

**JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA FOR THE  
YEAR ENDED SEPTEMBER 30, 2000**

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



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

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

Board of Commissioners  
Jackson Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Jackson Metropolitan Housing Authority, Jackson County, prepared by J.E. Slaybaugh & Associates, Inc. for the audit period October 1, 1999 through September 30, 2000. 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 Jackson Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

March 28, 2001

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO

SEPTEMBER 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, September 30, 2000	2
Statement of Revenues, Expenses and Changes in Retained Earnings	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 12
Schedule of Expenditures of Federal Awards	13
Schedule of Revenue and Expense By Program	14
Schedule of Activity	15
Actual Modernization Cost Certification	16
Independent Auditors' report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20

*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  
Jackson Metropolitan Housing Authority  
Wellston, Ohio

We have audited the accompanying balance sheet of the Jackson Metropolitan Housing Authority, Wellston, Ohio, as of and for the year ended September 30, 2000, 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Metropolitan Housing Authority as of September 30, 2000, 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 March 22, 2001, on our consideration of Jackson 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 performed for the purpose of forming an opinion on the financial statements of Jackson Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, the Schedule of Revenue and Expense by Program, the Actual Modernization Cost Certification, and the Schedule of Activity, are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.  
Lexington, Ohio  
March 22, 2001

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
BALANCE SHEET  
September 30, 2000

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 66,234
Investments-Unrestricted	305,158
Accounts Receivable - HUD	3,476
Tenant Accounts Receivable- Net of \$ 9,100 Doubtful Accounts	8,098
Accounts Receivable-Other	23,029
Prepaid Expenses	<u>7,262</u>

Total Current Assets 413,257

Restricted Investments	14,189
Property and Equipment - Net of \$ 3,486,795 Accumulated Depreciation	<u>5,304,246</u>

Total Assets \$ 5,731,692

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 28,941
Accounts Payable- Other	33,522
Security and Other Trust Deposits	14,189
Accrued Wages and Payroll Taxes	8,463
Accrued Compensated Absences	44,484
Deferred Revenues	<u>852</u>

Total Liabilities 130,451

**Equity**

Contributed Capital	5,658,542
Retained Earnings	<u>(57,301)</u>

Total Equity 5,601,241

Total Liabilities and Equity \$ 5,731,692

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<b><u>Revenue</u></b>	
HUD Grants	\$ 697,316
Rental Income	261,452
Investment Income-Unrestricted	16,026
Investment Income-Restricted	756
Other Revenue	<u>76,209</u>
 Total Revenue	 1,051,759
<b><u>Expenses (before depreciation)</u></b>	
Housing Assistance Payments	163,410
Administrative Salaries	136,352
Compensated Absences	2,093
Employee Benefits	66,285
Other Administrative Expense	179,978
Material and Labor-Maintenance	121,906
Contract Services	33,969
Utilities	122,480
General Expenses	29,546
Bad Debt- Tenant Rents	<u>13,735</u>
 Total Expenses	 869,754
 Income (Loss) before Depreciation & Other Costs	 182,005
Depreciation	279,175
Extraordinary Maintenance	<u>14,979</u>
 Operating Income (Loss)	 (112,149)
 Retained Earnings - Beginning of Year	 (2,942,787)
 Prior Year Adjustments	 <u>2,997,635</u>
 Retained Earnings - End of Year	 (57,301)
 Contributed Capital - Beginning of Year	 8,823,458
 Prior Year Adjustments	 <u>(3,164,916)</u>
 Contributed Capital - End of Year	 <u>5,658,542</u>
 Total Equity - End of Year	 <u>\$ 5,601,241</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ (112,149)
Adjustments to reconcile Net Income(Loss) to Net Cash	
Provided By Operating Activities:	
Depreciation	279,175
Changes in Operating Assets and Liabilities that	
Increase (Decrease) Cash Flows:	
Receivables	(25,206)
Prepaid Expenses	(746)
Accounts Payable	34,302
Deferred Credits and Other Current Liabilities	<u>(22,807)</u>
Total Adjustments	<u>264,718</u>
Net Cash Provided (Used) By Operating Activities	152,569
 <b><u>Cash Flows from Investing Activities</u></b>	
Change in Property and Equipment	(153,313)
Change in Investments	<u>1,650</u>
Net Cash Provided (Used) By Investing Activities	<u>(151,663)</u>
Increase (Decrease) In Cash and Cash Equivalents	906
Cash and Cash Equivalents - Beginning of Year	<u>65,328</u>
Cash and Cash Equivalents - End of Year	<u>\$ 66,234</u>

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jackson Metropolitan Housing Authority (JMHA 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 Jackson 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.



JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

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.

Tenant Receivables - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

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 Lifes	
Buildings	40 Years
Land & Building Improvements	15 Years
Equipment	7 Years
Autos	5 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

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

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

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

Restricted Investments

Restricted investments represent amounts received from debt refinancing. These assets are restricted by HUD and can be used only after receiving approval from HUD.

NOTE 2 - CASH AND INVESTMENTS

Cash

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or 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.

