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Certified Public Accountants, A.C.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY  
Single Audit  
For the Year Ended June 30, 2015**

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*...“bringing more to the table”*

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Commissioners  
Butler Metropolitan Housing Authority  
4110 Hamilton-Middletown Road  
Hamilton, Ohio 45011

We have reviewed the *Independent Auditor's Report* of the Butler Metropolitan Housing Authority, Butler County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2014 through June 30, 2015. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 26, 2016

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**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
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## INDEPENDENT AUDITOR'S REPORT

February 5, 2016

Butler Metropolitan Housing Authority  
Butler County  
4110 Hamilton-Middletown Road  
Hamilton, Ohio 45011

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the **Butler Metropolitan Housing Authority**, Butler County, Ohio (the Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.



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**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, Butler County, Ohio, as of June 30, 2015, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note B to the financial statements, during the year ended June 30, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedule presented on pages 35-41 presents additional analysis as required by the United States Department of Housing and Urban Development and is not a required part of the basic financial statements

The Schedule of Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

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The Butler Metropolitan Housing Authority ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current Fiscal Year's (FY) activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority implemented the new accounting standard called GASB 68, resulting in a prior period adjustment of \$(1.55) million and a Net Pension Liability of \$1.67 million at YE 2015. After adjusting Net Position at YE 2014 for the prior period adjustment, Net Position increased by \$867,000 (5%) during 2015. Since the Authority engages only in business-type activities, the increase is in the category of business-type net position. Net Position was \$16.65 million at FY 2015 and Net Position at FY 2014 adjusted by the prior period adjustment was \$15.78 million.
- The business-type activity revenue increased by \$5.17 million (33%) from FY 2014. The primary reason for the increase in revenues is the growth of the Housing Choice Voucher Program due to new units acquired from the former program administered by the City of Middletown. Total revenue was \$21.02 million and \$15.85 million for FY 2015 and FY 2014, respectively.
- The total expenses of all Authority programs increased by \$3.83 million (23%). The primary reasons for the increase in expenses was the increased HAP expense, due to the acquisition of Middletown vouchers. Total expenses were \$20.15 million and \$16.32 million for FY 2015 and FY 2014, respectively.

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal Net Position (similar to equity). Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current." The focus of the Statement of Net Position (Unrestricted Net Position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted amounts, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt," or "Restricted Net Position."

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position," which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation familiar. The focus is on agency-wide balances rather than individual program balances. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The following is a condensed Statement of Net Position compared to prior year.

**Table 1 - Condensed Statement of Net Position**

	2015	2014 *	Change	% Change
<b><u>Assets</u></b>				
Current Assets	\$ 5,766,000	\$ 4,960,000	\$ 806,000	16%
Capital Assets	12,721,000	13,135,000	(414,000)	-3%
Other Non-current Assets	636,000	618,000	18,000	3%
<b>Total Assets</b>	<b>19,123,000</b>	<b>18,713,000</b>	<b>410,000</b>	<b>2%</b>
<b>Deferred Outflows</b>	<b>192,000</b>	<b>91,000</b>	<b>101,000</b>	<b>111%</b>
<b><u>Liabilities</u></b>				
Current Liabilities	594,000	948,000	(354,000)	-37%
Non-current Liabilities	2,040,000	2,075,000	(35,000)	-2%
<b>Total Liabilities</b>	<b>2,634,000</b>	<b>3,023,000</b>	<b>(389,000)</b>	<b>-13%</b>
<b>Deferred Inflows</b>	<b>33,000</b>	<b>-</b>	<b>33,000</b>	<b>100%</b>
<b><u>Net Position</u></b>				
Invested in Capital	12,716,000	12,944,000	(228,000)	-2%
Restricted	1,358,000	840,000	518,000	62%
Unrestricted	2,574,000	1,997,000	577,000	29%
<b>Total Net Position</b>	<b>\$ 16,648,000</b>	<b>\$ 15,781,000</b>	<b>\$ 867,000</b>	<b>5%</b>

\* Restated for prior period adjustment reported June 30, 2014

**Major Factors Affecting the Statement of Net Position**

Current assets increased by \$806,000 (16%). The biggest change from last year in current assets is in cash due to a favorable gain from operations in the period and HUD providing extra cash for use by the Housing Choice Voucher program in this immediate period following the new units being added to the program with the absorption of the new units from the Middletown program.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

Capital assets decreased minimally (about 3%). Current year capital additions were outpaced by the increase in accumulated depreciation. Other Noncurrent Assets increased minimally by \$21,000 (3%). That is an increase in the amount being loaned to a development partner related to the multi-lender mixed financed project Beacon Pointe. Butler MHA advanced Replacement Housing Funds to assist in the development of the project. Those funds are to be repaid to the Authority over the next 40 years.

Current liabilities decreased by \$354,000 (37%). This change was to accounts payable due to timing issues related to when invoices were paid near the end of the year and to the drop in the current portion of long-term debt. Only a minimal long-term debt amount remains to be paid at 6/30/2015 and the current portion at the prior year-end reflected payments to be made over the entire year.

The 2014 numbers presented in the table have been restated to reflect the effect of the prior period adjustment related to the implementation of GASB 68 so that a more meaningful comparison of 2014 balances to 2015 balances can be made. The biggest changes to the 2014 numbers due to the restatement are to non-current liabilities and unrestricted net position. So while a net position liability of \$1,673,000 is being reported in 2015 that was not reported in 2014, after adjusting the 2014 numbers for the prior period adjustment, non-current liabilities changes only slightly, dropping by a modest amount. See the discussion about changes in incomes and expenses related to Table II to better understand changes in net position.

