

**CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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*





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**OFFICE OF THE AUDITOR**

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Board of Commissioners  
Clinton Metropolitan Housing Authority

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

JIM PETRO  
Auditor of State

July 2, 2001

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CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, OHIO

DECEMBER 31, 1999

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Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

We have audited the accompanying balance sheet of the Clinton Metropolitan Housing Authority, Wilmington, 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 Clinton 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 January 26, 2001, on our consideration of Clinton 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 Clinton 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 Actual Modernization Cost Certification, which are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

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

J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
January 26, 2001

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, OHIO  
BALANCE SHEET  
DECEMBER 31, 1999

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 95,647
Accounts Receivable - HUD	70,314
Interprogram Accounts Receivable	3,577
Tenant Accounts Receivable- Net of \$ 300 Doubtful Accounts	1,509
Fraud Recovery Receivable - Net of \$200 Doubtful Accounts	800
Prepaid Expenses	<u>4,263</u>
 Total Current Assets	 176,110
 Property and Equipment - Net of \$ 1,092,587 Accumulated Depreciation	  <u>1,765,259</u>
 Total Assets	 <u>\$ 1,941,369</u>

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 53,167
Accounts Payable - HUD	96,074
Accounts Payable- Governments	3,307
Security and Other Trust Deposits	5,010
Accrued Wages and Payroll Taxes	4,572
Accrued Compensated Absences	3,747
Interprogram Accounts Payable	3,577
Deferred Revenues	<u>70,190</u>
 Total Liabilities	 239,644

**Equity**

Contributed Capital	1,916,631
Retained Earnings	<u>(214,906)</u>
 Total Equity	 <u>1,701,725</u>
 Total Liabilities and Equity	 <u>\$ 1,941,369</u>

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



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

<b><u>Revenue</u></b>	
HUD Grants	\$ 939,179
Rental Income	38,476
Investment Income-Unrestricted	2,059
Other Revenue	<u>410</u>
 Total Revenue	 980,124
<b><u>Expenses (before depreciation)</u></b>	
Housing Assistance Payments	729,660
Administrative Salaries	83,112
Compensated Absences	15,010
Employee Benefits	35,151
Other Administrative Expense	50,809
Material and Labor-Maintenance	38,989
Contract Services	13,899
Utilities	23,901
General Expenses	5,280
Payment in Lieu of Taxes	891
Bad Debt- Tenant Rents	<u>8,390</u>
 Total Expenses	 1,005,092
 Income (Loss) before Depreciation & Other Costs	 (24,968)
Depreciation	<u>127,155</u>
 Operating Income (Loss)	 (152,123)
 Retained Earnings - Beginning of Year As Previously Reported	  <u>(62,783)</u>
 Retained Earnings - End of Year	 (214,906)
 Contributed Capital - Beginning of Year As previously Reported	  3,135,667
Prior Period Adjustment	<u>(1,219,036)</u>
As Restated	<u>1,916,631</u>
 Contributed Capital - End of Year	 <u>1,916,631</u>
 Total Equity - End of Year	 <u>\$ 1,701,725</u>

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

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

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ (152,123)
Adjustments to reconcile Net Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	127,155
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Receivables	41,153
Prepaid Expenses	(3,138)
Accounts Payable	(84,089)
Deferred Credits and Other Current Liabilities	<u>(66)</u>
Total Adjustments	<u>81,015</u>
Net Cash Provided (Used) By Operating Activities	(71,108)

**Cash Flows from Investing Activities**

Change in Property and Equipment	<u>51,082</u>
Net Cash Provided (Used) By Investing Activities	<u>51,082</u>
Increase (Decrease) In Cash and Cash Equivalents	(20,026)
Cash and Cash Equivalents - Beginning of Year	<u>115,673</u>
Cash and Cash Equivalents - End of Year	<u>\$ 95,647</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Clinton Metropolitan Housing Authority (CMHA 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 CLINTON 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.

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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.

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

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.

