

**MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO**

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

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

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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At June 30, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR

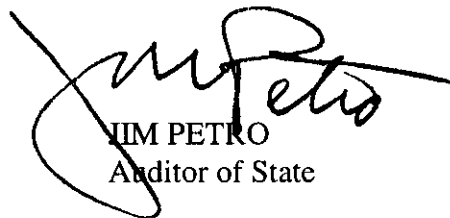
JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Marion Metropolitan Housing Authority
Mansfield, Ohio

We have reviewed the Independent Auditor's Report of the Marion Metropolitan Housing Authority, Marion County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marion Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

December 22, 1999

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Marion Metropolitan Housing Authority
Marion, Ohio

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

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 1999, on our consideration of Marion 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 Marion Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, and the supplemental exhibits, listed in the Table of Contents, are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

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

EXHIBIT A

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

BALANCE SHEET AT JUNE 30, 1999

Annual Contribution Contract C-5101

ASSETS

Cash	\$ 148,772
Accounts Receivable -Other	7,898
Deferred Charges	2,836
Land, Structures and Equipment	<u>18,311</u>
Total Assets	<u>\$ 177,817</u>

LIABILITIES AND SURPLUS

Accounts Payable	
Vendor	\$ 11,368
HUD	77,398
Other	2,001
Deferred Credits	<u>7,882</u>
Total Liabilities	98,649
Surplus - Exhibit C	<u>79,168</u>
Total Liabilities and Surplus	<u>\$ 177,817</u>

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

EXHIBIT B(1)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5101E

Project OH16-E076-001/009

Operating Income

Interest on Operating Reserve Investments	\$	260
Interest on General Fund Investment		538
Other Income		<u>56</u>
Total Operating Income - Exhibit D(1)		854

Operating Expenses

Administrative Expense		34,475
Housing Assistance Payments		309,149
Audit Costs		<u>1,246</u>
Total Operating Expense - Exhibit D(1)		<u>344,870</u>
Net Operating Income (Loss)	\$	<u>(344,016)</u>

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

EXHIBIT B(2)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5101V

Project OH16-V076-008/015

Operating Income

Interest on Operating Reserve Investments	\$ 337
Interest on General Fund Investments	<u>1,113</u>
Total Operating Income - Exhibit D(2)	1,450

Operating Expenses

Administrative Expense	61,330
Housing Assistance Payments	443,019
Audit Costs	<u>2,202</u>
Total Operating Expense - Exhibit D(2)	<u>506,551</u>
Net Operating Income (Loss)	<u>\$ (505,101)</u>

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

EXHIBIT B(3)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

STATEMENT OF CASH FLOWS

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5101

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$ (849,117)
Adjustments to reconcile net loss to net cash provided by operating activities:	
(Increase) Decrease In:	
Accounts Receivable	(3,550)
Deferred Charges	154
Increase (Decrease) In:	
Accounts Payable	72,543
Deferred Credits	<u>7,622</u>
Net Cash Used By Operating Activities	<u>(772,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment Purchased	<u>(384)</u>
Net Cash Used By Investing Activities	<u>(384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Operating Subsidy	873,884
Prior Period Adjustment (RAD)	<u>385</u>
Net Cash Provided By Financing Activities	<u>874,269</u>
Net Increase (Decrease) In Cash	101,537
Cash At The Beginning Of Year	<u>47,235</u>
Cash At End Of Year	<u>\$ 148,772</u>

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

EXHIBIT C

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

STATEMENT OF CHANGES IN SURPLUS

Twelve Months Ended June 30, 1999

	<u>Annual Contribution Contract</u>
	<u>C-5101</u>
SURPLUS at July 1, 1998	\$ 54,016
Increase (Decrease) In:	
Unreserved Surplus	30,198
Operating Reserve	24,767
Project Account - Unfunded	(903,696)
Cumulative HUD Contributions	<u>873,883</u>
SURPLUS at June 30, 1999	<u>\$ 79,168</u>

Exhibit A

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

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1 - Summary of Significant Accounting Policies

A. Organization

The Marion Metropolitan Housing Authority is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies. Based on the criteria established by GASB codification 2300, there are no component units to be included with the reporting entity.

B. Basis of Accounting

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

C. Land, Structures and Equipment

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

D. Cash and Investments

At year-end, the Book Value of the PHA's cash, consisting of Demand Deposits was \$ 148,772, and the Bank Balance was \$ 156,740.