The following is a condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

**Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	2015	2014	Change	% Change
<b>Revenues</b>				
Tenant Revenues	\$ 1,723,000	\$ 1,533,000	\$ 190,000	12%
Subsidies	16,831,000	9,798,000	7,033,000	72%
Capital Grants	1,430,000	1,638,000	(208,000)	-13%
Interest Income	3,000	1,000	2,000	200%
Other Income	1,034,000	2,878,000	(1,844,000)	-64%
<b>Total Revenues</b>	<b>21,021,000</b>	<b>15,848,000</b>	<b>5,173,000</b>	<b>33%</b>
<b>Expenses</b>				
Administrative	2,578,000	2,120,000	458,000	22%
Tenant Services	-	5,000	(5,000)	-100%
Utilities	1,003,000	1,027,000	(24,000)	-2%
Maintenance and Operati	2,732,000	2,820,000	(88,000)	-3%
General and Interest	363,000	417,000	(54,000)	-13%
HAP	11,680,000	7,771,000	3,909,000	50%
Depreciation	1,798,000	2,162,000	(364,000)	17%
<b>Total Liabilities</b>	<b>20,154,000</b>	<b>16,322,000</b>	<b>3,832,000</b>	<b>23%</b>
Change in Net Position	867,000	(474,000)	1,341,000	283%
Prior Period Adjustment	(1,552,000)	-	(1,552,000)	-100%

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (UNAUDITED)**

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position**

Revenues increased by about \$5,173,000 (33%) from the prior year. Of that, subsidies and grants from HUD increased by \$7,033,000 in general reflecting the acquisition of Middletown vouchers. Other Income dropped by \$1,844,000 (64%), a reflection of the drop in port-in vouchers the agency had this year from the prior year

Expenses increased by \$3,832,000 (23%). The largest was in HAP expense in the Housing Choice Voucher program again because of the growth of the program from the absorption of vouchers from the Middletown program.

The most significant balance on the statement however is the prior period adjustment amount to reduce Net Position by about \$1,552,000. This was the result of the implementation of GASB 68. GASB 68 has been cited often in this MD&A because implementation of the new accounting standard has had a very big impact on the financial statements of the authority. The implementation of GASB 68 will have a similar impact on the financial statements of almost all units of government in Ohio. Essentially what it requires of Butler MHA is for it to report on its financial statements what is determined to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Despite that the very large Net Pension Liability reported by Butler MHA (more than \$1,673,000) does not represent a true liability of the agency in terms of if operations ceased today there is no invoice in that amount to be paid, the concept behind the standard is that ultimately for OPERS to resolve the unfunded pension liability it has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Butler MHA are participants in OPERS and that Butler MHA makes retirement contributions to OPERS on behalf of all of its employees.

As of year-end, the Authority had \$12.72 million invested in a variety of Capital Assets as reflected in the following schedule. The balance of Capital Assets represents a net decrease (addition, deductions and depreciation) of \$414,000 (3%) from the previous fiscal year. Additions to Capital Assets in the period were outpaced by depreciation on Capital Assets in the period.

The following summarizes the change in Capital Assets.

**Table 3 - Condensed Changes in Capital Assets**

<b>Capital Assets</b>	2015	2014	Change	% Change
Land	\$ 3,089,000	\$ 3,089,000	\$ -	0%
Buildings and Improvements	72,166,000	70,649,000	1,517,000	2%
Equipment	1,739,000	1,720,000	19,000	1%
Construction-in-Progress	51,000	203,000	(152,000)	-75%
Accumulated Depreciation	(64,324,000)	(62,526,000)	(1,798,000)	3%
<b>Total Capital Assets</b>	<b>\$ 12,721,000</b>	<b>\$ 13,135,000</b>	<b>\$ (414,000)</b>	<b>-3%</b>

Additional information on capital assets can be found in Note E to the basic financial statements.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

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**Debt**

The following is a summary of changes in debt of the agency in this period, all the result of normal repayments of debt obligations.

Notes Payable at June 30, 2014	\$ 190,791
Retirements	<u>(185,778)</u>
Notes Payable at June 30, 2015	<u>\$ 5,013</u>

Additional information on long-term debt can be found in Note G to the basic financial statements.

**ECONOMIC FACTORS**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The likelihood of full improvements in the level of funding from DHUD for agency programs is not favorable. Cuts in HUD funding for agency programs eventually means cuts in what Butler MHA can do for its clients.

**FINANCIAL CONTACT**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have any questions regarding these financial statements or supplemental information, you may contact Phyllis Hitte, Executive Director, at (513) 896-4411 or by writing: Butler Metropolitan Housing Authority, 4110 Hamilton-Middletown Road, Hamilton, Ohio 45011-6218.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents - Unrestricted	\$ 4,254,391
Cash and Cash Equivalents - Restricted	884,464
Accounts Receivable, Net	341,696
Prepaid Expenses	172,640
Inventories	112,704
<b>Total Current Assets</b>	<b>5,765,895</b>

**Noncurrent Assets**

Capital Assets:

Land	3,088,987
Buildings and Improvements	72,165,549
Furniture and Equipment	1,739,410
Construction-in-Progress	51,009
	77,044,955
Less: Accumulated Depreciation	(64,324,198)
Total Capital Assets, Net	12,720,757
Notes Receivable	636,555
<b>Total Noncurrent Assets</b>	<b>13,357,312</b>
Deferred Outflows of Resources	191,827

**TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES** **\$ 19,315,034**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	\$ 340,167
Accrued Liabilities	124,360
Long-Term Liabilities - Current Portion	5,013
Tenant Security Deposits	124,333
<b>Total Current Liabilities</b>	<b>593,873</b>

**Noncurrent Liabilities**

Accrued Compensated Absences	329,005
Trust Deposit Liabilities	38,066
Accrued Pension Liability	1,673,364
<b>Total Noncurrent Liabilities</b>	<b>2,040,435</b>
<b>TOTAL LIABILITIES</b>	<b>2,634,308</b>

Deferred Inflows of Resources 32,706

**NET POSITION**

Net Investment in Capital Assets	12,715,744
Restricted Net Position	1,358,620
Unrestricted Net Position	2,573,656
<b>TOTAL NET POSITION</b>	<b>16,648,020</b>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION** **\$ 19,315,034**

