

**CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED SEPTEMBER 30, 2000**

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

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Board of Commissioners
Clermont Metropolitan Housing Authority
Batavia, Ohio

We have reviewed the Independent Auditor's Report of the Clermont Metropolitan Housing Authority, Clermont County, prepared by J.E. Slaybaugh & Associates, Inc., for the audit period October 1, 1999 to September 30, 2000. 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 Clermont Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 20, 2001

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CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO

SEPTEMBER 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, September 30, 2000	2
Statement of Revenues, Expenses and Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 10
Schedule of Expenditures of Federal Awards	11
Schedule of Revenue and Expense By Program	12
Schedule of Activity	13
Actual Modernization Cost Certification	14
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	15
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	16-17
Schedule of Findings and Questioned Costs	18

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Clermont Metropolitan Housing Authority
Batavia, Ohio

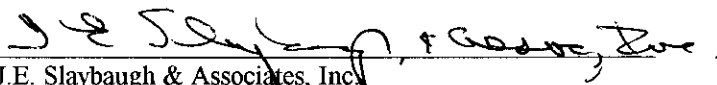
We have audited the accompanying balance sheet of the Clermont Metropolitan Housing Authority, Batavia, Ohio, as of and for the year ended September 30, 2000, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility 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 Clermont Metropolitan Housing Authority as of September 30, 2000, 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 28, 2001, on our consideration of Clermont 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 Clermont 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.
Lexington, Ohio
March 28, 2001

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO

BALANCE SHEET
September 30, 2000

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,428,661
Tenant Accounts Receivable- Net of \$ 6,589 Doubtful Accounts	5,338
Accounts Receivable-Other	65,868
Prepaid Expenses	<u>13,258</u>

Total Current Assets 1,513,125

Property and Equipment - Net of \$ 4,871,087 Accumulated Depreciation 11,399,734

Total Assets \$ 12,912,859

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 30,479
Accounts Payable- HUD	336,714
Accounts Payable- Other	120,245
Tenant Security Deposits	35,861
Accrued Wages and Payroll Taxes	3,371
Accrued Compensated Absences	84,513
Deferred Revenues	<u>194</u>

Total Liabilities 611,377

Equity

Contributed Capital	16,215,844
Retained Earnings	<u>(3,914,362)</u>

Total Equity 12,301,482

Total Liabilities and Equity \$ 12,912,859

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

CLERMONT METROPOLITAN HOUSING AUTHORITY
 BATAVIA, OHIO
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2000

<u>Revenue</u>	
HUD Grants	\$ 2,953,015
Rental Income	404,664
Investment Income-Unrestricted	70,433
Other Revenue	<u>30,721</u>
 Total Revenue	 3,458,833
<u>Expenses (before depreciation)</u>	
Housing Assistance Payments	2,413,892
Administrative Salaries	305,825
Employee Benefits	128,467
Compensated Absences	4,674
Other Administrative Expense	74,637
Tenant Services	15,929
Material and Labor-Maintenance	113,211
Contract Services	106,194
Utilities	132,303
General Expenses	29,509
Payment in Lieu of Taxes	28,324
Bad Debt- Tenant Rents	<u>13,988</u>
 Total Expenses	 3,366,953
 Income (Loss) before Depreciation & Other Costs	 91,880
Depreciation	478,267
Loss on Sale of Fixed Assets	<u>23,153</u>
 Operating Income (Loss)	 (409,540)
 Retained Earnings - Beginning of Year	 <u>(3,504,822)</u>
 Retained Earnings - End of Year	 <u>(3,914,362)</u>
 Contributed Capital - Beginning of Year	 15,760,860
Capital Contributions	<u>454,984</u>
 Contributed Capital - End of Year	 <u>16,215,844</u>
 Total Equity - End of Year	 <u>\$ 12,301,482</u>