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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 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.	\$ 83,144	was covered by federal depository insurance.
Category 2.		not applicable

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 ma 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. The Authority did not have investments at December 31, 1999.

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

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 1999, by class is as follows:

Buildings and Building Improvements	\$ 2,749,285
Furniture, Equipment- Dwellings	18,100
Furniture, Equipment- Administrative	<u>90,461</u>
Total	2,857,846
Less Accumulated Depreciation	<u>(1,092,587)</u>
Net Property and Equipment	<u>1,765,259</u>

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 \$ 37.07/unit - Jan through September

Units per month x \$ 37.72/unit - October through December

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.

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

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 t 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	\$ 16,172	13.55%
12/31/98	\$ 14,395	13.55%
12/31/97	\$ 15,700	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.



CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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 accumulated will paid upon separation.

The Authority uses the vesting method for accruing compensated absences.

At December 31, 1999, \$ 3,747 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 decreased by \$ 1,219,036 retroactively reflect this change in accounting. The adjustment is made up of an decrease of \$ 1,219,036 to beginning contributed capital.

The prior period adjustment of \$ 1,219,036 decreasing contributed capital is made up of the following amounts:

\$ (1,612,549)	Write-Off soft costs & other adjustments
(1,942)	Compensated Absences
(1,092,587)	Depreciation
(1,658)	Accounts Receivable
<u>1,489,700</u>	Write-Off Debt
<u>\$ (1,219,036)</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.

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

NOTE 10 - CONTINGENCIES

Going Concern

The overall Financial Position of the Clinton Metropolitan Housing has been weakened by their inability to generate adequate Section 8 Administrative fees. They have borrowed heavily to meet Public Housing expense levels. Without sharing administrative expenses with other housing authorities, or merger with another housing authority, the Clinton Metropolitan Housing Authority's financial position may not improve and they risk impeding their main objective, which is to provide low income families with adequate housing.

The Authority is receiving aid from TARC, Troubled Agency Recovery Center, a department of HUD, specializing in helping financially troubled authorities.

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.

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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>				
Public and Indian Housing	14.850	C-5084	\$ 80,149	\$ 80,149
Public Housing Capital Funds	14.872	C-5084	27,240	27,240
 <b>Section 8 Tenant Based Cluster:</b>				
Section 8 Rental Certificate Program	14.857	C-5056	616,316	616,316
Section 8 Rental Voucher Program	14.855	C-5056	215,474	215,474
Sub-Total			831,790	831,790
 <b>Total Federal Assistance</b>			 \$ 939,179	 \$ 939,179

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

*See Independent Auditors' Report*

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

	Low rent Program	CIAP	Rental Certificates Program	Rental Voucher Program	Total
<b>REVENUE</b>					
HUD Grants	\$ 80,149	\$ 27,240	\$ 616,316	\$ 215,474	\$ 939,179
Rental Income	38,476				38,476
Investment Income-Unrestricted	313		1,164	582	2,059
Other Revenue	32		378		410
<b>Total Revenue</b>	<b>118,970</b>	<b>27,240</b>	<b>617,858</b>	<b>216,056</b>	<b>980,124</b>
<b>EXPENSES</b>					
Housing Assistance Payments			543,948	185,712	729,660
Administrative Salaries	18,613	11,000	37,449	16,050	83,112
Compensated Absences	6,257		5,548	3,205	15,010
Employee Benefits	17,015		12,695	5,441	35,151
Other Administrative Expense	19,119	8,830	16,600	6,260	50,809
Material and Labor-Maintenance	32,268	6,721			38,989
Contract Services	12,481	689	510	219	13,899
Utilities	23,901				23,901
General Expenses	5,280				5,280
Payments in Lieu of Taxes	891				891
Bad Debt- Tenant Rents	8,190		200		8,390
<b>Total Expenses</b>	<b>144,015</b>	<b>27,240</b>	<b>616,950</b>	<b>216,887</b>	<b>1,005,092</b>
<b>Income (Loss) before Depreciation &amp; Other Costs</b>	<b>(25,045)</b>	<b>-</b>	<b>908</b>	<b>(831)</b>	<b>(24,968)</b>
Depreciation	126,150	1,005	-	-	127,155
<b>Operating Income (Loss)</b>	<b>\$ (151,195)</b>	<b>\$ (1,005)</b>	<b>\$ 908</b>	<b>\$ (831)</b>	<b>\$ (152,123)</b>

