

**JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, OHIO**

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

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



STATE OF OHIO
OFFICE OF THE AUDITOR
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
www.auditor.state.oh.us

Board of Commissioners
Jefferson Metropolitan Housing Authority
815 N. Sixth St.
Steubenville, OH 43952

We have reviewed the independent auditor's report of the Jefferson Metropolitan Housing Authority, Jefferson 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 Jefferson Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

September 13, 2000

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, OHIO

DECEMBER 31, 1999

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, December 31, 1999	2
Statement of Revenues, Expenses and Changes in Retained Earnings	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 12
Schedule of Expenditures of Federal Awards	13
Schedule of Revenue and Expense By Program	14
Schedule of Activity	15
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	16
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Findings and Questioned Costs	19

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
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

We have audited the accompanying balance sheet of the Jefferson Metropolitan Housing Authority, Steubenville, Ohio, as of and for the year ended December 31, 1999, and the related statements of revenues, expenses, retained earnings, 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 Jefferson 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 May 24, 2000, on our consideration of Jefferson 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 Jefferson 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, and the Schedule of Activity, which are presented for the purposes of additional analysis, and the electronically filed Financial Data Schedule, are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
May 24, 2000

JEFFERSON METROPOLITAN HOUSING AUTHORITY
 STEUBENVILLE, OHIO
 BALANCE SHEET
 DECEMBER 31, 1999

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 579,128
Investments-Unrestricted	1,800,000
Intergovernmental Accounts Receivable	138,572
Tenant Accounts Receivable net of Allowance for Doubtful Accounts	37,551
Accounts Receivable-Other	45,734
Accrued Interest Receivable	6,460
Prepaid Expenses	20,883
Inventory- net of Allowance for Obsolete Inventory	<u>45,990</u>
 Total Current Assets	 2,674,318
 Restricted Investments	 60,000
Property and Equipment - Net of \$ 17,304,844 Accumulated Depreciation	<u>14,834,753</u>
 Total Assets	 <u>\$ 17,569,071</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 168,656
Accounts Payable- Governments	47,373
Security and Other Trust Deposits	61,423
Accrued Wages and Payroll Taxes	70,081
Accrued Compensated Absences	139,302
Other Current Liabilities	<u>149,908</u>
 Total Liabilities	 636,743

Equity

Contributed Capital	16,222,136
Retained Earnings	<u>710,192</u>
 Total Equity	 <u>16,932,328</u>
 Total Liabilities and Equity	 <u>\$ 17,569,071</u>

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
 STEUBENVILLE, OHIO
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Revenue</u>	
HUD Grants	\$ 3,523,021
Rental Income	1,093,078
Investment Income-Unrestricted	113,901
investment Income-Restricted	3,578
Other Revenue	133,049
Gain on Sale of Fixed Assets	<u>64,349</u>
 Total Revenue	 4,930,976
 <u>Expenses (before depreciation)</u>	
Housing Assistance Payments	1,849,214
Administrative Salaries	540,037
Compensated Absences	42,841
Employee Benefits	254,793
Other Administrative Expense	359,436
Material and Labor	552,012
Contract Services	418,938
Utilities	359,771
General Expenses	85,917
Payment in Licu of Taxes	62,827
Bad Debt Expense	<u>22,858</u>
 Total Expenses	 4,548,644
 Income (Loss) before Depreciation & Other Costs	 382,332
Depreciation	940,228
Extraordinary Maintenance	<u>70,908</u>
 Net Income (Loss)	 (628,804)
 Retained Earnings - Beginning of Year	
As Previously Reported	1,338,996
Prior Period Adjustment	<u>-</u>
As Restated	<u>1,338,996</u>
Retained Earnings - End of Year	710,192
 Contributed Capital - Beginning of Year	
As previously Reported	33,916,953
Prior Period Adjustment	<u>(18,932,144)</u>
As Restated	14,984,809
HUD Capital Contributions	<u>1,237,327</u>
Contributed Capital - End of Year	<u>16,222,136</u>
 Total Equity - End of Year	 <u>\$ 16,932,328</u>

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

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

Cash Flows from Operating Activities

Net Income (Loss)	\$ (628,804)
Adjustments to reconcile Net Income(Loss) to Net Cash	
Provided By Operating Activities:	
Depreciation	940,228
Prior Period Adjustments	(18,932,144)
Changes in Operating Assets and Liabilities that	
Increase (Decrease) Cash Flows:	
Receivables	(26,181)
Prepaid Expenses	(14,736)
Accounts Payable	130,387
Deferred Credits and Other Current Liabilities	<u>123,127</u>
Total Adjustments	<u>(17,779,319)</u>
Net Cash Provided (Used) By Operating Activities	(18,408,123)

Cash Flows from Investing Activities

Purchase of Property and Equipment(net)	18,614,622
Proceeds from Investments	(380,000)
Net Cash Provided (Used) By Investing Activities	<u>18,234,622</u>
Increase (Decrease) In Cash and Cash Equivalents	(173,501)
Cash and Cash Equivalents - Beginning of Year	<u>752,629</u>
Cash and Cash Equivalents - End of Year	<u>\$ 579,128</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jefferson Metropolitan Housing Authority (JMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Jefferson 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, 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 Lives

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

Depreciation is recorded on the straight-line method.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

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

Restricted Investments

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

NOTE 2 - CASH AND INVESTMENTS

Cash

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

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, 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. . . . \$ 100,000 was covered by federal depository insurance.
- Category 2. . . . \$ 2,534,582 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Investments

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

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

NOTE 2 - CASH AND INVESTMENTS, Continued

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

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

NOTE 3 - PROPERTY AND EQUIPMENT

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

Buildings and Building Improvements	\$ 26,233,996
Land	2,471,310
Furniture, Equipment- Dwellings	1,679,887
Furniture, Equipment- Administrative	517,077
Construction in Progress	<u>1,237,327</u>
Total	32,139,597
Less Accumulated Depreciation	<u>(17,304,844)</u>
Net Property and Equipment	<u>14,834,753</u>

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

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives and "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

- A. Certificates, Vouchers, Rehab, and New Construction
 Units per month x \$ 38.44/unit

NOTE 5 - ALLOCATION OF COSTS

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

NOTE 6 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefit benefits is provided by 1 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	\$ 174,900	13.55%
12/31/98	\$ 155,857	13.55%
12/31/97	\$ 148,043	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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, 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 hours accumulated based on length of service. Unused vacation leave will be paid to the employees at the time of separation.

