

**BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA FOR THE  
YEAR ENDED MARCH 31, 2000**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Commissioners  
Brown Metropolitan Housing Authority  
Georgetown, Ohio

We have reviewed the independent auditor's report of the Brown Metropolitan Housing Authority, Brown County, prepared by J.E. Slaybaugh & Associates, Inc., Certified Public Accountant, for the audit period April 1, 1999 through March 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Brown Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

November 30, 2000

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO

MARCH 31, 2000

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*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*John E. Slaybaugh III  
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Brown Metropolitan Housing Authority  
Georgetown, Ohio

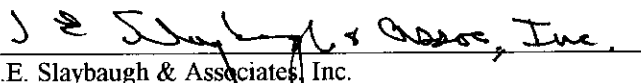
We have audited the accompanying balance sheet of the Brown Metropolitan Housing Authority, Georgetown, Ohio, as of and for the year ended March 31, 2000, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Brown Metropolitan Housing Authority as of March 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2000, on our consideration of Brown Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Brown Metropolitan Housing Authority, taken as a whole. The Schedule of Revenue and Expense by Program, the Schedule of Activity, and the Comprehensive Grant Actual Cost Certification, are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

  
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J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
October 4, 2000

BROWN METROPOLITAN HOUSING AUTHORITY  
 GEORGETOWN, OHIO  
 BALANCE SHEET  
 MARCH 31, 2000

**ASSETS**

<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 75,157
Investments-Unrestricted	50,000
Intergovernmental Accounts Receivable	929
Tenant Accounts Receivable- Net of \$ 400 Doubtful Accounts	<u>1,384</u>
 Total Current Assets	 127,470
 Restricted Investments	 4,111
Property and Equipment - Net of \$ 213,972 Accumulated Depreciation	<u>1,504,700</u>
 Total Assets	 <u>\$ 1,636,281</u>

**LIABILITIES AND EQUITY**

<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 23,719
Accounts Payable- Governments	4,185
Security and Other Trust Deposits	3,762
Deferred Revenues	<u>8,914</u>
 Total Liabilities	 40,580
 <b><u>Equity</u></b>	
Contributed Capital	1,562,906
Retained Earnings	<u>32,795</u>
 Total Equity	 <u>1,595,701</u>
 Total Liabilities and Equity	 <u>\$ 1,636,281</u>

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

BROWN METROPOLITAN HOUSING AUTHORITY  
 GEORGETOWN, OHIO  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
 FOR THE YEAR ENDED MARCH 31, 2000

<b><u>Revenue</u></b>	
HUD Grants	\$ 155,156
Rental Income	24,362
Investment Income-Unrestricted	2,672
Other Revenue	<u>1,824</u>
Total Revenue	184,014
<b><u>Expenses (before depreciation)</u></b>	
Housing Assistance Payments	50,387
Other Administrative Expense	105,189
Material and Labor-Maintenance	9,694
Utilities	6,526
General Expenses	3,530
Payment in Lieu of Taxes	<u>1,967</u>
Total Expenses	177,293
Income (Loss) before Depreciation & Other Costs	6,721
Depreciation	<u>46,956</u>
Net Income (Loss)	(40,235)
Retained Earnings - Beginning of Year As Previously Reported	<u>73,030</u>
Retained Earnings - End of Year	32,795
Contributed Capital - Beginning of Year As previously Reported	1,730,322
Prior Period Adjustment	<u>(167,416)</u>
As Restated	<u>1,562,906</u>
Contributed Capital - End of Year	<u>1,562,906</u>
Total Equity - End of Year	<u>\$ 1,595,701</u>

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

BROWN METROPOLITAN HOUSING AUTHORITY  
 GEORGETOWN, OHIO  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2000

**Cash Flows from Operating Activities**

Net Income (Loss)	\$ (40,235)
Adjustments to reconcile Net Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	46,956
Prior Period Adjustments	(167,416)
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Receivables	44
Accounts Payable	12,953
Deferred Credits and Other Current Liabilities	<u>6,319</u>
Total Adjustments	<u>(101,144)</u>
Net Cash Provided (Used) By Operating Activities	(141,379)

**Cash Flows from Investing Activities**

Purchase of Property and Equipment(net)	188,544
Proceeds from Investments	<u>(50,649)</u>
Net Cash Provided (Used) By Investing Activities	<u>137,895</u>
Increase (Decrease) In Cash and Cash Equivalents	(3,484)
Cash and Cash Equivalents - Beginning of Year	<u>78,641</u>
Cash and Cash Equivalents - End of Year	<u>\$ 75,157</u>

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

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Brown Metropolitan Housing Authority (BMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Brown Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.



BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

Property and Equipment

Property and Equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred.

Useful Lives

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

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Department of Housing and Urban Development's policy is not to capitalize interest in the construction or purchase of fixed assets.

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

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

Restricted Investments

Restricted investments represent amounts received from tenant security deposits.

NOTE 2 - CASH AND INVESTMENTS

Cash

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

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

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

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

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

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 2 - CASH AND INVESTMENTS, continued

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

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

Category 1 . . .	\$ 100,000	was covered by federal depository insurance.
Category 2 . . .	\$ 32,632	was covered by specific collateral pledged by the financial institution in the name of the Authority.

Investments

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

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 2 - CASH AND INVESTMENTS, Continued

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

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

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2000, by class is as follows:

Buildings and Building Improvements	\$ 1,680,318
Land	1,049
Furniture, Equipment- Dwellings	18,772
Furniture, Equipment- Administrative	<u>18,533</u>
Total	1,718,672
Less Accumulated Depreciation	<u>(213,972)</u>
Net Property and Equipment	<u><u>1,504,700</u></u>

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 4 - ADMINISTRATIVE FEE

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

A. Certificates and Vouchers

Units per month x \$ 37.56/unit - April to September

Units per month x \$ 38.14/unit - October to March

NOTE 5 - ALLOCATION OF COSTS

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

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 6 - CHANGE IN BASIS OF ACCOUNTING

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

Equity as of April 1, 1999 has been decreased by \$ 167,416 retroactively reflect this change in accounting. The adjustment is made up of an decrease of \$ 167,416 to beginning contributed capital.

The prior period adjustment of \$ 167,416 decreasing contributed capital is made up of the following amounts:

(164,344)	Depreciation
(400)	Accounts Receivable
<u>(2,672)</u>	Write-Off Equipment
<u>\$ (167,416)</u>	

NOTE 7 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

BROWN METROPOLITAN HOUSING AUTHORITY  
GEORGETOWN, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2000

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At March 31, 2000 the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

BROWN METROPOLITAN HOUSING AUTHORITY  
 GEORGETOWN, OHIO  
 SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
 FOR THE YEAR ENDED MARCH 31, 2000

	Low rent Program	Comprehensive Improvement Program	Rental Certificates Program	Total
<b>REVENUE</b>				
HUD Grants	\$ 42,049	\$ 55,809	\$ 57,298	\$ 155,156
Rental Income	24,362			24,362
Investment Income-Unrestricted	2,597		75	2,672
Other Revenue	<u>1,824</u>			<u>1,824</u>
<b>Total Revenue</b>	<u>70,832</u>	<u>55,809</u>	<u>57,373</u>	<u>184,014</u>
<b>EXPENSES</b>				
Housing Assistance Payments			50,387	50,387
Other Administrative Expense	42,539	55,809	6,841	105,189
Material and Labor-Maintenance	9,694			9,694
Utilities	6,526			6,526
General Expenses	3,530			3,530
Payments in Lieu of Taxes	<u>1,967</u>			<u>1,967</u>
<b>Total Expenses</b>	<u>64,256</u>	<u>55,809</u>	<u>57,228</u>	<u>177,293</u>
<b>Income (Loss) before Depreciation &amp; Other Costs</b>	6,576	-	145	6,721
Depreciation	<u>46,956</u>			<u>46,956</u>
<b>Net Income (Loss)</b>	<u>\$ (40,380)</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ (40,235)</u>

*See Independent Auditors' Report*





*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*John E. Slaybaugh III  
Certified Public Accountant*

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

Board of Commissioners  
Brown Metropolitan Housing Authority  
Georgetown, Ohio

We have audited the financial statements of Brown Metropolitan Housing Authority, Georgetown, Ohio, as of and for the year ended March 31, 2000, and have issued our report thereon dated October 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Brown Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brown Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

*J. E. Slaybaugh & Associates, Inc.*

J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
October 4, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**BROWN METROPOLITAN HOUSING AUTHORITY**

**BROWN 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  
DECEMBER 12, 2000**