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Operating Revenue</u></b>	
Tenant Revenue	\$ 1,723,687
Governmental Grants and Subsidy	16,830,623
Other Income	1,033,759
<b>Total Operating Revenue</b>	<u>19,588,069</u>
<b><u>Operating Expenses</u></b>	
Administration	2,578,259
Utilities	1,003,177
Maintenance and Operation	2,714,834
Protective Services	16,997
General Expense	359,072
Housing Assistance Payments	11,679,576
Depreciation	1,798,153
<b>Total Operating Expenses</b>	<u>20,150,068</u>
<b>Net Operating Income (Loss)</b>	<u>(561,999)</u>
<b><u>Nonoperating Revenues/(Expenses)</u></b>	
Investment Income	2,838
Interest Expense	(4,009)
Net Nonoperating Revenues/(Expenses)	<u>(1,171)</u>
<b>Net Income/(Loss) before Capital Grants</b>	<u>(563,170)</u>
Capital Grants	1,430,119
<b>Increase (Decrease) in Net Position</b>	<u>866,949</u>
Total Net Position - Beginning	17,332,854
Prior Period Adjustment	(1,551,783)
<b>Total Net Position - Ending</b>	<u>\$ 16,648,020</u>

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Cash flows from Operating Activities</u></b>	
Receipts from Customers and Users	\$ 1,802,619
Governmental Grants and Subsidy - Operations	17,973,631
Payments for Operations	(4,095,283)
Payments for Housing Assistance	(11,670,308)
Payments for Administration	(2,810,040)
<b>Net Cash Provided from Operating Activities</b>	<b><u>1,200,619</u></b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Notes Receivable	(21,555)
Interest Received	2,838
<b>Net Cash Provided from Investing Activities</b>	<b><u>(18,717)</u></b>
 <b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Grant Revenue - Capital Grants	1,430,119
Acquisition of Capital Assets - Capital Grants	(1,383,866)
Payment of Interest	(4,009)
Payment on Mortgage Notes payable	(185,778)
<b>Net Cash Provided from Capital and Related Financing Activities</b>	<b><u>(143,534)</u></b>
Net Increase (Decrease) in Cash	1,038,368
 Cash at Beginning of Period	 <u>4,100,487</u>
<b>Cash at End of Period</b>	<b><u>\$ 5,138,855</u></b>
 <b><u>Cash Flows from Operating Activities</u></b>	
Net Income (Loss) from Operations	\$ (561,999)
Adjustments to Reconcile Net Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	1,798,153
Decrease (Increase) in Accounts Receivable	169,261
Decrease (Increase) in Prepaid Expenses	(146,125)
Decrease (Increase) in Inventories	17,667
Increase (Decrease) in Accounts Payable	(216,870)
Increase (Decrease) in Accrued Liabilities	203,508
Increase (Decrease) in Compensated Absences	(66,510)
Increase (Decrease) in Security Deposits/Escrow Deposits	3,534
<b>Net Cash Provided from Operating Activities</b>	<b><u>\$ 1,200,619</u></b>

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY**

**1. Introduction**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

**2. Organization**

The Butler Metropolitan Housing Authority ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Ohio for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose the Board is appointed pursuant to the Ohio revised Code, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

**3. Reporting Entity**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board* and the Financial Accounting Standards Board and GASB Statement Number 14, *The Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – the Board of Commissioners of the Authority is appointed to five-year terms by the Mayor of the City of Hamilton, Probate Court, Commons Please Court, and the Butler County Commissioners, but the Authority designates its own management. The City and County provide no financial support to the Authority and are not responsible for the debts or entitled to the net assets of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the officials of the city of Hamilton and Butler County appoint the governing board of the Authority, no other criteria established by Government Accounting Standards Board for inclusion of the Authority in the financial reports of those entities are met. Therefore, a separate financial report is prepared for the Authority.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**3. Reporting Entity (Continued)**

Imposition of Will - The County has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Hamilton's financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, annual contributions contract, minutes of the Board of Commissioners meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under Annual Contributions Contract:

- A. *Public Housing Program*** – The Authority rents units it owns to low-income households. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to rent the units based on 30% of household income.
- B. *Housing Choice Voucher Program***– The objective of this program is to provide housing for eligible low-income families through housing assistance payments to private landlords.
- C. *Capital Fund Program*** - The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the Program.
- D. *Business Activities*** – Various other activities of the Authority.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**4. Basis of Presentation, Basis of Accounting and Measurement Focus**

Basis of Accounting - The Authority uses the accrual basis of accounting for all funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. The Authority uses the following fund:

Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority's net position is reported in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use by external groups including HUD, creditors, grantors, contributors, or laws and regulations of other governments.
3. Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

**5. Revenues and Expenses**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**6. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**7. Budgets**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners and submitted to HUD when required.

**8. Inventories**

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

**9. Capital Assets and Depreciation**

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. The Authority has established a capitalization threshold of \$2,000 for equipment, buildings and improvements.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and Improvements	10-20 years
Furniture, Fixtures and Equipment	3-10 years
Vehicles	5 years

**10. Collection Losses**

Collection losses on accounts receivable are expensed, in the appropriate fund, on the specific write-off method.

**11. Insurance**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. The Authority had the required coverage in force.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**12. Cash and Investments**

- The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.
- Investments are stated at fair value, except for U. S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of three months or more at amortized cost. Investment securities are normally held to maturity at par value and the Authority ignores all gains and losses due to the Held to Maturity status of the Authority's investment policy.

**13. Compensated Absences**

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**14. Operating Revenue**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net assets below the non-operating revenue and expense.

**15. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**16. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note H.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note H)

**NOTE B: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position at June 30, 2014	\$ 17,332,854
Restatement:	
Net Pension Liability (OPERS Traditional Plan)	(1,645,585)
Net Pension Asset (OPERS Combined Plan)	2,793
Deferred Outflow - Payments Subsequent to Measurement Date	91,009
Net Position June 30, 2014 - Restated	\$ 15,781,071

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE C: CASH AND CASH EQUIVALENTS**

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Authority's deposits had a carrying amount of \$5,138,855 (including \$1,200 of petty cash) and a bank balance of \$5,168,320. Of the bank balances held in various financial institutions, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE C: CASH AND CASH EQUIVALENTS (Continued)**

**Interest Rate Risk** - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

**Credit Risk** - The Authority has no policy regarding credit risk.

**Custodial Credit Risk** - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no funds that were considered to be investments and as such all funds were classified as cash & cash equivalents. The Authority has no policy on custodial credit risk.