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

CLERMONT METROPOLITAN HOUSING AUTHORITY
 BATAVIA, OHIO
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2000

Cash Flows from Operating Activities

Operating Income (Loss)	\$ (409,540)
Adjustments to reconcile Net Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	478,267
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable	9,412
Allowance for Doubtful Accounts	(3,711)
Accounts Receivable- Other	79,084
Prepaid Expenses	(1,383)
Accounts Payable- Vendor	8,117
Accounts Payable- HUD	231,278
Accounts Payable- Other	(51,820)
Accrued Wages & Taxes Payable	3,370
Accrued Compensated Absences	9,817
Tenant Security Deposits	325
Deferred Revenues	195
Accrued Liabilities	(6,436)
Total Adjustments	756,515
Net Cash Provided By Operating Activities	346,975
 <u>Cash Flows from Investing Activities</u>	
Change in Property and Equipment	(509,478)
Net Cash Used By Investing Activities	(509,478)
 <u>Cash Flows from Financing Activities</u>	
Contributed Capital	454,984
Net Cash Provided By Financing Activities	454,984
Increase (Decrease) In Cash and Cash Equivalents	292,481
Cash and Cash Equivalents - Beginning of Year	1,136,180
Cash and Cash Equivalents - End of Year	\$ 1,428,661

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

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Clermont 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 Clermont 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. CMHA did not have any component units.

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.

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2000

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.

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.

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2000

NOTE 2 - CASH

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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

Category 1.	\$ 100,000	was covered by federal depository insurance.
Category 2.	\$ 959,174	was covered by specific collateral pledged by the financial institution in the name of the Authority.

CLERMONT METROPOLITAN HOUSING AUTHORITY
 BATAVIA, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2000

NOTE 2 - CASH, continued

Book Balances at September 30, 2000, were as follows:

	Cash
Low Rent Public Housing	\$ 797,344
Section 8 Rental Certificates	250,328
Section 8 Rental Vouchers	380,989
Total	<u>\$ 1,428,661</u>

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2000, by class is as follows:

Land	\$ 1,929,714
Buildings & Building Improvements	13,316,455
Furniture, Equipment- Dwelling	612,655
Furniture, Equipment- Administrative	294,331
Leasehold Improvements	<u>117,666</u>
 Total	 16,270,821
 Less Accumulated Depreciation	 <u>(4,871,087)</u>
 Net Property and Equipment	 <u>\$ 11,399,734</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 \$ 43.57/unit

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2000

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 a 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 2000 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 September 30 were as follows:

	Contribution	%
9/30/00	\$ 58,519	13.55%
9/30/99	\$ 60,118	13.55%
9/30/98	\$ 54,919	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. The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2000 employer contribution rate for the state employers was 10.84 % of covered payroll: 4.3 % was the portion that was used to fund health care for the year.

OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely. The number of benefit recipients eligible for OPEB at December 31, 2000, was 401,339.

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2000

NOTE 7 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners in conjunction with local policies and state law.

Employees earn annual leave hours based on years of service as an employee of either CMHA or PERS. The schedule is as follows:

<u>Service Years</u>	<u>Hours/month</u>
0 - 5	8
5 - 10	11.5
10 - 15	14.75
15 +	18

Maximum accumulated vacation hours is 375 hours.

Sick leave is accumulated at the rate of 10 hours per month to a maximum of 225 hours.

The Authority uses the vesting method to accrue compensated absences

At September 30, 2000, \$ 84,513 was accrued by the Authority for unused vacation and sick time.

NOTE 8 - 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.

NOTE 9 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2000 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.

CLERMONT METROPOLITAN HOUSING AUTHORITY
 BATAVIA, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2000

<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:				
Public and Indian Housing	14.850	C-5009	\$ 190,189	\$ 190,189
Public Housing Comprehensive Improvement Assistance Program	14.872	C-5009	454,984	509,478
 Section 8 Tenant Based Cluster:				
Section 8 Rental Certificate Program	14.857	C-5043	636,181	636,181
Section 8 Rental Voucher Program	14.855	C-5043	2,126,645	2,126,645
Sub-Total			2,762,826	2,762,826
 Total Federal Assistance			 \$ 3,407,999	 \$ 3,462,493

