

**SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED MARCH 31, 2001**

James E Lavelle, Jr.
Certified Public Accountant
600 Lexington Ave
Mansfield, Ohio 44907



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215
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Board of Commissioners
Seneca Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Seneca Metropolitan Housing Authority, Seneca County, prepared by Lavelle & Company, for the audit period April 1, 2000 to March 31, 2001. 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 Seneca Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 3, 2001

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SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO

MARCH 31, 2001

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JAMES E LAVELLE, JR.

Certified Public Accountant.

600 Lexington Ave.

Mansfield, Ohio 44907

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Seneca Metropolitan Housing Authority
Tiffin, Ohio

We have audited the accompanying balance sheet of the Seneca Metropolitan Housing Authority, Tiffin, Ohio, as of and for the year ended March 31, 2001, and the related statements of revenues, expenses, equity, 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 of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

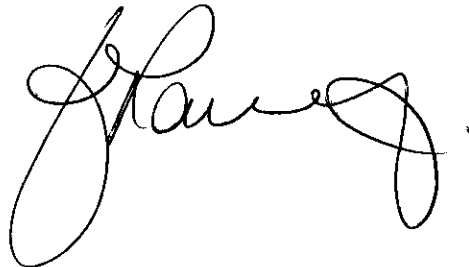
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Seneca Metropolitan Housing Authority as of March 31, 2001, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 14, 2001, on our consideration of Seneca Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Seneca 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 is not a required part of the financial statements. The information in that Schedule 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.

James E Lavelle, CPA.
September 14, 2001



SENECA METROPOLITAN HOUSING AUTHORITY
 TIFFIN, OHIO
 BALANCE SHEET
 March 31, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 78,676
Accounts Receivable- Fraud Recovery - net of Allowance for Doubtful Accounts	166
Prepaid Expenses	<u>1,934</u>

Total Current Assets 80,776

Property and Equipment - Net of \$ 13,235 Accumulated Depreciation -

Total Assets \$ 80,776

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 323
Accounts Payable- HUD	20,235
Accrued Wages and Payroll Taxes	7
Deferred Revenues	<u>48,445</u>

Total Current Liabilities 69,010

Noncurrent Liabilities 166

Total Liabilities 69,176

Equity

Retained Earnings 11,600

Total Equity 11,600

Total Liabilities and Equity \$ 80,776

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

SENECA METROPOLITAN HOUSING AUTHORITY
 TIFFIN, OHIO
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
 FOR THE YEAR ENDED MARCH 31, 2001

<u>Revenue</u>	
HUD Grants	\$ 338,075
Investment Income-Unrestricted	<u>91</u>
Total Revenue	338,166
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	284,205
Administrative Salaries	11,091
Compensated Absences	(189)
Employee Benefits	4,145
Other Administrative Expense	39,328
Material and Labor-Maintenance	3,050
General Expenses	<u>2,399</u>
Total Expenses	344,029
Income (Loss) before Depreciation & Other Costs	(5,863)
Depreciation	<u>714</u>
Operating Income (Loss)	(6,577)
Equity - Beginning of Year	<u>18,177</u>
Total Equity - End of Year	<u><u>\$ 11,600</u></u>

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

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001

<u>Cash Flows from Operating Activities</u>	\$ (6,577)
Operating Income (Loss)	
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	714
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Prepaid Expenses	(934)
Accounts Payable- Vendor	(2,023)
Accounts Payable-HUD	7,355
Accrued Wages & Taxes Payable	(601)
Accrued Compensated Absences	(189)
Deferred Revenues	<u>8,631</u>
Total Adjustments	<u>12,953</u>
Net Cash Provided By Operating Activities	<u>6,376</u>
<u>Cash Flows from Investing Activities</u>	
Change in Property and Equipment	<u>-</u>
Net Cash Used By Investing Activities	<u>-</u>
Increase (Decrease) In Cash and Cash Equivalents	6,376
Cash and Cash Equivalents - Beginning of Year	<u>72,300</u>
Cash and Cash Equivalents - End of Year	<u>\$ 78,676</u>

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

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Seneca Metropolitan Housing Authority (SMHA 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 Seneca Metropolitan Housing Authority and the 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 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 the reporting entity.