**Concentration of Credit Risk** - The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk.

Cash and cash equivalents at June 30, 2015, consisted of the following:

**Cash and Cash Equivalents**

Checking - Unrestricted	\$ 4,253,191
Cash - Restricted	884,464
Petty Cash	1,200
	<b>\$ 5,138,855</b>

**Restricted Cash and Cash Equivalents**

Tenant Security Deposits	\$ 124,333
FSS Escrow	38,066
HCV HAP Equity/Net Restricted Assets	509,494
Restricted for Development	212,571
	<b>\$ 884,464</b>

**NOTE D: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

Tenants (Net of Allowance of \$54,000)	\$ 72,381
HUD	67,522
Miscellaneous	11,650
Other Government	190,143
	<b>\$ 341,696</b>

The above receivable balance excludes \$633,080 of interfund balances that have been eliminated from the consolidated financial statements at June 30, 2015.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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**NOTE E: CAPITAL ASSETS**

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2015:

	Balance 6/30/2014	Reclasses	Additions	Deletions	Balance 6/30/2015
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 3,088,987	\$ -	\$ -	\$ -	\$ 3,088,987
Construction in Progress	203,155	(152,146)	-	-	51,009
<b>Total Capital Assets Not Being Depreciated</b>	<u>3,292,142</u>	<u>(152,146)</u>	<u>-</u>	<u>-</u>	<u>3,139,996</u>
<b>Capital Assets Being Depreciated</b>					
Buildings and Improvements	70,649,031	152,146	1,364,372	-	72,165,549
Furniture and Equipment	1,719,916	-	19,494	-	1,739,410
<b>Subtotal Capital Assets Being Depreciated</b>	<u>72,368,947</u>	<u>152,146</u>	<u>1,383,866</u>	<u>-</u>	<u>73,904,959</u>
<b>Accumulated Depreciation</b>					
Buildings and Improvements	(60,987,247)	-	(1,407,225)	-	(62,394,472)
Furniture and Equipment	(1,538,799)	-	(390,927)	-	(1,929,726)
<b>Subtotal Accumulated Depreciation</b>	<u>(62,526,046)</u>	<u>-</u>	<u>(1,798,152)</u>	<u>-</u>	<u>(64,324,198)</u>
Depreciable Assets, Net	9,842,902	152,146	(414,286)	-	9,580,761
<b>Total Capital Assets, Net</b>	<u>\$ 13,135,044</u>	<u>\$ -</u>	<u>\$ (414,286)</u>	<u>\$ -</u>	<u>\$ 12,720,757</u>

**NOTE F: NOTE RECEIVABLE**

**Mixed Finance Construction Loan**

The Authority is loaning funds to a development partner in conjunction with a multi-lender mixed finance arrangement for construction of the Beacon Pointe development. Repayment will be based on cash flows realized by the Project. A lump sum payment of outstanding principal and interest is due at maturity, which is 40 years. The loan is secured by the property. At June 30, 2015, the Note Receivable balance is \$636,555.

**Allowance**

No allowance for an uncollectible amount is deemed necessary against the receivable. No facts are currently known that would lead the Authority to believe that default on the loan is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

**Interest Income**

Due to the length of time preceding the required payment of interest, interest earned on the note receivable has been deferred and is not recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
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**NOTE G: LONG-TERM DEBT**

**Energy Performance Contract** - On May 1, 2003, the Authority issued a note for \$1,983,066 to provide funding to acquire and install certain energy saving equipment. The note is scheduled to mature in 2016, and is secured by a trust indenture dated May 1, 2006 to Fifth Third Bank, Cincinnati, Ohio as the lender. The note bears interest at the rate of 4.230 percent payable in monthly installments of \$17,647.39. The outstanding balance as of June 30, 2015, is \$5,013.

A summary of future debt comments is as follows:

For the Year Ended June 30	Principal	Interest	Total Payments
2016	\$ 5,013	\$ -	\$ 5,013
Totals	<u>\$ 5,013</u>	<u>\$ -</u>	<u>\$ 5,013</u>

A summary of changes in long-term liabilities is as follows:

	July 1, 2014	Additions	Deletions	June 30, 2015	Portion
Energy Performance Debt	\$ 190,791	\$ -	\$(185,778)	\$ 5,013	\$ 5,013
Compensated Absences	408,855	103,625	(170,135)	342,345	13,340
FSS Escrows	28,798	62,438	(53,170)	38,066	-
Net Pension Liability	1,645,585	27,779	-	1,673,364	-
<b>Total Restricted Net Assets</b>	<u>\$2,274,029</u>	<u>\$ 193,842</u>	<u>\$(409,083)</u>	<u>\$2,058,788</u>	<u>\$ 18,353</u>

**NOTE H: DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

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**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

**Plan Description** – OPERS is a cost-sharing, multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (800) 222-7377, or by visiting the OPERS Web site at [www.opers.org](http://www.opers.org).

OPERS administers three retirement plans, as described below:

- The Traditional Pension Plan (TP) - a defined benefit plan;
- The Member-Directed Plan (MD) - a defined benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula benefit similar in nature to the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

**Pension Benefits** – All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The Board, pursuant to ORC Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

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**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

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**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

**Contributions** – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendation of the System’s external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for fiscal year ended June 30, 2015. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority’s contractually required contributions to OPERS for fiscal year 2015 was \$218,705 for the Traditional plan and \$10,736 for the Combined plan. Total required contributions, including contributions to the Member-Directed plan and post-retirement health care, totaled \$275,059. The full amount required was contributed during the fiscal year.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on the Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability (Asset)	\$1,683,612	(\$10,248)	\$1,673,364
Proportion of the Net Pension Liability	0.013959%	0.026619%	
Pension Expense	\$183,818	\$6,811	\$190,629

At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 89,832	\$ 626	\$ 90,458
Authority contributions subsequent to the measurement date	<u>96,964</u>	<u>4,405</u>	<u>101,369</u>
Total Deferred Outflows of Resources	<u>\$ 186,796</u>	<u>\$ 5,031</u>	<u>\$ 191,827</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 29,579</u>	<u>\$ 3,127</u>	<u>\$ 32,706</u>
Total Deferred Inflows of Resources	<u>\$ 29,579</u>	<u>\$ 3,127</u>	<u>\$ 32,706</u>

