

**WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO**

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

*J. E. Slaybaugh & Associates, Inc.*  
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Board of Commissioners  
Warren Metropolitan Housing Authority  
Lebanon, Ohio

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

JIM PETRO  
Auditor of State

July 23, 2001

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WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO

DECEMBER 31, 2000

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Warren Metropolitan Housing Authority  
Lebanon, Ohio

We have audited the accompanying balance sheet of the Warren Metropolitan Housing Authority, Lebanon, Ohio, as of and for the year ended December 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 Warren Metropolitan Housing Authority as of December 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 May 19, 2001, on our consideration of Warren Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Warren Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, the Schedule of Revenue and Expense by Program, and the Schedule of Activity, which are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

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

J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

May 19, 2001

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO

BALANCE SHEET

December 31, 2000

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 716,572
Tenant Accounts Receivable- Net of \$ 5,055 Doubtful Accounts	68,560
Accounts Receivable-HUD	337,227
Accounts Receivable- Fraud Recovery	66,900
Accounts Receivable-Other	156,329
Prepaid Expenses	<u>21,451</u>
Total Current Assets	1,367,039

Property and Equipment - Net of \$ 3,705,444 Accumulated Depreciation	<u>11,737,530</u>
Total Assets	<u>\$ 13,104,569</u>

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	\$ 35,112
Accounts Payable- Governments	30,210
Accounts Payable-Other	200,305
Security and Other Trust Deposits	41,569
Accrued Wages and Payroll Taxes	28,313
Accrued Compensated Absences	15,640
Deferred Revenues	<u>430</u>
Total Current Liabilities	351,579

<b>Noncurrent Liabilities</b>	<u>218,614</u>
Total Liabilities	570,193

**Equity**

Contributed Capital	12,001,767
Retained Earnings	<u>532,609</u>
Total Equity	<u>12,534,376</u>

Total Liabilities and Equity	<u>\$ 13,104,569</u>
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The accompanying notes are an integral part of these financial statements.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31 2000

<b><u>Revenue</u></b>	
HUD Grants	\$ 2,542,751
Other Government Grants	115,707
Rental Income	397,812
Investment Income-Unrestricted	15,378
Gain on Sale of Fixed Assets	1,492
Other Revenue	<u>155,378</u>
 Total Revenue	 3,228,518
<b><u>Expenses (before depreciation)</u></b>	
Housing Assistance Payments	1,753,566
Administrative Salaries	282,118
Employee Benefits	77,390
Compensated Absences	4,064
Other Administrative Expense	204,227
Tenant Services	109,261
Material and Labor-Maintenance	150,731
Contract Services	44,997
Utilities	72,370
General Expenses	60,533
Payments in Lieu of Taxes	24,248
Bad Debt- Tenant Rents	<u>5,959</u>
 Total Expenses	 2,789,464
 Income (Loss) before Depreciation & Other Costs	 439,054
 Depreciation	 <u>424,916</u>
 Operating Income (Loss)	 14,138
 Retained Earnings- Beginning of Year	 <u>518,471</u>
 Retained Earnings- End of Year	 <u>532,609</u>
 Contributed Capital- Beginning of Year	 11,611,850
Capital Contributions	388,809
HUD Adjustments	<u>1,108</u>
Contributed Capital- End of Year	<u>12,001,767</u>
 Total Equity - End of Year	 <u>\$ 12,534,376</u>

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

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ 14,138
Adjustments to reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	424,916
Depreciation Adjustment- Retirements	(9,998)
Accounts Receivable- Tenants	(42,931)
Allowance for Doubtful Accounts- Tenants	(270)
Accounts Receivable- HUD	(249,951)
Accounts Receivable-Other	14,916
Accounts Receivable- Fraud Recovery	(21,790)
Prepaid Expenses	(914)
Interprogram Due From	423,053
Accounts Payable- Vendor	35,112
Accounts Payable-HUD	(56,966)
Accounts Payable- Other	(24,625)
Accrued Compensated Absences	7,848
Accrued Wages and Taxes	24,628
Tenant Security Deposits	(6,121)
Deferred Revenues	(165,767)
Other Current Liabilities	(17,581)
Interprogram Due To	(423,053)
Noncurrent Liabilities-Other	218,614
HUD Adjustments	1,108
Net Cash Provided By Operating Activities	144,366