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 2 - CASH AND INVESTMENTS, continued

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. . . . . \$ 222,433 was covered by federal depository insurance.
- Category 2. . . . . \$ 330,392 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to mat maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 2 - CASH AND INVESTMENTS, Continued

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

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

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2000, by class is as follows:

Buildings and Building Improvements	\$ 8,416,898
Land	189,335
Furniture, Equipment- Administrative	100,412
Furniture, Equipment- Dwelling	<u>84,396</u>
Total	8,791,041
Less Accumulated Depreciation	<u>(3,486,795)</u>
Net Property and Equipment	<u>5,304,246</u>

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

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 \$ 40.80/unit

NOTE 5 - ALLOCATION OF COSTS

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 6 - 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 benefits to benefits is provided by th 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 2000 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 September 30 were as follows:

	Contribution	%
9/30/2000	\$ 28,086	13.55%
9/30/1999	\$ 26,668	13.55%
9/30/1998	\$ 25,767	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 OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely.

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 7- COMPENSATED ABSENCES

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

Employees earn annual leave hours based on years of service as an employee of either JMHA or PERS. The schedule is as follows:

Service Years	Hours/pay period
0-5	3.1
5-10	4.6
10-15	6.2
15+	7.7

Sick leave is accumulated at the rate of 4.6 hours per pay period and paid to a maximum of (30) days. Vacation earned is paid upon separation.

At September 30, 2000, \$ 44,484 was accrued by the Authority for unused vacation and sick time.

NOTE 8 - PRIOR YEAR ADJUSTMENTS

The prior period adjustments recorded to retained earnings and contributed capital were required adjustments for reclassification of fixed assets and depreciation per HUD directives

NOTE 9 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2000

NOTE 10 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2000 the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Amount Received</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>				
<b>Direct Programs:</b>				
Public and Indian Housing	14.850	C-5092	\$ 212,399	\$ 212,399
Public Housing Capital Fund	14.872	C-5092	275,185	275,185
 <b>Section 8 Tenant Based Program</b>				
Section 8 Rental Voucher Program	14.855	C-V5092	209,732	209,732
Sub-Total			209,732	209,732
 <b>Total Federal Assistance</b>			 <u>\$ 697,316</u>	 <u>\$ 697,316</u>

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

*See Independent Auditors' Report*



JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO  
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

	Low rent Program	Comprehensive Improvement Assistance Program	Rental Voucher Program	Total
<b>REVENUE</b>				
HUD Grants	\$ 353,194	\$ 134,390	\$ 209,732	\$ 697,316
Rental Income	261,452			261,452
Investment Income-Unrestricted	14,373		1,653	16,026
Other Revenue	76,209			76,209
Investment Income-Restricted	756			756
<b>Total Revenue</b>	<u>705,984</u>	<u>134,390</u>	<u>211,385</u>	<u>1,051,759</u>
<b>EXPENSES</b>				
Housing Assistance Payments			163,410	163,410
Administrative Salaries	108,058		28,294	136,352
Compensated Absences			2,093	2,093
Employee Benefits	51,082		15,203	66,285
Other Administrative Expense	42,773	134,390	2,815	179,978
Material and Labor-Maintenance	121,906			121,906
Contract Services	33,969			33,969
Utilities	122,480			122,480
General Expenses	28,512		1,034	29,546
Bad Debt- Tenant Rents	13,735			13,735
<b>Total Expenses</b>	<u>522,515</u>	<u>134,390</u>	<u>212,849</u>	<u>869,754</u>
<b>Income (Loss) before Depreciation &amp; Other Costs</b>	183,469		(1,464)	182,005
Depreciation	279,175			279,175
Extraordinary Maintenance	14,979			14,979
<b>Operating Income (Loss)</b>	<u>\$ (110,685)</u>	<u>\$ -</u>	<u>\$ (1,464)</u>	<u>\$ (112,149)</u>

See Independent Auditors' Report



JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At September 30, 2000

Annual Contribution Contract C-5092

1. The Actual Modernization Grant Costs are as follows:

	Project <u>OH16-906-97</u>	Project <u>OH16-907-98</u>
Funds Approved	\$ 263,000	\$ 250,000
Funds Expended	<u>263,000</u>	<u>250,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 263,000	\$ 250,000
Funds Expended	<u>263,000</u>	<u>250,000</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>
Date Submitted:	1/5/00	10/8/00

2. The Distribution of Costs as shown on the Schedule/Report of Modernization Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3. All Modernization Grant Costs have been paid and all related liabilities have been discharged through payment

*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*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  
Jackson Metropolitan Housing Authority  
Wellston, Ohio

We have audited the financial statements of Jackson Metropolitan Housing Authority, Wellston, Ohio, as of and for the year ended September 30, 2000, and have issued our report thereon dated March 22, 2001. 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 Jackson 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 Jackson 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.  
Lexington, Ohio  
March 22, 2001

*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  
Jackson Metropolitan Housing Authority  
Wellston, Ohio

Compliance

We have audited the compliance of Jackson 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 September 30, 2000. Jackson 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 Jackson 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 Jackson 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 Jackson Metropolitan Housing Authority's compliance with those requirements.

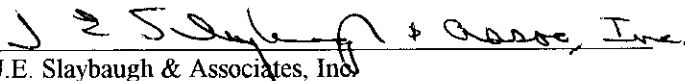
In our opinion, Jackson Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2000.

Internal Control Over Compliance

The management of Jackson 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  
March 22, 2001

JACKSON METROPOLITAN HOUSING AUTHORITY  
WELLSTON, OHIO

SCHEDULE OF FINDINGS

September 30, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Jackson 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 Jackson Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
  - Public and Indian Housing
  - Public Housing Capital Funds
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Jackson 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

**JACKSON METROPOLITAN HOUSING AUTHORITY**

**JACKSON 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  
APRIL 10, 2001**