\$101,369 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional Plan Net Deferred Outflow of Resources</u>	<u>Combined Plan Net Deferred Inflow of Resources</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ 8,811	\$ (216)	\$ 8,595
2017	8,811	(216)	8,595
2018	20,175	(216)	19,959
2019	22,456	(216)	22,240
2020	-	(372)	(372)
Thereafter	<u>-</u>	<u>(1,265)</u>	<u>(1,265)</u>
Total	<u>\$ 60,253</u>	<u>\$ (2,501)</u>	<u>\$ 57,752</u>

***Actuarial Assumptions - OPERS***

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., future employment, mortality, cost trends). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

<b>Actuarial Information</b>	<b>Traditional Pension Plan</b>	<b>Combined Plan</b>
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 year Period Ended December 31, 2010	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 8.05% (includes wage inflation at 3.75%)
Projected Salary Increases		
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
 Total	 <u>100.00 %</u>	 <u>5.28 %</u>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

**NOTE H: DEFINED BENEFIT PENSION PLANS** (Continued)

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**Discount Rate** The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (8.0 percent) than the current rate.

Authority's proportionate share of the net pension liability (asset)	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Pension Plan	\$ 3,097,363	\$ 1,683,612	\$ 492,892
Combined Plan	\$ 1,331	\$ (10,248)	\$ (19,432)

**NOTE I: POST-EMPLOYMENT BENEFITS**

**Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

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**NOTE I: POST-EMPLOYMENT BENEFITS (Continued)**

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2014, 2013, and 2012 which were used to fund post-employment benefits were \$27,400, \$45,975, and \$72,695, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE J: RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2015, there were no liabilities to be reported.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (CONTINUED)**

**NOTE K: RESTRICTED NET POSITION**

HCV/HAP Equity	\$	509,494
Restricted for Development		212,571
Loan to Beacon Pointe Tax Credit Property		636,555
		\$ 1,358,620

**NOTE L: ECONOMIC DEPENDENCY**

Both the Authority owned Housing Program and the Housing Choice Voucher Programs are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**NOTE M: INTERCOMPANY AMOUNT DUE FROM HOUSING CHOICE VOUCHER PROGRAM TO COCC**

The following summarizes changes in the intercompany amount due from the Housing Choice Voucher Program to the COCC in the fiscal period:

Balance July 1, 2014		\$ 326,215
Payment due of Due/To paid		(60,000)
FYE 6/30/15 Fees charged		376,496
Other Changes in the Period		(12,446)
Balance June 30, 2015		\$ 630,265

Intercompany balances are eliminated from the Statement of Net Position.

**NOTE N: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

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**NOTE O: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During the fiscal year, the Authority adopted the following GASB statements.

For 2015, the Authority has implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, is to improve financial reporting by statement and local government pension plans. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68, and have been implemented by the Authority.

## Required Supplementary Information

**Butler MHA**  
*Required Supplementary Information*  
*Schedule of the Authority's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System*

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.013959%	0.013959%
Authority's Proportionate Share of the Net Pension Liability	\$1,683,612	\$1,645,585
Authority's Covered-Employee Payroll	\$1,711,429	\$1,961,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	92.38%	83.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Combined Plan	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.026619%	0.026619%
Authority's Proportionate Share of the Net Pension Liability / (Asset)	(\$10,248)	(\$2,793)
Authority's Covered-Employee Payroll	\$92,886	\$121,708
Authority's Proportionate Share of the Net Pension Liability / (Asset) as a Percentage of its Covered-Employee Payroll	(11.45%)	(2.29%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.33%

(1) Information prior to 2013 is not available.

**Butler MHA**  
*Required Supplementary Information*  
*Schedule of the Authority's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution – Traditional Plan	\$218,705	\$235,427	[1]	[1]	[1]
Contractually Required Contribution – Combined Plan	\$10,736	\$14,605	[1]	[1]	[1]
<b>Total</b>	<b>\$229,441</b>	<b>\$250,032</b>	<b>\$211,485</b>	<b>\$191,691</b>	<b>\$166,650</b>
Contributions in Relation to the Contractually Required Contribution	(229,441)	(250,032)	(211,485)	(191,691)	(166,650)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered-Employee Payroll – Traditional Plan	\$1,822,542	\$2,083,600	[1]	[1]	[1]
Authority's Covered-Employee Payroll – Combined Plan	\$89,466	\$121,708	[1]	[1]	[1]
Contributions as a Percentage of Covered-Employee Payroll – Traditional Plan	12.00%	12.00%	13.00%	10.00%	10.00%
Contributions as a Percentage of Covered-Employee Payroll – Combined Plan	12.00%	12.00%	13.00%	7.95%	7.95%

[1] – Information prior to 2014 is not available for breakout of OPERS contributions and covered payroll by individual plan. Total contributions reported prior to 2014 include contributions to the Member-Directed plan.

**Butler MHA**  
*Required Supplementary Information*  
*Schedule of the Authority's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Ten Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution – Traditional Plan	[1]	[1]	[1]	[1]	[1]
Contractually Required Contribution – Combined Plan	[1]	[1]	[1]	[1]	[1]
Total	\$154,476	\$139,324	\$157,089	\$197,582	\$221,231
Contributions in Relation to the Contractually Required Contribution	<u>(154,476)</u>	<u>(139,324)</u>	<u>(157,089)</u>	<u>(197,582)</u>	<u>(221,231)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered-Employee Payroll – Traditional Plan	[1]	[1]	[1]	[1]	[1]
Contributions as a Percentage of Covered-Employee Payroll – Traditional Plan	9.00%	8.50%	7.00%	7.77%	9.04%
Contributions as a Percentage of Covered-Employee Payroll – Combined Plan	9.77%	9.27%	8.10%	7.77%	9.04%

[1] – Information prior to 2014 is not available for breakout of OPERS contributions and covered payroll by individual plan. Total contributions reported prior to 2014 include contributions to the Member-Directed plan.