Of the Bank Balance:

\$ 100,000 was covered by FDIC

\$ 56,740 was covered by specific collateral pledged in the name of the Authority

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

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

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

<u>Annual Contribution Contract</u>	<u>Book Amount</u>	<u>Bank Amount</u>
C-5101	\$ 148,772	\$ 156,740

E. Financial Statements Format and Content

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

NOTE 2 - DEFINED BENEFIT PENSION PLAN:

A. Public Employees Retirement System Pension Plan

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

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

Covered employees are required by state statute to contribute 8.5% of their salary to the plan. The total 1999 employer contribution rate for local government employees units is 13.55%, of which 8.44% is used to fund pension obligations. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund the health care program for retirants. For the year ended June 30, 1999, the employer portion of the retirement contribution amounted to \$13,384 on covered payroll of \$ 98,771 , which met the contribution rate stated above.

For the preceding two years the contribution rates were as follows:

	Contribution	Contribution %
June 30, 1998	\$ 12,490	13.55 %
June 30, 1997	\$ 11,488	13.55 %

NOTE 3 - YEAR 2000 ISSUE

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

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

Systems and Equipment- The information provided by the hardware supplier (Unisys), the operating system supplier (SCO), and the software supplier (Real World), have indicated *their efforts to be Year 2000 ready. The Authority has completed the remediation stage, but must complete testing and validation procedures to be Year 2000 compliant.*

Systems and Equipment- External Entity-HUD: The Department of Housing and Urban Development issued a letter that states that HUD is well on its way to ensuring that all of its automated systems will be Year 2000 compliant following a plan designed to be implemented by March 31, 1999. The Authority is monitoring the status of the planned system conversion and as of December 15, 1999, HUD has not notified the Authority that implementation is complete.

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

EXHIBIT D(1)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5101E

Project OH16-E076-001/009

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 407,217
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	- <hr style="width: 100%;"/>
Maximum Contribution For Period	407,217
Contingency Reserve	<hr style="width: 100%;"/> 42,094
Total Annual Contribution Available	449,311

Annual Contribution Required

Administrative Fee	43,000
Housing Assistance Payments	309,149
Hard - to - House Fee	315
Audit Costs	<hr style="width: 100%;"/> 1,246
Total Funds Required	353,710
Project Receipts Other Than Annual Contribution	<hr right;"="" style="width: 100%;/>(538)</td> </tr> <tr> <td>Total Annual Contributions Required</td> <td style=" text-align:=""/> <hr style="width: 100%;"/> 353,172

Project Account Change

Provision for Project Account	<hr style="width: 100%;"/> 54,045
Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	<hr style="width: 100%;"/> 353,172

EXHIBIT D(1) Continued

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-5101E

Operating Reserve Changes

Operating Income - Exhibit B(1)	854
Annual Contribution Earned	<u>353,172</u>
Total Operating Receipts	354,026
<u>Operating Expenditures</u>	
Operating Expenses - Exhibit B(1)	<u>344,870</u>
Total Operating Expenditures	<u>344,870</u>
Net Operating Receipts Available	9,156
Provision for (Reduction of) Operating Reserve	<u>9,156</u>
Deficit Carry-Over	<u>\$ - 0 -</u>

EXHIBIT D(2)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5101V

Project OH16-V076-008/015

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 637,463
Pro Rata Maximum Annual Contribution Applicable to a period of less than twelve months	<u>-</u>
Maximum Contribution For Period	637,463
Contingency Reserve	<u>204,360</u>
Total Annual Contribution Available	841,823

Annual Contribution Required

Administrative Fee	76,019
Housing Assistance Payments	443,019
Hard - to - House Fee	585
Audit Costs	<u>2,202</u>
Total Funds Required	521,825
Project Receipts Other Than Annual Contribution	<u>(1,113)</u>
Total Annual Contributions Required	<u>520,712</u>

Project Account Change

Provision for Project Account	<u>116,751</u>
Annual Contribution Earned - Lesser of Contribution Available or Contribution Required	<u>520,712</u>

EXHIBIT D(2) Continued

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-5101V

Operating Reserve Changes

Operating Income - Exhibit B(2)	1,450
Annual Contribution Earned	<u>520,712</u>
Total Operating Receipts	522,162

Operating Expenditures

Operating Expenses - Exhibit B(2)	<u>506,551</u>
Total Operating Expenditures	<u>506,551</u>

Net Operating Receipts Available 15,611

Provision for (Reduction of) Operating Reserve 15,611

Deficit Carry-Over \$ - 0 -

EXHIBIT D(3)

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

TENANT BASED RENTAL ASSISTANCE
HOME PROJECT

Twelve Months Ended June 30, 1999

Income

Marion City - CDBG \$ 88,749

Expenditures

HAP Payments 63,520
UAP Payments 861

Administrative Costs

Salaries 9,747
Contract Services 3,665
Accounting 1,462
Data Processing 964
Sundry 732
Utilities 1,706
Insurance 1,218
Employee Benefits 4,874

Total Administrative Costs 24,368

Total Expenditures \$ 88,749

Carry Forward Amount of Grant \$ -

EXHIBIT H

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Twelve Months Ended June 30, 1999