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 before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

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 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.

Property and Equipment

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

Useful Lives

Equipment	7 Years
Autos	5 Years

Depreciation is recorded on the straight-line method.

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

NOTE 2 - CASH

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

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

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

NOTE 2 - CASH

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 collateralize with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

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

Category 1.	\$ 84,344	was covered by federal depository insurance.
Category 2.	none	

The Book Balance at March 31, 2001, was as follows:

Section 8 Rental Vouchers	<u>\$ 78,676</u>
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NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2001, by class is as follows:

Furniture, Equipment- Administrative	\$ 13,235
Less Accumulated Depreciation	<u>(13,235)</u>
Net Property and Equipment	<u>\$ -</u>

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives and "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

A. Vouchers

Units per month x \$ 37.72/unit

NOTE 5 - 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, death benefits to plan members and beneficiaries. The authority to establish and amend benefit benefits is provided by 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 2001 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 contributions to P.E.R.S. for the years ending March 31, were as follows:

	Contribution	%
3/31/01	\$ 1,187	13.55%
3/31/00	\$ 2,538	13.55%
3/31/99	\$ 1,543	13.55%

All required contributions were made prior to each of those fiscal year ends. 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 2001 employer contribution rate for state employers was 10.84 % of covered payroll: 4.3 % was the portion that was used to fund health care for the year, under the new calculation methodology effective January 1, 1998. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB. OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely. The number of benefit recipients eligible for OPEB at March 31, 2001, was 401,339.

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, and building contents.

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

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At March 31, 2001 the Authority was involved in no matters management believes will have a material effect on the financial statements.

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Section 8 Tenant Based		
Section 8 Rental Voucher Program	14.855	<u>338,075</u>
Total Federal Awards Expended		<u>\$ 338,075</u>

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

See Independent Auditors' Report

SENECA METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Balance Sheet
As of March 31, 2001

	Section 8 Vouchers <u>14,855</u>	<u>TOTAL</u>
ASSETS		
Current Assets		
Cash-unrestricted	<u>\$ 78,676</u>	<u>\$ 78,676</u>
Total cash	<u>78,676</u>	<u>78,676</u>
Accounts and notes receivables		
Fraud Recovery	184	184
Allowance for doubtful accounts-Fraud	<u>(18)</u>	<u>(18)</u>
Total receivables, net of allowances for uncollectibles	<u>166</u>	<u>166</u>
Current Investments		
Prepaid expenses and other assets	<u>1,934</u>	<u>1,934</u>
Total investments	<u>1,934</u>	<u>1,934</u>
Total current assets	<u>80,776</u>	<u>80,776</u>
Noncurrent assets		
Furniture, equipment and machinery-admin.	13,235	13,235
Accumulated depreciation	<u>(13,235)</u>	<u>(13,235)</u>
Total fixed assets, net of accum. depreciation	<u>-</u>	<u>-</u>
Total assets	<u>\$ 80,776</u>	<u>\$ 80,776</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable < 90 days	<u>\$ 323</u>	<u>\$ 323</u>
Accrued wages/payroll taxes payable	7	7
Accounts payable-HUD PHA Program	20,235	20,235
Deferred Revenues	<u>48,445</u>	<u>48,445</u>
Total current liabilities	<u>69,010</u>	<u>69,010</u>
Non-current liabilities		
Non-current liabilities-other	<u>166</u>	<u>166</u>
Total non-current liabilities	<u>166</u>	<u>166</u>
Total Liabilities	<u>69,176</u>	<u>69,176</u>
Equity		
Undesignated fund balance/retained earnings	<u>11,600</u>	<u>11,600</u>
Total equity	<u>11,600</u>	<u>11,600</u>
Total liabilities & equity	<u>\$ 80,776</u>	<u>\$ 80,776</u>