## Supplementary Information

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR/ PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850	\$ 3,919,487
<u>Capital Fund Program Cluster</u>		
Public Housing Capital Fund Program	14.872	1,752,878
<u>Section 8 Housing Assistance Program</u>		
Housing Choice Voucher Program	14.871	12,568,004
<u>Section 8 Housing Assistance Program</u>		
Moderate Rehabilitation Single Room Occupancy	14.249	20,373
<b>Total U.S. Department of Housing and Urban Development</b>		<b>18,260,742</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 18,260,742</b>

The accompanying notes are an integral part of this schedule.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B – SUBRECIPIENTS**

The Authority provided no federal awards to subrecipients during the fiscal year ending June 30, 2015.

**NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE**

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended June 30, 2015.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended June 30, 2015.

Butler Metropolitan Housing Authority  
Butler County  
Financial Data Schedule  
June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,390,351	\$525,091	\$268,585	\$22,141	\$1,048,223	\$4,254,391		\$4,254,391
112 Cash - Restricted - Modernization and Development	\$212,571					\$212,571		\$212,571
113 Cash - Other Restricted		\$547,560				\$547,560		\$547,560
114 Cash - Tenant Security Deposits	\$124,333					\$124,333		\$124,333
115 Cash - Restricted for Payment of Current Liabilities						\$0		\$0
100 Total Cash	\$2,727,255	\$1,072,651	\$268,585	\$22,141	\$1,048,223	\$5,138,855	\$0	\$5,138,855
121 Accounts Receivable - PHA Projects						0		0
122 Accounts Receivable - HUD Other Projects					\$67,522	\$67,522		\$67,522
124 Accounts Receivable - Other Government		\$190,143				\$190,143		\$190,143
125 Accounts Receivable - Miscellaneous	\$10,650		\$1,000			\$11,650		\$11,650
126 Accounts Receivable - Tenants	\$126,381					\$126,381		\$126,381
126.1 Allowance for Doubtful Accounts -Tenants	-\$54,000					-\$54,000		-\$54,000
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						\$0		\$0
128 Fraud Recovery						\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud						\$0		\$0
129 Accrued Interest Receivable						\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$83,031	\$190,143	\$1,000	\$0	\$67,522	\$341,696	\$0	\$341,696
131 Investments - Unrestricted						\$0		\$0
132 Investments - Restricted						\$0		\$0
135 Investments - Restricted for Payment of Current Liability						\$0		\$0
142 Prepaid Expenses and Other Assets	\$133,120	\$11,886			\$27,634	\$172,640		\$172,640
143 Inventories	\$128,007					\$128,007		\$128,007
143.1 Allowance for Obsolete Inventories	-\$15,303					-\$15,303		-\$15,303
144 Inter Program Due From					\$633,080	\$633,080	-\$633,080	\$0
145 Assets Held for Sale						\$0		\$0
150 Total Current Assets	\$3,056,110	\$1,274,680	\$269,585	\$22,141	\$1,776,459	\$6,398,975	-\$633,080	\$5,765,895

Butler Metropolitan Housing Authority  
Butler County  
Financial Data Schedule  
June 30, 2015

161 Land	\$3,053,562				\$35,425	\$3,088,987		\$3,088,987
162 Buildings	\$70,692,697				\$1,472,852	\$72,165,549		\$72,165,549
163 Furniture, Equipment & Machinery - Dwellings						\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$1,357,397	\$86,554			\$295,459	\$1,739,410		\$1,739,410
165 Leasehold Improvements						\$0		\$0
166 Accumulated Depreciation	-\$62,528,238	-\$68,994			-\$1,726,966	-\$64,324,198		-\$64,324,198
167 Construction in Progress	\$51,009					\$51,009		\$51,009
168 Infrastructure						\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,626,427	\$17,560	\$0	\$0	\$76,770	\$12,720,757	\$0	\$12,720,757
171 Notes, Loans and Mortgages Receivable - Non-Current	\$636,555					\$636,555		\$636,555
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						\$0		\$0
173 Grants Receivable - Non Current						\$0		\$0
174 Other Assets						\$0		\$0
176 Investments in Joint Ventures						\$0		\$0
180 Total Non-Current Assets	\$13,262,982	\$17,560	\$0	\$0	\$76,770	\$13,357,312	\$0	\$13,357,312
200 Deferred Outflow of Resources	\$93,765	\$46,019			\$52,043	\$191,827		\$191,827
290 Total Assets and Deferred Outflow of Resources	\$16,412,857	\$1,338,259	\$269,585	\$22,141	\$1,905,272	\$19,948,114	-\$633,080	\$19,315,034
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$271,863	\$8,698			\$43,096	\$323,657		\$323,657
313 Accounts Payable >90 Days Past Due						\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$29,689	\$17,919			\$51,599	\$99,207		\$99,207
322 Accrued Compensated Absences - Current Portion	\$13,340					\$13,340		\$13,340
324 Accrued Contingency Liability						\$0		\$0
325 Accrued Interest Payable						\$0		\$0
331 Accounts Payable - HUD PHA Programs				\$16,510		\$16,510		\$16,510
332 Account Payable - PHA Projects						\$0		\$0
333 Accounts Payable - Other Government						\$0		\$0
341 Tenant Security Deposits	\$124,333					\$124,333		\$124,333
342 Unearned Revenue	\$5,350					\$5,350		\$5,350
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$5,013					\$5,013		\$5,013

Butler Metropolitan Housing Authority  
Butler County  
Financial Data Schedule  
June 30, 2015