At December 31, 1999, \$ 139,302 was accrued by the Authority for unused vacation and sick time.

NOTE 8 - CHANGE IN BASIS OF ACCOUNTING

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

Equity as of January 1, 1999 has been reduced by \$ 18,932,144 to retroactively reflect this change in accounting. The adjustment is made up of an \$ (18,932,144) reduction to beginning contributed capital.

The prior period adjustment of \$ 18,932,144 decreasing contributed capital is made up of the following amounts:

\$ (2,484,022)	Write-Off soft costs
(16,360,295)	Depreciation
10,055,291	Write Off Debt
<u>(10,143,118)</u>	Equipment Adjust and Other
<u>\$ (18,932,144)</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.

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

NOTE 10 - CONTINGENCIES

Grants

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

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 1999 the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
 STEUBENVILLE, 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>				
Direct Programs:				
Low Income Public Housing	14.850	C-922	\$ 1,135,623	\$ 1,135,623
Drug Elimination Grant	14.854	C-922	219,525	219,525
Comprehensive Grant Program	14.852	C-922	1,237,327	1,237,327
Section 8 Tenant Based Cluster:				
Housing Assistance Program:				
Certificates	14.857	C-10000	985,360	985,360
Vouchers	14.855	C-10000	791,216	791,216
Section 8 Project Based Cluster				
New Construction	14.856	C-10000	<u>391,297</u>	<u>391,297</u>
Sub-Total	Section 8 Clusters		<u>2,167,873</u>	<u>2,167,873</u>
Total Federal Assistance			<u>\$ 4,760,348</u>	<u>\$ 4,760,348</u>

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

See Independent Auditors' Report

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

	Low Rent	Rental Certificates Program	Rental Voucher Program	New Construction Program	Drug Elimination Grant	Total
REVENUE						
HUD Grants	\$ 1,135,623	\$ 985,360	\$ 791,216	\$ 391,297	\$ 219,525	\$ 3,523,021
Rental Income	1,093,078					1,093,078
Investment Income-Unrestricted	92,442	14,755	5,403	1,301		113,901
Investment Income-Restricted	3,578					3,578
Other Revenue	133,049					133,049
Gain on Sale of Fixed Assets	64,349					64,349
Total Revenue	2,522,119	1,000,115	796,619	392,598	219,525	4,930,976
EXPENSES						
HAP		811,175	686,141	351,898		1,849,214
Administrative Salaries	374,960	62,351	52,331	12,466	37,929	540,037
Compensated Absences		22,055	17,288	3,498		42,841
Employee Benefits	205,646	24,098	20,245	4,804		254,793
Other Administrative Expense	133,532	23,120	15,183	6,005	181,596	359,436
Material and Labor	552,012					552,012
Contract Services	418,938					418,938
Utilities	359,771					359,771
General Expenses	80,668	1,909	1,909	1,431		85,917
Payments in Lieu of Taxes	62,827					62,827
Bad Debt Expense	22,858					22,858
Total Expenses	2,211,212	944,708	793,097	380,102	219,525	4,548,644
Income (Loss) before Depreciation & Other Costs	310,907	55,407	3,522	12,496	-	382,332
Depreciation	933,724	6,504	-	-	-	940,228
Extraordinary Maintenance	61,198	9,710	-	-	-	70,908
Net Income (Loss)	\$ (684,015)	\$ 39,193	\$ 3,522	\$ 12,496	\$ -	\$ (628,804)

See Independent Auditors' Report

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, OHIO
SCHEDULE OF ACTIVITY
DECEMBER 31, 1999

The PHA had 1,377 units under management.

<u>Management</u>	<u>Units</u>
PHA Owned Housing	788
Section 8 Certificates	281
Section 8 Vouchers	224
Section 8 Moderate Rehab	23
Section 8 New Construction	<u>61</u>
TOTAL	<u>1,377</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 OSCP*

*John E. Slaybaugh III
Certified Public Accountant*

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

Board of Commissioners
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

We have audited the financial statements of Jefferson Metropolitan Housing Authority, Steubenville, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 24, 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 Jefferson 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 Jefferson 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
May 24, 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 ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

Compliance

We have audited the compliance of Jefferson 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. Jefferson 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 Jefferson 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 Jefferson 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 Jefferson Metropolitan Housing Authority's compliance with those requirements.

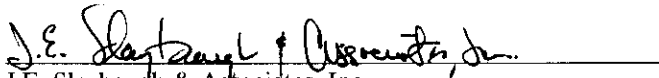
In our opinion, Jefferson Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of Jefferson 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

May 24, 2000

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STEUBENVILLE, 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 Jefferson 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 Jefferson Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Public Housing Programs
 - Cluster- Tenant Based Section 8 Programs
 - Comprehensive Grant Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Jefferson Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

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

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JEFFERSON METROPOLITAN HOUSING AUTHORITY

JEFFERSON 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
SEPTEMBER 26, 2000**