

**BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED JUNE 30, 2001**

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
Butler Metropolitan Housing Authority
Hamilton, Ohio

We have reviewed the Independent Auditor's Report of Butler Metropolitan Housing Authority, Butler County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period July 1, 2000 to June 30, 2001. 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 Butler Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 27, 2001

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO

FOR THE YEAR ENDED JUNE 30, 2001

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Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Butler Metropolitan Housing Authority
Hamilton, Ohio

We have audited the accompanying balance sheet of the Butler Metropolitan Housing Authority, Hamilton, Ohio, as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America, 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 Butler Metropolitan Housing Authority as of June 30, 2001, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2001, on our consideration of Butler 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Butler 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 is not a required part of the financial statements. The information in that Schedule 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.
November 30, 2001

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,733,309
Investments-Unrestricted	4,827,379
Accounts Receivable- PHA Projects	349
Accounts Receivable - HUD	876,893
Tenant Accounts Receivable- Net of \$104,784 Doubtful Accounts	24,933
Interprogram Due From	1,828,991
Prepaid Expenses	108,893
Inventory	<u>85,720</u>
 Total Current Assets	 <u>9,486,467</u>

Noncurrent Assets

Property and Equipment - Net of \$ 40,514,869 Accumulated Depreciation	17,132,503
Other Assets	<u>150,541</u>
 Total Noncurrent Assets	 <u>17,283,044</u>

Total Assets	<u>\$ 26,769,511</u>
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable- Vendor	\$ 24,614
Accounts Payable- HUD	540
Tenant Security Deposits	174,245
Accrued Wages and Payroll Taxes	12,522
Accrued Compensated Absences	182,487
Deferred Revenues	378,248
Interprogram Due To	<u>1,828,991</u>
 Total Liabilities	 2,601,647

Equity

Contributed Capital	16,843,412
Fund Balance Reserved for Capital Activities	225,034
Retained Earnings	<u>7,099,418</u>
 Total Equity	 <u>24,167,864</u>

Total Liabilities and Equity	<u>\$ 26,769,511</u>
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The accompanying notes are an integral part of these financial statements.

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2001

Revenue

HUD Grants	\$ 9,358,697
Rental Income	1,727,035
Investment Income-Unrestricted	262,164
Other Revenue	<u>18,573</u>
 Total Revenue	 11,366,469

Expenses (before depreciation)

Housing Assistance Payments	4,430,206
Administrative Salaries	841,147
Employee Benefits	432,036
Other Administrative Expense	1,299,560
Tenant Services - Other	408
Material and Labor-Maintenance	373,344
Contract Services	718,715
Utilities	974,250
General Expenses	141,725
Severance Expense	7,979
Bad Debt- Tenant Rents	<u>168,709</u>

Total Expenses 9,388,079

Income (Loss) before Depreciation & Other Costs	1,978,390
Depreciation	2,310,357
Casualty Losses	<u>1,216</u>

Operating Income (Loss) (333,183)

Retained Earnings - Beginning of Year 5,633,496

Depreciation add-back, adjustments, corrections 1,799,105

Retained Earnings - End of Year 7,099,418

Contributed Capital - Beginning of Year 18,754,544

Depreciation add-back, adjustments, corrections (1,686,098)

Contributed Capital - End of Year 17,068,446

Total Equity - End of Year \$ 24,167,864

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

**Butler Metropolitan Housing Authority
 Combined Statement of Cash Fows
 Year Ended June 30, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 8,847,881
Cash received from tenants	1,786,891
Cash received from other sources	18,573
Cash payments for housing assistance payments	(4,430,206)
Cash payments for administrative	(2,614,196)
Cash payments for other operating expenses	<u>(2,530,406)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,078,537
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(1,207,403)
Equity transfers	<u>(148,112)</u>
Net Cash (Used) Provided by Capital and Related Financing Activities	(1,355,515)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>262,164</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (14,814)
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>1,748,123</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u>\$ 1,733,309</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net operating loss	\$ (333,181)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	2,310,356
(Increase) decrease in:	
Receivables-net of allowance	(544,907)
Due from other funds	(103,060)
Inventories-net of allowance	(20,549)
Tenant security deposits	(3,047)
Deferred charges and other assets	(304,092)
Increase (decrease) in:	
Accounts payable	(76,562)
Due to other funds	103,060
Intergovernmental payable	540
Accrued wages/payroll taxes and compensated absences	(47,206)
Tenant security deposits	4,127
Deferred credits and other liabilities	<u>93,058</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 1,078,537</u>

The accompanying notes are an integral part of these financial statements

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Butler Metropolitan Housing Authority (BMHA 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 Butler 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.

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

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 Authority's policy is not to capitalize interest in the construction or purchase of fixed assets.

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

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.

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.