344 Current Portion of Long-term Debt - Operating Borrowings						\$0		\$0
345 Other Current Liabilities	\$6,463					\$6,463		\$6,463
346 Accrued Liabilities - Other						\$0		\$0
347 Inter Program - Due To		\$630,265		\$2,815		\$633,080	-\$633,080	\$0
348 Loan Liability - Current						\$0		\$0
310 Total Current Liabilities	\$456,051	\$656,882	\$0	\$19,325	\$94,695	\$1,226,953	-\$633,080	\$593,873
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings						\$0		\$0
353 Non-current Liabilities - Other		\$38,066				\$38,066		\$38,066
354 Accrued Compensated Absences - Non Current	\$160,711	\$70,238			\$98,056	\$329,005		\$329,005
355 Loan Liability - Non Current						\$0		\$0
356 FASB 5 Liabilities						\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$817,941	\$401,440			\$453,983	\$1,673,364		\$1,673,364
350 Total Non-Current Liabilities	\$978,652	\$509,744	\$0	\$0	\$552,039	\$2,040,435	\$0	\$2,040,435
300 Total Liabilities	\$1,434,703	\$1,166,626	\$0	\$19,325	\$646,734	\$3,267,388	-\$633,080	\$2,634,308
400 Deferred Inflow of Resources	\$15,987	\$7,846			\$8,873	\$32,706		\$32,706
508.4 Net Investment in Capital Assets	\$12,621,414	\$17,560			\$76,770	\$12,715,744		\$12,715,744
511.4 Restricted Net Position	\$849,126	\$509,494				\$1,358,620		\$1,358,620
512.4 Unrestricted Net Position	\$1,491,627	-\$363,267	\$269,585	\$2,816	\$1,172,895	\$2,573,656		\$2,573,656
513 Total Equity - Net Assets / Position	\$14,962,167	\$163,787	\$269,585	\$2,816	\$1,249,665	\$16,648,020	\$0	\$16,648,020
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,412,857	\$1,338,259	\$269,585	\$22,141	\$1,905,272	\$19,948,114	-\$633,080	\$19,315,034
70300 Net Tenant Rental Revenue	\$1,558,801					\$1,558,801		\$1,558,801
70400 Tenant Revenue - Other	\$164,886					\$164,886		\$164,886
70500 Total Tenant Revenue	\$1,723,687	\$0	\$0	\$0	\$0	\$1,723,687	\$0	\$1,723,687
70600 HUD PHA Operating Grants	\$4,242,246	\$12,568,004		\$20,373		\$16,830,623		\$16,830,623
70610 Capital Grants	\$1,430,119					\$1,430,119		\$1,430,119
70710 Management Fee					\$893,382	\$893,382	-\$893,382	\$0
70720 Asset Management Fee					\$135,360	\$135,360	-\$135,360	\$0
70730 Book Keeping Fee					\$256,807	\$256,807	-\$256,807	\$0

Butler Metropolitan Housing Authority  
Butler County  
Financial Data Schedule  
June 30, 2015

70740 Front Line Service Fee						\$0		\$0
70750 Other Fees						\$0		\$0
70700 Total Fee Revenue					\$1,285,549	\$1,285,549	-\$1,285,549	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$355	\$1,200	\$273		\$45	\$1,873		\$1,873
71200 Mortgage Interest Income						\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale						\$0		\$0
71310 Cost of Sale of Assets						\$0		\$0
71400 Fraud Recovery		\$9,882				\$9,882		\$9,882
71500 Other Revenue		\$939,985			\$83,892	\$1,023,877		\$1,023,877
71600 Gain or Loss on Sale of Capital Assets						\$0		\$0
72000 Investment Income - Restricted	\$377	\$588				\$965		\$965
70000 Total Revenue	\$7,396,784	\$13,519,659	\$273	\$20,373	\$1,369,486	\$22,306,575	-\$1,285,549	\$21,021,026
91100 Administrative Salaries	\$354,869	\$473,813			\$553,707	\$1,382,389		\$1,382,389
91200 Auditing Fees	\$5,658	\$5,565			\$841	\$12,064		\$12,064
91300 Management Fee	\$672,417	\$218,150		\$2,815		\$893,382	-\$893,382	\$0
91310 Book-keeping Fee	\$98,461	\$158,346				\$256,807	-\$256,807	\$0
91400 Advertising and Marketing						\$0		\$0
91500 Employee Benefit contributions - Administrative	\$210,929	\$180,352			\$140,469	\$531,750		\$531,750
91600 Office Expenses	\$95,698	\$113,473			\$91,607	\$300,778		\$300,778
91700 Legal Expense	\$1,593	\$858	\$1,888		\$1,053	\$5,392		\$5,392
91800 Travel					\$3,412	\$3,412		\$3,412
91810 Allocated Overhead						\$0		\$0
91900 Other	\$100,919	\$155,918	\$7,436		\$78,201	\$342,474		\$342,474
91000 Total Operating - Administrative	\$1,540,544	\$1,306,475	\$9,324	\$2,815	\$869,290	\$3,728,448	-\$1,150,189	\$2,578,259
92000 Asset Management Fee	\$135,360					\$135,360	-\$135,360	\$0
92100 Tenant Services - Salaries						\$0		\$0
92200 Relocation Costs						\$0		\$0
92300 Employee Benefit Contributions - Tenant Services						\$0		\$0
92400 Tenant Services - Other						\$0		\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$123,446				\$243	\$123,689		\$123,689
93200 Electricity	\$409,297				\$23,613	\$432,910		\$432,910
93300 Gas	\$229,248					\$229,248		\$229,248
93400 Fuel						\$0		\$0
93500 Labor						\$0		\$0

Butler Metropolitan Housing Authority  
Butler County  
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June 30, 2015

