

**ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA FOR THE  
YEAR ENDED DECEMBER 31, 1999**

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

*Certified Public Accountant*

*12 East Main Street*

*Lexington, Ohio 44904*



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Directors  
Ashtabula Metropolitan Housing Authority  
Ashtabula, Ohio

We have reviewed the Independent Auditor's Report of the Ashtabula Metropolitan Housing Authority, Ashtabula County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period January 1, 1999 to December 31, 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 Ashtabula Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

November 3, 2000

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO

DECEMBER 31, 1999

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Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Ashtabula Metropolitan Housing Authority  
Ashtabula, Ohio

We have audited the accompanying balance sheet of the Ashtabula Metropolitan Housing Authority, Ashtabula, Ohio, as of and for the year ended December 31, 1999, 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 Ashtabula Metropolitan Housing Authority as of December 31, 1999, 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 26, 2000, on our consideration of Ashtabula 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 Ashtabula 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 Schedule of Activity, and the Grant Cost Certification, which are presented for the purposes of additional analysis, and the electronically filed Financial Data Schedule, 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

September 26, 2000

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
BALANCE SHEET  
DECEMBER 31, 1999

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 1,237,214
Investments	37,461
Intergovernmental Accounts Receivable	630,286
Tenant Accounts Receivable- Net of \$ 12,310 Allowance for Doubtful Accounts	8,065
Accounts Receivable- HUD Projects	105,163
Accrued Interest Receivable	113
Prepaid Expenses	19,263
Inventory- net of Allowance for Obsolete Inventory	<u>42,250</u>
 Total Current Assets	 2,079,815
 Property and Equipment - Net of \$ 8,368,640 Accumulated Depreciation	  <u>14,639,577</u>
 Total Assets	  <u>\$ 16,719,392</u>

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 73,066
Accounts Payable- Governments	270,616
Intergovernmental Accounts Payable	630,285
Security and Other Trust Deposits	87,650
Accrued Wages and Payroll Taxes	39,481
Accrued Compensated Absences	152,255
Deferred Revenues	183,012
Current Portion of Long Term Debt	<u>35,733</u>
 Total Current Liabilities	 1,472,098

**Noncurrent Liabilities**

Long Term Debt, Net-Capital Projects	<u>898,755</u>
 Total Liabilities	 2,370,853

**Equity**

Contributed Capital	13,468,860
Retained Earnings	<u>879,679</u>
 Total Equity	 <u>14,348,539</u>
 Total Liabilities and Equity	 <u>\$ 16,719,392</u>

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 1999

<b><u>Revenue</u></b>	
HUD Grants	\$ 4,803,851
Rental Income	940,639
Investment Income-Unrestricted	16,185
Other Revenue	<u>160,512</u>
Total Revenue	5,921,187
<b><u>Expenses (before depreciation)</u></b>	
Housing Assistance Payments	2,724,193
Administrative Salaries	628,244
Management Fees	24,254
Compensated Absences	9,464
Employee Benefits	291,325
Other Administrative Expense	582,562
Material and Labor	459,832
Contract Services	276,111
Utilities	558,047
General Expenses	104,190
Payment in Lieu of Taxes	33,599
Bad Debt Expense	76,789
Interest Expense	<u>65,180</u>
Total Expenses	5,833,790
Income (Loss) before Depreciation & Other Costs	87,397
Depreciation	757,249
Extraordinary Maintenance	15,144
Casualty Losses	<u>897</u>
Net Income (Loss)	(685,893)
Retained Earnings - Beginning of Year	
As Previously Reported	1,565,572
Prior Period Adjustment	
As Restated	<u>1,565,572</u>
Retained Earnings - End of Year	879,679
Contributed Capital - Beginning of Year	
As previously Reported	27,711,061
Prior Period Adjustment	<u>(14,663,114)</u>
As Restated	13,047,947
HUD Contributed Capital	<u>420,913</u>
Contributed Capital - End of Year	<u>13,468,860</u>
Total Equity - End of Year	<u>\$ 14,348,539</u>

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**Cash Flows from Operating Activities**

Net Income (Loss)	\$ (685,893)
Adjustments to reconcile Net Income(Loss) to Net Cash	
Provided By Operating Activities:	
Depreciation	757,249
Prior Period Adjustments	(14,663,114)
Changes in Operating Assets and Liabilities that	
Increase (Decrease) Cash Flows:	
Receivables	(269,383)
Prepaid Expenses	(37,954)
Accounts Payable	581,479
Accrued Wages and Related Liabilities	191,736
Deferred Credits and Other Current Liabilities	<u>182,345</u>
Total Adjustments	<u>(13,257,642)</u>
Net Cash Provided (Used) By Operating Activities	(13,943,535)

**Cash Flows from Investing Activities**

Purchase of Property and Equipment(net)	14,127,776
Proceeds from Investments	192,900
Net Cash Provided (Used) By Investing Activities	<u>14,320,676</u>
Increase (Decrease) In Cash and Cash Equivalents	377,141
Cash and Cash Equivalents - Beginning of Year	<u>860,073</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,237,214</u>

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Ashtabula Metropolitan Housing Authority (AMHA 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 Ashtabula 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.



ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

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.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

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.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

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 collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized 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 . . .	\$ 222,276	was covered by federal depository insurance.
Category 2 . . .	\$ 1,089,631	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 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.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

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 December 31, 1999, by class is as follows:

Buildings and Building Improvements	\$ 21,239,734
Land	1,102,998
Furniture, Equipment- Dwellings	200,157
Furniture, Equipment- Administrative	<u>465,328</u>
Total	23,008,217
Less Accumulated Depreciation	<u>(8,368,640)</u>
Net Property and Equipment	<u>14,639,577</u>

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

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. Certificates and Vouchers  
Units per month x \$ 41.81/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 benefit benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 1999 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 December 31, were as follows:

	Contribution	%
12/31/99	100,772	13.55%
12/31/98	94,166	13.55%
12/31/97	88,918	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 retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 7- COMPENSATED ABSENCES

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

All permanent employees will earn 4.6 hours sick leave per (80) hours of service. Unused sick leave may be accumulated without limit. At the time of separation, employees shall be paid the value of (30) days of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation

At December 31, 1999, \$ 152,255 was accrued by the Authority for unused vacation and sick time.

NOTE 8 - CHANGE IN BASIS OF ACCOUNTING

Effective January 1, 1999, the Authority adopted the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP).

Equity as of January 1, 1999 has been reduced by \$ 14,663,114

retroactively reflect this change in accounting. The adjustment is made up of a reduction of \$ 14,663,114 to beginning contributed capital.

The prior period adjustment of \$ 14,663,114 decreasing contributed capital is made up of the following amounts:

\$ (6,896,622)	Write-Off soft costs and other adjustments
(142,791)	Compensated Absences
(7,611,391)	Depreciation
(12,310)	Accounts Receivable
<u>\$ (14,663,114)</u>	

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.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 10 - CONTINGENCIES

Grants

The Authority received federal assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have to have a material adverse effect on the overall financial position of the Authority at December 31, 1999.

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 1999 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.

NOTE 11-LONG TERM DEBT

Notes Payable: Rural Housing Development

There is two mortgage debts between Ashtabula Metropolitan Housing Authority and Rural Housing and Development in the amounts of \$ 701,407 at 8% interest and \$ 267,144 at 9% interest. Monthly payments are \$ 5,358 and \$ 2,277, respectively. Interest expense at December 31, 1999 was \$ 65,180. No amortization schedule was provided.

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

<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>				
Low Income Public Housing	14.850	C-780	\$ 996,957	\$ 996,957
<b>Section 8 Tenant Based Cluster:</b>				
Housing Assistance Program:				
Certificates	14.857	C-10016	1,472,163	1,472,163
Vouchers	14.855	C-10016	620,507	620,507
New Construction	14.182	C-10016	942,037	942,037
Sub-Total			3,034,707	3,034,707
Comprehensive Grant Programs	14.852	C-780	764,351	764,351
Drug Elimination Grant	14.854	C-780	173,585	173,585
Economic Development and Support Service (EDSS)	14.863		83,751	83,751
Rural Housing Program (Vouchers)			171,413	171,413
<b>Total Federal Assistance</b>			<b>\$ 5,224,764</b>	<b>\$ 5,224,764</b>