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

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. . . \$ 109,228 was covered by federal depository insurance.
- Category 2. . . \$ 6,619,913 was covered by specific collateral invested in U.S. Treasury Bills, which is self collateralizing

Book balances at June 30, 2001, were as follows:

	Cash	Investments	Total
Public Housing Program	\$ 609,968	\$ 4,827,379	\$5,437,347
Section 8 Voucher Program	<u>1,123,341</u>	<u>-</u>	<u>1,123,341</u>
Total	<u>\$1,733,309</u>	<u>\$ 4,827,379</u>	<u>\$6,560,688</u>

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.

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

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 June 30, 2001, by class is as follows:

Land	\$ 3,147,250
Buildings and Building Improvements	51,008,329
Furniture, Equipment- Administrative	1,163,840
Leasehold Improvements	150,885
Construction in Progress	<u>2,177,068</u>
Total	57,647,372
Less Accumulated Depreciation	<u>(40,514,869)</u>
Net Property and Equipment	<u>\$ 17,132,503</u>

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

NOTE 6 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

Sick Leave

Administrative union employees

Will earn 7.5 hours per month. With 10 or more years of service at the time of separation, employees will be paid fifty per cent of sick leave accrued, but not used

Maintenance union employees

Will earn 8 hours per month. With 10 or more years of service at the time of separation, employees will be paid seventy-five per cent of sick leave accrued, but not used

Non-union salaried employees

Will earn (1) day per month. With 10 or more years of service, employees will be paid fifty per cent of sick leave accrued, but not used

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At June 30, 2001, \$ 182,487 was accrued by the Authority for unused vacation and sick time.

NOTE 7 - 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 8 - 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 approved Cost Allocation Plan.

NOTE 9 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2001 the Authority was not involved in any matters, management believes would have a material effect on the financial statements.

NOTE 10 - CASH FLOW

Beginning cash and cash equivalents were restated due to the reclassification of tenant security deposits.

Cash and cash equivalents at 6/30/00	\$ 1,581,142
Restricted Investments at 6/30/00	<u>166,981</u>
Cash and cash equivalents restated at 6/30/00	<u>\$ 1,748,123</u>

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing	14.850	\$ 2,446,029
Public Housing- Comprehensive Grant Program	14.859	<u>1,645,471</u>
Capital Fund Program	14.852	<u>22,632</u>
Drug Elimination Grant Program	14.854	<u>282,982</u>
Section 8 Tenant Based Cluster:		
Section 8 Rental Certificate Program	14.857	145,441
Section 8 Rental Voucher Program	14.855	<u>4,816,142</u>
Sub-Total		<u>4,961,583</u>
 Total Federal Assistance		 \$ 9,358,697

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

See Independent Auditors' Report

BUTLER METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule

Balance Sheet
As of June 30, 2001

	Low Rent Public Housing	Comprehensive Grant Program	Drug Elimination Grant Program	Section 8 Certificates Program	Section 8 Vouchers Program	TOTAL
ASSETS						
Current Assets						
Cash-unrestricted	\$ 439,940	\$ -	\$ -	\$ -	\$ 1,123,341	\$ 1,563,281
Cash-other restricted	170,028					170,028
Total cash	609,968				1,123,341	1,733,309
Accounts and notes receivables						
Accounts receivable-PHA projects	22,346			65	284	349
Accounts receivable-HUD other projects	129,717				854,547	876,893
Allowance for doubtful accounts-dwelling rent	(104,784)					(104,784)
Total receivables, net of allow. for uncoll.	47,279			65	854,831	902,175
Current Investments						
Investments-Unrestricted	4,827,379					4,827,379
Prepaid expenses and other assets	108,893					108,893
Inventories	85,720					85,720
Interprogram-due from	797,516			1,031,475		1,828,991
Total investments	5,819,508			1,031,475		6,850,983
Total current assets	6,476,755			1,031,540	1,978,172	9,486,467
Noncurrent assets						
Land	3,147,250					3,147,250
Buildings	44,820,021	6,188,308				51,008,329
Furniture, equipment and machinery-admin.	538,885	439,530	183,925		1,500	1,163,840
Leasehold improvements		150,885				150,885
Accumulated depreciation	(39,192,828)	(1,288,184)	(33,732)		(125)	(40,514,869)
Construction in Progress		2,177,068				2,177,068
Total fixed assets, net of accum. depreciation	9,313,328	7,667,607	150,193		1,375	17,132,503
Other noncurrent assets						
Other assets	150,541					150,541
Total noncurrent assets	9,463,869	7,667,607	150,193		1,375	17,283,044
Total assets	\$ 15,940,624	\$ 7,667,607	\$ 150,193	\$ 1,031,540	\$ 1,979,547	\$ 26,769,511