*See Independent Auditors' Report*



CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At December 31, 1999

1. The Actual Modernization Grant Costs are as follows:

	<u>Project</u> <u>OH10-903-91</u>
Funds Approved	\$ 780,491
Funds Expended	<u>780,491</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 780,491
Funds Expended	<u>780,491</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

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

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, OHIO

DECEMBER 31, 1999

SCHEDULE OF PRIOR AUDIT FINDINGS

**PRIOR AUDIT FINDINGS:**

The Following Audit Findings remain open at December 31, 1999

98-4 Reporting

Planned Corrective Action Plan

Clinton Metropolitan Housing Authority is developing in conjunction with our fee accountant and with guidance from the TARC section of HUD, procedures which will ensure the timely filing of financial reports and budgets.

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

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Lexington, Ohio 44904*

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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  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

We have audited the financial statements of Clinton Metropolitan Housing Authority, Wilmington, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated January 26, 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 Clinton 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*J. E. Slaybaugh & Associates, Inc.*  
J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
January 26, 2001



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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  
Clinton Metropolitan Housing Authority  
Wilmington, Ohio

Compliance

We have audited the compliance of Clinton 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. Clinton 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 Clinton 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 Clinton 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 Clinton Metropolitan Housing Authority's compliance with those requirements. As described in Part III, items 1 and 2, in the accompanying Schedule of Findings and Questioned Costs, Clinton Metropolitan Housing Authority did not comply with the special tests and provisions or the cash management requirements, that are applicable to its Section 8 program. Compliance with such requirements is necessary, in our opinion, for Clinton Metropolitan Housing Authority to comply with requirements applicable to that program.

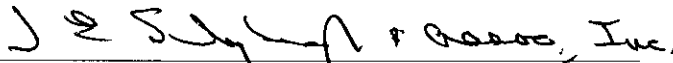
In our opinion, except for the noncompliance described in the preceding paragraph, Clinton Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

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

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

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



J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
January 26, 2001

CLINTON METROPOLITAN HOUSING AUTHORITY  
WILMINGTON, 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 Clinton Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was 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 a qualified opinion on compliance for major programs for Clinton Metropolitan Housing Authority.
6. Audit findings relative to the major federal award programs for Clinton Metropolitan Housing Authority are reported in Part III of this schedule.
7. The major programs are:

Cluster- Tenant Based Section 8 Programs

8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Clinton 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

99-1. Management of Section 8 Programs

During our examination of the Section 8 Program, we noted that the Authority did not comply with the compliance requirements of 24 CFR parts 5, 982, and 985

- a) The Authority did not report the information on HUD form #50058 to HUD's database
- b) The Authority's Section 8 Administrative Plan needs updated
- c) The Authority does not perform the Rent Reasonableness test in relation to unassisted rentals
- d) Utility allowance schedules should be updated annually
- e) Family Self Sufficiency Program needs to be implemented

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT  
FINDINGS (CONTINUED)

99-1(cont)

The Authority should address each compliance issue listed to improve their control over the Section 8 Program.

99-2

Cash Management

The Authority did not comply with the requirements of OMB Circular A-133 and the Treasury regulations at 31 CFR part 205

Commingling of Funds

Funds provided by HUD are to be used by the Authority only for the purpose for which the funds were authorized. Program funds should be used for that specific program.

The Authority used Section 8 funds to pay public housing expenses and public housing has not had the ability to repay these funds.

The Authority must address the funding discrepancy and make an effort to repay the Section 8 Program.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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800-282-0370

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**CLINTON METROPOLITAN HOUSING AUTHORITY**

**CLINTON 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  
JULY 24, 2001**