

At June 30, 1999

Annual Contribution Contract C-5506

	Project <u>905</u>	Project <u>906</u>	Project <u>907</u>
Funds Approved	\$ 208,000	\$ 298,739	\$ 186,641
Funds Expended	<u>68,340</u>	<u>6,500</u>	<u>-</u>
Excess (Deficiency) of Funds Approved	<u>\$ 139,660</u>	<u>\$ 292,239</u>	<u>\$ 186,641</u>
Funds Advanced	\$ 68,340	\$ 6,500	\$ -
Funds Expended	<u>68,340</u>	<u>6,500</u>	<u>-</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT E(2)

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

MODERNIZATION COST CERTIFICATION

At June 30, 1999

Annual Contribution Contract C-5506

1. The Actual Modernization Costs are as follows:

	Project <u>OH12-903</u>	Project <u>OH12-902</u>	Project <u>OH12-904</u>
Project OH 8-1, et al			
Funds Approved	\$ 59,597	\$ 434,000	\$ 479,032
Funds Expended	<u>59,597</u>	<u>434,000</u>	<u>479,032</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 59,597	\$ 434,000	\$ 479,032
Funds Expended	<u>59,597</u>	<u>434,000</u>	<u>479,032</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Date Submitted		1/6/00	1/6/00

2. The Distribution of Costs as shown on the Schedule/Report of Modernization Expenditures submitted to HUD for approval are in agreement with the Authority's records.
3. All Modernization Costs have been paid and all related liabilities have been discharged through payment

EXHIBIT H

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, 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>
Annual Contribution Contract C-5506:			
PHA Owned Housing:			
Operating Subsidy	14.850	\$ 85,752	\$ 85,752
Modernization 902/906	14.852	<u>105,798</u>	<u>105,798</u>
Annual Contribution Contract C-10004:			
Section 8 Cluster			
Housing Assistance Payments:			
Annual Contribution Existing	14.857	850,851	850,851
Vouchers	14.855	<u>58,880</u>	<u>58,880</u>
Sub-Total Section 8 Cluster		<u>909,731</u>	<u>909,731</u>
Total - All Programs		<u>\$ 1,101,281</u>	<u>\$ 1,101,281</u>

Basis of Accounting:

As discussed in Note 1, Sandusky Metropolitan Housing Authority prepares its Schedule of Expenditures of Federal Awards on a prescribed basis of accounting 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

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*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
Sandusky Metropolitan Housing Authority
Fremont, Ohio

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

We have audited the financial statements of Sandusky Metropolitan Housing Authority, Fremont, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 19, 2000. 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 Sandusky 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 Sandusky 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.

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
January 19, 2000

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
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*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
Sandusky Metropolitan Housing Authority
Fremont, Ohio

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

Compliance

We have audited the compliance of Sandusky 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. Sandusky 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 Sandusky 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 Sandusky 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 Sandusky Metropolitan Housing Authority's compliance with those requirements.


In our opinion, Sandusky 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 Sandusky 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 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 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.
Lexington, Ohio
January 19, 2000

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, OHIO

SUMMARY OF ACTIVITIES

June 30, 1999

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

<u>Management</u>	<u>Units</u>
<u>Public Housing - Contract C-5506</u>	
Owned - Project OH 54-1	47
<u>Section 8 - Contract C-10004</u>	
Existing - Project OH054CE	234
Vouchers - Project OH054VO	<u>19</u>
TOTAL	<u>300</u>

Prior Audit Findings

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
FREMONT, 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 Sandusky 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 Sandusky Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:

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 Sandusky 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

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SANDUSKY METROPOLITAN HOUSING AUTHORITY

SANDUSKY 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: MARCH 2, 2000