**Cash Flows from Investing Activities**

Change in Project Costs	(556,374)
Sale of Fixed Assets	59,459
Net Cash Used By Investing Activities	(496,915)

**Cash Flows from Financing Activities**

Contributed Capital	388,809
Net Cash Provided by Financing Activities	388,809
Increase (Decrease) In Cash and Cash Equivalents	36,260
Cash and Cash Equivalents - Beginning of Year	680,312
Cash and Cash Equivalents - End of Year	\$ 716,572

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

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Warren Metropolitan Housing Authority (WMHA 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 Warren 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 that the reporting entity did not have any component units.

Basis of Accounting

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

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

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 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.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 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 collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

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

Category 1. . . . \$ 100,906 was covered by federal depository insurance.  
Category 2. . . . \$ 577,366 was covered by specific collateral pledged by the  
financial institution in the name of the Authority.

Book balances were as follows:	Public Housing	\$ 716,272
	Tenant Opportunities	193
	Section 8 Vouchers	73
	State/Local Fund	<u>34</u>
<u>Investments</u>	Total	<u>\$ 716,572</u>

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian. The Authority did not have any investments recorded at December 31, 2000.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2000

NOTE 3 - PROPERTY AND EQUIPMENT

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

Land	\$ 1,638,445
Buildings & Building Improvements	13,223,302
Furniture, Equipment- Dwelling	9,306
Furniture, Equipment- Administrative	262,394
Construction in Progress	<u>309,527</u>
Total	15,442,974
Less Accumulated Depreciation	<u>(3,705,444)</u>
Net Property and Equipment	<u>11,737,530</u>

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives an "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. Vouchers	Units per month x \$ 42.91/unit - Jan to Sept
	Units per month x \$ 43.57/unit - October to December
B. Certificates	Units per month x \$43.57/unit - Jan-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 Cost Allocation Plan approved by the Board of Commissioners.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2000

NOTE 6 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefit benefits is provided by t state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2000 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to P.E.R.S. for the years ending December 31, were as follows:

	Contribution	%
12/31/00	\$ 49,060	13.55%
12/31/99	\$ 50,742	13.55%
12/31/98	\$ 49,220	13.55%

All required contributions were made prior to each of those fiscal year ends.

PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2000 employer contribution rate for state employers was 10.84 % of covered payroll: 4.3 % was the portion that was used to fund health care for the year.

OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely.

The number of benefit recipients eligible for OPEB at December 31, 2000 was 401,339.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2000

NOTE 7- COMPENSATED ABSENCES

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

All permanent employees will earn 4.6 hours sick leave per each pay period worked. Unused sick leave may be accumulated without limit.

An employee, with 10 or more years' of service terminates employment for any reason the employee may elect to receive cash by a ratio of one day's pay for three sick leave days accrued.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated to a maximum of 200 hours will be paid upon separation.

At December 31, 2000, \$ 15,640 was accrued by the Authority for unused vacation and sick time.

NOTE 8 - INSURANCE

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

NOTE 9 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2000 the Authority was not involved in any litigation which would have a material effect on the financial statements.

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Funds Received</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>				
<b>Direct Programs:</b>				
Public and Indian Housing-Low Rent Development Project 010	14.850	C-5086	\$ 426,873	\$ 426,873
	14.850	C-5086	8,310	8,310
Sub-Total			<u>435,183</u>	<u>435,183</u>
Public Housing- Comprehensive Improvement Assistance Program	14.852	C-5086	<u>424,060</u>	<u>424,060</u>
Tenant Opportunities Program	14.853	C-5086	<u>389,648</u>	<u>389,648</u>
<b>Section 8 Tenant Based Cluster:</b>				
Section 8 Rental Certificate Program	14.857	C-5022	109,879	109,879
Section 8 Rental Voucher Program	14.855	C-5022	<u>1,562,434</u>	<u>1,562,434</u>
Sub-Total			<u>1,672,313</u>	<u>1,672,313</u>
 <b>Total Federal Assistance</b>			 <u>\$ 2,921,204</u>	 <u>\$ 2,921,204</u>