<u>FROM U.S. DEPARTMENT OF HUD</u> <u>DIRECT PROGRAMS</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FUNDS</u> <u>RECEIVED</u>	<u>FUNDS</u> <u>DISBURSED</u>
Annual Contribution Contract C-5101:			
Section 8 Cluster Programs			
Housing Assistance Payments:			
Annual Contribution - Existing	14.857	\$ 353,172	\$ 353,172
Vouchers	14.855	<u>520,712</u>	<u>520,712</u>
Total Section 8 Cluster Programs		<u>\$ 873,884</u>	<u>\$ 873,884</u>

Basis of Accounting:

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

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

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*John E. Slaybaugh III
Certified Public Accountant*

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

Board of Commissioners
Marion Metropolitan Housing Authority
Marion, Ohio

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

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

Compliance

As part of obtaining reasonable assurance about whether Marion 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 Marion Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Marion Metropolitan Housing Authority in a separate letter dated December 15, 1999.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

J.E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio
December 15, 1999

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
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*John E. Slaybaugh III
Certified Public Accountant*

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

Board of Commissioners
Marion Metropolitan Housing Authority
Marion, Ohio

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

Compliance

We have audited the compliance of Marion Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Marion 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 Marion 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 Marion 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 Marion Metropolitan Housing Authority's compliance with those requirements.

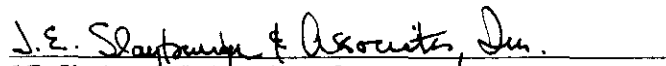
In our opinion, Marion Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Marion 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
December 15, 1999

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

SUMMARY OF ACTIVITIES

June 30, 1999

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

<u>Section 8 - Contract C-5101</u>		<u>Units</u>
Existing -	OH16-E076-001/009	93
Vouchers -	OH16-V076-008/015	<u>197</u>
TOTAL		<u>290</u>

Prior Audit Findings

There were no audit findings for the year ended June 30, 1998

MARION METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS

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

FORM **SF-SAC**
(8-97)U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS**Complete this form, as required by OMB Circular A-133, "Audits
of States, Local Governments, and Non-Profit Organizations."**RETURN TO****Single Audit Clearinghouse**
1201 E. 10th Street
Jeffersonville, IN 47132**PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)**

1. Fiscal Year ending date for this submission Month Day Year 06/30/1999		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other - Months 2 <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse

5. Employer Identification Number (EIN)
a. Auditee EIN 341545567 b. Are multiple EINs covered in this report? 1 Yes 2 No

6. AUDITEE INFORMATION	7. AUDITOR INFORMATION (To be completed by auditor)
a. Auditee name Marion Metropolitan Housing Authority	a. Auditor name J E Slaybaugh & Associates, Inc.
b. Auditee address (Number and street) P.O. Box 1029 City Mansfield State ZIP Code OH 44901-	b. Auditor address (Number and street) 12 East Main Street City Lexington State ZIP Code OH 44904
c. Auditee contact Name Marsha Inscho Title Finance Director	c. Auditor contact Name John E Slaybaugh, CPA Title President
d. Auditee contact telephone (419)524-0029	d. Auditor contact telephone (419)884-2700
e. Auditee contact FAX (Optional) () -	e. Auditor contact FAX (Optional) (419)884-2250
f. Auditee contact E-mail (Optional)	f. Auditor contact E-mail (Optional)

g. AUDITEE CERTIFICATION STATEMENT- This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

g. AUDITOR STATEMENT- The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of certifying official
Marsha H. Inscho
Date
Month Day Year
12/15/1999
Name/Title of certifying official
Marsha Inscho, Finance Director

Signature of auditor
J.E. Slaybaugh & Associates, Inc.
Date
Month Day Year
12/15/1999

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)
 1 Cognizant agency 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input checked="" type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	47 <input type="checkbox"/> National Science Foundation	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	07 <input type="checkbox"/> Office of National Drug Control Policy	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency			<input type="checkbox"/> Other - Specify:

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs §___.520(b)?
 \$

3. Did the auditee qualify as a low-risk auditee (§___.530)?
 1 Yes 2 No

4. Are there any audit findings required to be reported under §___.510(a)?
 1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	47 <input type="checkbox"/> National Science Foundation	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	07 <input type="checkbox"/> Office of National Drug Control Policy	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency			00 <input checked="" type="checkbox"/> None
			<input type="checkbox"/> Other - Specify:

FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
14.855	Section 8 Rental Voucher Program	\$ 520,712	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O.	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
14.857	Section 8 Rental Certificate Program	\$ 353,172	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	Q	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
TOTAL FEDERAL AWARDS EXPENDED ->		873,884	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)
 A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of funds
 I. Procurement
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None
³ Type of internal control finding (Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions
 C. None reported



**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

MARION METROPOLITAN HOUSING AUTHORITY

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*

Date: JANUARY 6, 2000