

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44504

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

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

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO

SEPTEMBER 30, 1999

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, September 30, 1999	2
Statement of Revenue, Expense and Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7
Schedule of Expenditures of Federal Awards	8
Schedule of Revenue and Expense By Program	9
Schedule of Activity	10
Independent Auditors' report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Commissioners
Hardin Metropolitan Housing Authority
Marion, Ohio

We have reviewed the Independent Auditor's Report of the Hardin Metropolitan Housing Authority, Hardin County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period October 1, 1998 through September 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 Hardin County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 7, 2000

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
Hardin 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 Hardin Metropolitan Housing Authority, Marion, Ohio, as of and for the year ended September 30, 1999, and the related statements of revenues, expenses and 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 Hardin Metropolitan Housing Authority as of September 30, 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 March 23, 2000, on our consideration of Hardin 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 Hardin 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 additional information, 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

March 23, 2000

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
BALANCE SHEET
SEPTEMBER 30, 1999

ASSETS

Current Assets

Cash and Cash Equivalents \$ 3,320

Total Current Assets 3,320

Total Assets \$ 3,320

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable \$ 1,878

Total Liabilities 1,878

Equity

Retained Earnings 1,442

Total Equity 1,442

Total Liabilities and Equity \$ 3,320

See Independent Auditors' Report

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
STATEMENT OF REVENUE, EXPENSE AND EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Revenue

HUD Grants	\$ 14,095
Investment Income - Unrestricted	27
Other Income	<u>(8)</u>
Total Revenue	14,114

Expenses

Housing Assistance Payments	10,325
Other Administrative	<u>2,454</u>
Total Expenses	<u>12,779</u>

Net Income (Loss) 1,335

Retained Earnings - Beginning of Year
Beginning of Year 107

Retained Earnings - End of Year \$ 1,442

See Independent Auditors' Report

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Cash Flows from Operating Activities

Net Income (Loss)	\$ 1,335
Adjustments to reconcile Net Income(Loss) to Net Cash Provided By Operating Activities:	
Changes in Operating Assets and Liabilities that	
Accounts Payable	(1,336)
Deferred Rent and Other Current Liabilities	<u>(1,114)</u>
Total Adjustments	<u>(2,450)</u>
Net Cash Provided (Used) By Operating Activities	<u>(1,115)</u>
Increase (Decrease) In Cash and Cash Equivalents	(1,115)
Cash and Cash Equivalents - Beginning of Year	<u>4,435</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,320</u>

See Independent Auditors' Report

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

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Hardin Metropolitan Housing Authority (HMHA 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 Hardin Metropolitan Housing Authority and the U.S. ACC and all applicable 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 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. 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.

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.

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

NOTE 2 - CASH 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.

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 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. \$ 3,320 was covered by federal depository insurance.
Category 2. & 3. None.

NOTE 3 - 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) Program. The fee is a percentage of a HUD determined base rate for each unit per month under the HAP contract. The rate is as follows:

A. Vouchers:

Units per month - \$37.07/unit

NOTE 4 - CHANGE IN BASIS OF ACCOUNTING

Effective with the year ended September 30, 1999, the Authority adopted the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP). HUD requires GAAP basis financial statements for fiscal years beginning October 1, 1999. The Authority did not experience any changes to equity as result of the change in accounting basis.

NOTE 5 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 1999 the Authority was involved in no several such matters.

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 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>				
Section 8:				
Housing Assistance Program:				
Vouchers	14.855	C-OH5057V	14,095	14,095
Total Federal Assistance			\$ 14,095	\$ 14,095

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

See Independent Auditors' Report

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Rental Voucher Program	Total
REVENUE		
HUD Grants	\$ 14,095	\$ 14,095
Investment Income - Unrestricted	27	27
Other Income	<u>(8)</u>	<u>(8)</u>
Total Revenue	14,114	14,114
EXPENSES		
ILAP	10,325	10,325
Other Administrative	<u>2,454</u>	<u>2,454</u>
Total Expenses	<u>12,779</u>	<u>12,779</u>
Net Income (Loss)	<u>\$ 1,335</u>	<u>\$ 1,335</u>

See Independent Auditors' Report

HARDIN METROPOLITAN HOUSING AUTHORITY
MARION, OHIO
SCHEDULE OF ACTIVITY
SEPTEMBER 30, 1999

The PHA had 3 units under management.

<u>Management</u>	<u>Units</u>
Section 8 Vouchers	<u>3</u>
TOTAL	<u><u>3</u></u>

THERE WERE NO PRIOR AUDIT FINDINGS.

See Independent Auditors' Report

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
Hardin Metropolitan Housing Authority
Marion, Ohio

We have audited the financial statements of Hardin Metropolitan Housing Authority, Marion, Ohio, as of and for the year ended September 30, 1999, and have issued our report thereon dated March 23, 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 Hardin 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 Hardin 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
March 23, 2000



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

HARDIN METROPOLITAN HOUSING AUTHORITY

HARDIN 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: JUNE 20, 2000