See Independent Auditors' Report

BUTLER METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule, continued

Balance Sheet
 As of June 30, 2001

	Low Rent Public Housing	Comprehensive Grant Program	Drug Eliminaiton Grant Program	Section 8 Certificates Program	Section 8 Vouchers Program	TOTAL
	14,850	14,859	14,854	14,857	14,855	
\$	24,614	-	-	-	-	24,614
Accounts payable < 90 days	12,522					12,522
Accrued wages/payroll taxes payable	168,327				14,160	182,487
Accrued Compensated Absences				540		540
Accounts payable-HUD PHA Program	174,245					174,245
Tenant Security Deposits	3,954				374,294	378,248
Deferred Revenues				732,879	1,096,112	1,828,991
Interprogram due to				733,419	1,484,566	2,601,647
Total current liabilities	383,662	-	-	733,419	1,484,566	2,601,647
Total Liabilities	383,662	-	-	733,419	1,484,566	2,601,647
Equity						
Net HUD PHA contributions	9,219,847	7,177,877	132,875			16,530,599
Other contributions	312,813					312,813
Fund Balance Reserved for Capital Activities	225,034					225,034
Undesignated fund balance/retained earnings	5,799,268	489,730	17,318	298,121	494,981	7,099,418
Total equity	15,556,962	7,667,607	150,193	298,121	494,981	24,167,864
Total liabilities & equity	15,940,624	7,667,607	150,193	1,031,540	1,979,547	26,769,511

See Independent Auditors' Report

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2001

	Low rent Public Housing Program	Capital Fund Program	Comprehensive Grant Program	Drug Elimination Grant Program	Section 8 Rental Certificates Program	Section 8 Rental Voucher Program	Total of All Programs
REVENUE							
HUD Grants	\$ 2,446,029	\$ 22,632	\$ 1,645,471	\$ 282,982	\$ 145,441	\$ 4,816,142	\$ 9,358,697
Rental Income	1,727,035						1,727,035
Investment Income-Unrestricted	196,459				14,193	51,512	262,164
Other Revenue	18,508				65		18,573
Total Revenue	4,388,031	22,632	1,645,471	282,982	159,699	4,867,654	11,366,469
EXPENSES							
Housing Assistance Payments					125,220	4,304,986	4,430,206
Administrative Salaries	670,554				8,100	162,493	841,147
Employee Benefits	362,095				3,438	66,503	432,036
Other Administrative Expense	375,993	22,632	584,967	244,423	6,927	64,618	1,299,560
Tenant Services-Other	408						408
Material and Labor-Maintenance	373,344						373,344
Contract Services	675,889				1,731	41,095	718,715
Utilities	974,250						974,250
General Expenses	141,562				25	138	141,725
Severance Expense	7,979						7,979
Bad Debt- Tenant Rents	168,709						168,709
Total Expenses	3,750,783	22,632	584,967	244,423	145,441	4,639,833	9,388,079
Income (Loss) before Depreciation & Other Costs	637,248	-	1,060,504	38,559	14,258	227,821	1,978,390
Depreciation	1,718,217		570,774	21,241		125	2,310,357
Casualty Losses	1,216						1,216
Operating Income (Loss)	\$ (1,082,185)	\$ -	\$ 489,730	\$ 17,318	\$ 14,258	\$ 227,696	\$ (333,183)

See Independent Auditors' Report

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2001

The PHA had 1,175 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing	1,175
Section 8 Rental Certificates	27
Section 8 Rental Vouchers	<u>944</u>
TOTAL	<u>2,146</u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO

ACTUAL COMPREHENSIVE GRANT COST CERTIFICATION

At June 30, 2001

1. The Actual Comprehensive Grant Costs are as follows:

	Project <u>OH10-704-95</u>	Project <u>OH10-703-94</u>	Project <u>OH10-706-97</u>
Funds Approved	\$ 2,055,352	\$ 2,141,692	\$ 1,781,771
Funds Expended	<u>2,055,352</u>	<u>2,141,692</u>	<u>1,781,771</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 2,055,352	\$ 2,141,692	\$ 1,781,771
Funds Expended	<u>2,055,352</u>	<u>2,141,692</u>	<u>1,781,771</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2. The Distribution of Costs as shown on the Schedule/Report of Comprehensive Grant Expenditures submitted to HUD for approval are in agreement with the Authority's records.
3. All Comprehensive Grant Costs have been paid and all related liabilities have been discharged through payment

See Independent Auditors' Report

J. E. Slaybaugh & Associates, Inc.

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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
Butler Metropolitan Housing Authority
Hamilton, Ohio

We have audited the financial statements of Butler Metropolitan Housing Authority, Hamilton, Ohio, as of and for the year ended June 30, 2001, and have issued our report thereon dated November 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Butler 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 Butler 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.

November 30, 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
Butler Metropolitan Housing Authority
Hamilton, Ohio

Compliance

We have audited the compliance of Butler Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Butler 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 Butler Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Butler 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 Butler Metropolitan Housing Authority's compliance with those requirements.

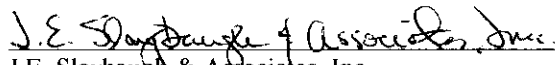
In our opinion, Butler Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Butler 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.
November 30, 2001

BUTLER METROPOLITAN HOUSING AUTHORITY
HAMILTON, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 2001

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Butler 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 Butler Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Low Rent Public Housing
 - 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 Butler 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

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BUTLER METROPOLITAN HOUSING AUTHORITY

BUTLER 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
JANUARY 10, 2002**