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

*See Independent Auditors' Report*



ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUE	Low Rent	Drug Grant	Comp Grant	Rental Certificates Program	Rental Voucher Program	New Construction Program	Rural Housing Program	EDSS Grant	Total
HUD Grants	\$ 996,957	\$ 173,585	\$ 343,438	\$ 1,472,163	\$ 620,507	\$ 942,037	\$ 171,413	\$ 83,751	\$ 4,803,851
Rental Income	856,093						84,546		940,639
Investment Income-Unrestricted	2,653			6,109	4,746	110	2,567		16,185
Other Revenue	149,625			876			10,011		160,512
<b>Total Revenue</b>	<b>2,005,328</b>	<b>173,585</b>	<b>343,438</b>	<b>1,479,148</b>	<b>625,253</b>	<b>942,147</b>	<b>268,537</b>	<b>83,751</b>	<b>5,921,187</b>
<b>EXPENSES</b>									
HAP									
Administrative Salaries	270,017	23,151	86,450	1,285,794	539,315	899,084	24,871	80,897	2,724,193
Management Fees				84,286	37,143	21,429	3,465		628,244
Compensated Absences	7,991			12,513	5,094	3,182			24,254
Employee Benefits	166,953		37,050	589	260	150	474		9,464
Other Administrative Expense	139,076	150,434	219,938	44,160	19,460	11,227	12,475	2,854	291,325
Material and Labor	432,842			29,743	14,767	7,560	18,190		582,562
Contract Services	259,182			2,617	1,153	666	22,554		459,832
Utilities	520,106						16,929		276,111
General Expenses	76,530			13,920	6,134	3,539	37,941		558,047
Payments in Lieu of Taxes	33,599						4,067		104,190
Bad Debt Expense	76,789								33,599
Interest Expense									76,789
<b>Total Expenses</b>	<b>1,983,085</b>	<b>173,585</b>	<b>343,438</b>	<b>1,473,622</b>	<b>623,326</b>	<b>946,837</b>	<b>206,146</b>	<b>83,751</b>	<b>5,833,790</b>
<b>Income (Loss) before Depreciation &amp; Other Costs</b>	<b>22,243</b>			<b>5,526</b>	<b>1,927</b>	<b>(4,690)</b>	<b>62,391</b>		<b>87,397</b>
Depreciation	724,054				1,320		31,875		757,249
Extraordinary Maintenance	15,144								15,144
Casualty Losses	897								897
<b>Net Income (Loss)</b>	<b>\$ (717,852)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,526</b>	<b>\$ 607</b>	<b>\$ (4,690)</b>	<b>\$ 30,516</b>	<b>\$ -</b>	<b>\$ (685,893)</b>

See Independent Auditor's Report

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO  
SCHEDULE OF ACTIVITY  
DECEMBER 31, 1999

The PHA had 1,268 units under management.

<u>Management</u>	<u>Units</u>
PHA Owned Housing	581
Section 8 Certificates	306
Section 8 Vouchers	168
New Construction- Highland	120
New Construction- Conneaut	53
South Ridge Village	<u>40</u>
TOTAL	<u>1,268</u>

PRIOR AUDIT FINDINGS.

<u>ID #</u>	<u>Finding</u>	<u>Status</u>
98-3A	Property Ledger-Section 8	Cleared

*See Independent Auditors' Report*

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO

GRANT COST CERTIFICATION

At December 31, 1999

Annual Contribution Contract C-780

1. The Actual Grant Costs are as follows:

	<u>Comp Grant</u>	<u>Comp Grant</u>	<u>Drug Grant</u>
	<u>Project OH12-705</u>	<u>Project OH12-706</u>	<u>Project OH12-901</u>
Funds Approved	\$ 974,850	\$ 969,097	\$ 250,000
Funds Expended	<u>974,850</u>	<u>969,097</u>	<u>250,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 974,850	\$ 969,097	\$ 250,000
Funds Expended	<u>974,850</u>	<u>969,097</u>	<u>250,000</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

3. All 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 OSCPA*

*John E. Slaybaugh III  
Certified Public Accountant*

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

Board of Commissioners  
Ashtabula Metropolitan Housing Authority  
Ashtabula, Ohio

We have audited the financial statements of Ashtabula Metropolitan Housing Authority, Ashtabula, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated September 26, 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 Ashtabula 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 Ashtabula 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  
September 26, 2000

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Ashtabula Metropolitan Housing Authority  
Ashtabula, Ohio

Compliance

We have audited the compliance of Ashtabula Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. Ashtabula 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 Ashtabula 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 Ashtabula 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 Ashtabula Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Ashtabula Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

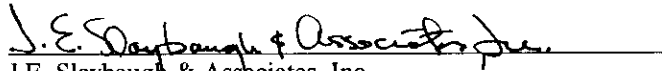
The management of Ashtabula Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Report on Compliance and Internal Control

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information 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

September 26, 2000

ASHTABULA METROPOLITAN HOUSING AUTHORITY  
ASHTABULA, OHIO

SCHEDULE OF FINDINGS

December 31, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS

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

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JIM PETRO, AUDITOR OF STATE

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**ASHTABULA METROPOLITAN HOUSING AUTHORITY**

**ASHTABULA 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  
NOVEMBER 28, 2000**