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

See Independent Auditors' Report

CLERMONT METROPOLITAN HOUSING AUTHORITY
 BATAVIA, OHIO
 SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
 FOR THE YEAR ENDED SEPTEMBER 30, 2000

	Low Rent Public Housing Program	Comprehensive Improvement Assistance Grant	Rental Certificates Program	Rental Voucher Program	Total
REVENUE					
HUD Grants	\$ 190,189		\$ 636,181	\$ 2,126,645	\$ 2,953,015
Rental Income	404,664				404,664
Investment Income-Unrestricted	33,525		23,545	13,363	70,433
Other Revenue	30,492		229		30,721
Total Revenue	658,870	-	659,955	2,140,008	3,458,833
EXPENSES					
Housing Assistance Payments			560,612	1,853,280	2,413,892
Administrative Salaries	139,991		46,411	119,423	305,825
Employee Benefits	69,905		11,021	47,541	128,467
Compensated Absences	11			4,663	4,674
Other Administrative Expense	40,513		7,696	26,428	74,637
Tenant Services	989			14,940	15,929
Material and Labor-Maintenance	113,211				113,211
Contract Services	74,404		4,947	26,843	106,194
Utilities	132,303				132,303
General Expenses	27,461		93	1,955	29,509
Payments in Lieu of Taxes	28,324				28,324
Bad Debt- Tenant Rents	13,988				13,988
Total Expenses	641,100	-	630,780	2,095,073	3,366,953
Income (Loss) before Depreciation & Other Costs	17,770	-	29,175	44,935	91,880
Depreciation	460,548	15,204	1,830	685	478,267
Loss on Sale of Fixed Assets	23,153				23,153
Operating Income (Loss)	\$ (465,931)	\$ (15,204)	\$ 27,345	\$ 44,250	\$ (409,540)

See Independent Auditors' Report

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO
SCHEDULE OF ACTIVITY
SEPTEMBER 30, 2000

The PHA had 904 units under management.

<u>Management</u>	<u>Units</u>
PHA Owned Housing	230
Section 8 Certificates	161
Section 8 Vouchers	<u>513</u>
TOTAL	<u><u>904</u></u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR AUDIT FINDINGS

See Independent Auditors' Report

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At September 30, 2000

Annual Contribution Contract C-5009

1. The Actual Modernization Costs are as follows:

	Project <u>OH10P038</u> <u>909</u>	Project <u>OH10P038</u> <u>911</u>
Funds Approved	\$ 344,378	\$ 366,594
Funds Expended	<u>344,378</u>	<u>366,594</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 344,378	\$ 366,594
Funds Expended	<u>344,378</u>	<u>366,594</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>
Date Submitted	2/24/99	1/30/01

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

3. All Modernization Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditor's Report

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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
Clermont Metropolitan Housing Authority
Batavia, Ohio

We have audited the financial statements of Clermont Metropolitan Housing Authority, Batavia, Ohio, as of and for the year ended September 30, 2000, and have issued our report thereon dated March 28, 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 Clermont 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 Clermont 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 28, 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
Clermont Metropolitan Housing Authority
Batavia, Ohio

Compliance

We have audited the compliance of Clermont 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 September 30, 2000. Clermont 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 Clermont 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 Clermont 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 Clermont Metropolitan Housing Authority's compliance with those requirements.

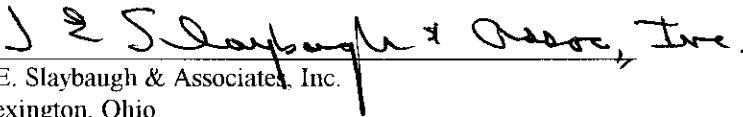
In our opinion, Clermont Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2000.

Internal Control Over Compliance

The management of Clermont 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
March 28, 2001

CLERMONT METROPOLITAN HOUSING AUTHORITY
BATAVIA, OHIO

SCHEDULE OF FINDINGS

September 30, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS

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

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

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800-282-0370

Facsimile 614-466-4490

CLERMONT METROPOLITAN HOUSING AUTHORITY

CLERMONT 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
AUGUST 9, 2001**