See Independent Auditors' Report

SENECA METROPOLITAN HOUSING AUTHORITY
 TIFFIN, OHIO
 SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
 FOR THE YEAR ENDED MARCH 31, 2001

REVENUE	Section 8 Vouchers Program	Total
HUD Grants	\$ 338,075	\$ 338,075
Investment Income-Unrestricted	<u>91</u>	<u>91</u>
Total Revenue	338,166	338,166
 EXPENSES		
Housing Assistance Payments	284,205	284,205
Administrative Salaries	11,091	11,091
Compensated Absences	(189)	(189)
Employee Benefit Contributions	4,145	4,145
Other Administrative Expense	39,328	39,328
Material and Labor-Maintenance	3,050	3,050
General Expenses	<u>2,399</u>	<u>2,399</u>
Total Expenses	<u>344,029</u>	<u>344,029</u>
Income (Loss) before Depreciation & Other Costs		
Depreciation	(5,863)	(5,863)
	<u>714</u>	<u>714</u>
Operating Income (Loss)	<u>\$ (6,577)</u>	<u>\$ (6,577)</u>

See Independent Auditors' Report

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO
SCHEDULE OF ACTIVITY
MARCH 31, 2001

The PHA had 111 units under management.

<u>Management</u>	<u>Units</u>
Section 8 Rental Vouchers Program	<u>111</u>
TOTAL	<u>111</u>

THERE WERE NO PRIOR AUDIT FINDINGS

See Independent Auditors' Report

JAMES E LAVELLE, JR.

Certified Public Accountant.

600 Lexington Ave.

Mansfield, Ohio 44907

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
Seneca Metropolitan Housing Authority
Tiffin, Ohio

We have audited the financial statements of Seneca Metropolitan Housing Authority, Tiffin, Ohio, as of and for the year ended March 31, 2001, and have issued our report thereon dated September 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

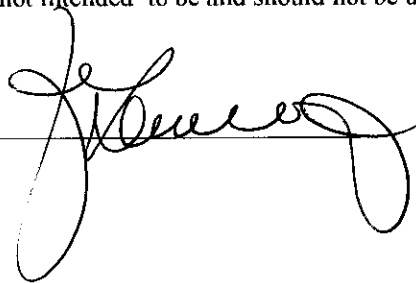
As part of obtaining reasonable assurance about whether Seneca Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct 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 Seneca 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.

James E Lavelle, CPA
September 14, 2001



JAMES E LAVELLE, JR.

Certified Public Accountant.

600 Lexington Ave.

Mansfield, Ohio 44907

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
Seneca Metropolitan Housing Authority
Tiffin, Ohio

Compliance

We have audited the compliance of Seneca 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 March 31, 2001. Seneca 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 Seneca Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Seneca 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 Seneca Metropolitan Housing Authority's compliance with those requirements.

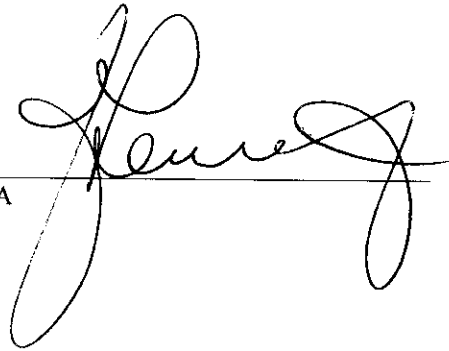
In our opinion, Seneca Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2001.

Internal Control Over Compliance

The management of Seneca 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.

A handwritten signature in black ink, appearing to read "James E. Lavelle", written over a horizontal line.

James E Lavelle, CPA
September 14, 2001

SENECA METROPOLITAN HOUSING AUTHORITY
TIFFIN, OHIO

SCHEDULE OF FINDINGS

March 31, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Seneca 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 Seneca Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:

Section 8 Rental Vouchers Program

8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Seneca 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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800-282-0370
Facsimile 614-466-4490

SENECA METROPOLITAN HOUSING AUTHORITY

SENECA 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
DECEMBER 11, 2001**