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

*See Independent Auditors' Report*

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO  
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2000

	Comprehensive							Total
	Low rent Program	Improvement Assistance Program	Tenant Opportunities Program	Rental Certificates Program	Rental Voucher Program	State/Local Program	Development Program	
REVENUE								
HUD Grants	\$ 426,873	\$ 53,298	\$ 389,648	\$ 109,879	\$ 1,562,434	\$ -	\$ 619	\$ 2,542,751
Other Gov't Grants			79,017			115,707		115,707
Rental Income	302,911				1,870	15,884	241	397,812
Investment Income-Unrestricted	12,049		1,218		9,440			15,378
Other Revenue	143,935		1,701			302		155,378
Gain/Loss on Sale of Fixed Assets	1,492							1,492
<b>Total Revenue</b>	<b>887,260</b>	<b>53,298</b>	<b>471,584</b>	<b>109,879</b>	<b>1,573,744</b>	<b>132,134</b>	<b>619</b>	<b>3,228,518</b>
<b>EXPENSES</b>								
Housing Assistance Payments			246,314	71,458	1,386,868	48,926		1,753,566
Administrative Salaries	108,108	31,260	41,034	4,308	83,602	13,187	619	282,118
Employee Benefits	34,379		19,836	664	12,882	9,629		77,390
Compensated Absences	4,064							4,064
Other Administrative Expense	85,883	22,038	45,490	1,454	28,248	21,114		204,227
Tenant Services			79,099			30,162		109,261
Material and Labor-Maintenance	150,731							150,731
Contract Services	44,135			42	820			44,997
Utilities	70,312		904			1,154		72,370
General Expenses	59,423			55	1,055			60,533
Payments in Lieu of Taxes	24,248							24,248
Bad Debt- Tenant Rents	5,959							5,959
<b>Total Expenses</b>	<b>587,242</b>	<b>53,298</b>	<b>432,677</b>	<b>77,981</b>	<b>1,513,475</b>	<b>124,172</b>	<b>619</b>	<b>2,789,464</b>
<b>Income (Loss) before Depreciation &amp; Other Costs</b>	<b>300,018</b>		<b>38,907</b>	<b>31,898</b>	<b>60,269</b>	<b>7,962</b>		<b>439,054</b>
Depreciation	419,919		3,280		1,134	583		424,916
<b>Operating Income (Loss)</b>	<b>\$ (119,901)</b>	<b>\$ -</b>	<b>\$ 35,627</b>	<b>\$ 31,898</b>	<b>\$ 59,135</b>	<b>\$ 7,379</b>	<b>\$ -</b>	<b>\$ 14,138</b>

*See Independent Auditors' Report*



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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  
Warren Metropolitan Housing Authority  
Lebanon, Ohio

We have audited the financial statements of Warren Metropolitan Housing Authority, Lebanon, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated May 19, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
May 19, 2001

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Warren Metropolitan Housing Authority  
Lebanon, Ohio

Compliance

We have audited the compliance of Warren Metropolitan Housing Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. Warren Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Warren Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Warren Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of Warren Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

  
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J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
May 19, 2001

WARREN METROPOLITAN HOUSING AUTHORITY  
LEBANON, OHIO

SCHEDULE OF FINDINGS

December 31, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Warren Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Warren Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
  - Public and Indian Housing
  - Cluster- Tenant Based Section 8 Programs
  - Tenant Opportunities Program
  - Comprehensive Improvement Assistance Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Warren Metropolitan Housing Authority qualified as a low-risk auditee.

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

1. None

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

1. None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**WARREN METROPOLITAN HOUSING AUTHORITY**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 9, 2001**