93600 Sewer					\$203	\$203		\$203
93700 Employee Benefit Contributions - Utilities						\$0		\$0
93800 Other Utilities Expense	\$217,127					\$217,127		\$217,127
93000 Total Utilities	\$979,118	\$0	\$0	\$0	\$24,059	\$1,003,177	\$0	\$1,003,177
94100 Ordinary Maintenance and Operations - Labor	\$642,884					\$642,884		\$642,884
94200 Ordinary Maintenance and Operations - Materials and Other	\$254,792				\$1,715	\$256,507		\$256,507
94300 Ordinary Maintenance and Operations Contracts	\$1,078,898				\$51,844	\$1,130,742		\$1,130,742
94500 Employee Benefit Contributions - Ordinary Maintenance	\$382,542					\$382,542		\$382,542
94000 Total Maintenance	\$2,359,116	\$0	\$0	\$0	\$53,559	\$2,412,675	\$0	\$2,412,675
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$16,830					\$16,830		\$16,830
95300 Protective Services - Other						\$0		\$0
95500 Employee Benefit Contributions - Protective Services					\$167	\$167		\$167
95000 Total Protective Services	\$16,830	\$0	\$0	\$0	\$167	\$16,997	\$0	\$16,997
96110 Property Insurance	\$156,480				\$70,747	\$227,227		\$227,227
96120 Liability Insurance		\$206				\$206		\$206
96130 Workmen's Compensation						\$0		\$0
96140 All Other Insurance								
96100 Total insurance Premiums	\$156,480	\$206	\$0	\$0	\$70,747	\$227,433	\$0	\$227,433
96200 Other General Expenses	\$1,809	\$7,061				\$8,870		\$8,870
96210 Compensated Absences		\$15,831				\$15,831		\$15,831
96300 Payments in Lieu of Taxes						\$0		0
96400 Bad debt - Tenant Rents	\$106,938					\$106,938		\$106,938
96500 Bad debt - Mortgages						\$0		\$0
96600 Bad debt - Other						\$0		\$0
96800 Severance Expense						\$0		\$0
96000 Total Other General Expenses	\$108,747	\$22,892	\$0	\$0	\$0	\$131,639	\$0	\$131,639
96710 Interest of Mortgage (or Bonds) Payable	\$4,009					\$4,009		\$4,009
96720 Interest on Notes Payable (Short and Long Term)						\$0		\$0
96730 Amortization of Bond Issue Costs						\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$4,009	\$0	\$0	\$0	\$0	\$4,009	\$0	\$4,009
96900 Total Operating Expenses	\$5,300,204	\$1,329,573	\$9,324	\$2,815	\$1,017,822	\$7,659,738	-\$1,285,549	\$6,374,189
97000 Excess of Operating Revenue over Operating Expenses	\$2,096,580	\$12,190,086	-\$9,051	\$17,558	\$351,664	\$14,646,837	\$0	\$14,646,837

Butler Metropolitan Housing Authority  
Butler County  
Financial Data Schedule  
June 30, 2015

97100 Extraordinary Maintenance	\$274,796					\$274,796		\$274,796
97200 Casualty Losses - Non-capitalized	\$27,363					\$27,363		\$27,363
97300 Housing Assistance Payments		\$10,775,332		\$14,742		\$10,790,074		\$10,790,074
97350 HAP Portability-In		\$889,502				\$889,502		\$889,502
97400 Depreciation Expense	\$1,781,380	\$1,933			\$14,840	\$1,798,153		\$1,798,153
97500 Fraud Losses						\$0		\$0
97600 Capital Outlays - Governmental Funds						\$0		\$0
97700 Debt Principal Payment - Governmental Funds						\$0		\$0
97800 Dwelling Units Rent Expense						\$0		\$0
90000 Total Expenses	\$7,383,743	\$12,996,340	\$9,324	\$17,557	\$1,032,662	\$21,439,626	-\$1,285,549	\$20,154,077
10010 Operating Transfer In	\$44,718					\$44,718	-\$44,718	\$0
10020 Operating transfer Out	-\$44,718					-\$44,718	\$44,718	\$0
10030 Operating Transfers from/to Primary Government						\$0		\$0
10040 Operating Transfers from/to Component Unit						\$0		\$0
10050 Proceeds from Notes, Loans and Bonds						\$0		\$0
10060 Proceeds from Property Sales						\$0		\$0
10070 Extraordinary Items, Net Gain/Loss						\$0		\$0
10080 Special Items (Net Gain/Loss)						\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$266,500					\$266,500	-\$266,500	\$0
10092 Inter Project Excess Cash Transfer Out	-\$266,500					-\$266,500	\$266,500	\$0
10093 Transfers between Program and Project - In						\$0		\$0
10094 Transfers between Project and Program - Out						\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$13,041	\$523,319	-\$9,051	\$2,816	\$336,824	\$866,949	\$0	\$866,949
11020 Required Annual Debt Principal Payments	\$193,348	\$0	\$0	\$0	\$0	\$193,348		\$193,348
11030 Beginning Equity	\$15,707,638	\$12,741	\$278,636	\$0	\$1,333,839	\$17,332,854		\$17,332,854
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$758,512	-\$372,273			-\$420,998	-\$1,551,783		-\$1,551,783
11050 Changes in Compensated Absence Balance						\$0		\$0
11060 Changes in Contingent Liability Balance						\$0		\$0
11070 Changes in Unrecognized Pension Transition Liability						\$0		\$0
11080 Changes in Special Term/Severance Benefits Liability						\$0		\$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						\$0		\$0
11100 Changes in Allowance for Doubtful Accounts - Other						\$0		\$0
11170 Administrative Fee Equity		-\$345,707				-\$345,707		-\$345,707
11180 Housing Assistance Payments Equity		\$509,494				\$509,494		\$509,494
11190 Unit Months Available	13584	23828		88		37500		37500
11210 Number of Unit Months Leased	13176	21113		88		34377		34377

Butler Metropolitan Housing Authority  
 Butler County  
 Financial Data Schedule  
 June 30, 2015

11270 Excess Cash	\$1,700,405					\$1,700,405		\$1,700,405
11610 Land Purchases	\$0				\$0	\$0		\$0
11620 Building Purchases	\$1,430,119				\$0	\$1,430,119		\$1,430,119
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0		\$0
11660 Infrastructure Purchases	\$0				\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0		\$0



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

February 5, 2016

Butler Metropolitan Housing Authority  
Butler County  
4110 Hamilton-Middletown Road  
Hamilton, Ohio 45011

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Butler Metropolitan Housing Authority**, Butler County, (the Authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 5, 2016, wherein we noted the Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Report for Pensions – an amendment to GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



***...“bringing more to the table”***

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not required in this report that we reported to the Authority's management in a separate letter dated February 5, 2016.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

February 5, 2016

Butler Metropolitan Housing Authority  
Butler County  
4110 Hamilton-Middletown Road  
Hamilton, Ohio 45011

To the Board of Commissioners:

***Report on Compliance for the Major Federal Program***

We have audited the **Butler Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Butler Metropolitan Housing Authority's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

***Management's Responsibility***

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.



***... "bringing more to the table"***

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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***Opinion on the Major Federal Program***

In our opinion, the Butler Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Section 8 Housing Assistance Program, Housing Choice Voucher Program-CFDA #14.871
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$547,822 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



# Dave Yost • Auditor of State

**BUTLER COUNTY 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  
MAY 10, 2016**