

**WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED DECEMBER 31, 2001**

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Warren Metropolitan Housing Authority
900 East Ridge Drive
Lebanon, Ohio 45036

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, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 18, 2002

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WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet, December 31, 2001	2
Statement of Revenues, Expenses and Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10
Schedule of Expenditures of Federal Awards	11
Supplemental Financial Data	
Balance Sheet	12-13
Statement of Revenue and Expense	14
Schedule of Activity	15
Actual Modernization Cost Certification	16
Independent Auditors' report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20

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J.E. Slaybaugh & Associates, Inc.
12 East Main Street
Lexington, Ohio 44904

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John E. Slaybaugh 111
Certified Public Accountant

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, 2001, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Warren Metropolitan Housing Authority as of December 31, 2001, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2002, 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

J.E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.
June 19, 2002

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2001

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 839,389
Accounts Receivable- HUD	152,675
Accounts Receivable- Other	33,950
Tenant Accounts Receivable- Net of \$ 5.055 Doubtful Accounts	41,370
Accrued Interest Receivable	2,316
Prepaid Expenses	29,244
Interprogram due from	<u>48,668</u>
 Total Current Assets	 1,147,612
 Property and Equipment - Net of \$ 4,147,403 Accumulated Depreciation	 <u>11,772,375</u>
 Total Assets	 <u>\$ 12,919,987</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$ 29,434
Accounts Payable- Governments	20,899
Tenant Security Deposits	50,761
Accrued Wages and Payroll Taxes	23,784
Accrued Compensated Absences- current portion	5,869
Accrued Liabilities-Other	3,424
Deferred Revenues	2,652
Other Current Liabilities	33,950
Interprogram Due To	<u>48,668</u>
 Total Current Liabilities	 219,441
 Noncurrent Liabilities	
Accrued Compensated Absences net of current portion	5,871
Noncurrent Liabilities-other	<u>51,743</u>
 Total Liabilities	 277,055
 <u>Equity</u>	
Contributed Capital	11,254,609
Retained Earnings	<u>1,388,323</u>
 Total Equity	 <u>12,642,932</u>
 Total Liabilities and Equity	 <u>\$ 12,919,987</u>

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, 2001

Revenue	
HUD Grants	\$ 2,588,029
Capital Grants	390,945
Other Government Grants	142,633
Rental Income	349,176
Investment Income-Unrestricted	34,279
Other Revenue	<u>210,152</u>
 Total Revenue	 3,715,214
 Expenses (before depreciation)	
Housing Assistance Payments	1,809,185
Administrative Salaries	291,413
Employee Benefits	147,940
Compensated Absences	(2,513)
Other Administrative Expense	266,562
Tenant Services-Salaries	79,358
Tenant Services-Other	60,756
Material and Labor-Maintenance	195,625
Contract Services	50,178
Utilities	85,911
General Expenses	71,214
Payments in Lieu of Taxes	20,901
Bad Debt- Tenant Rents	<u>52,362</u>
 Total Expenses	 3,128,892
 Income (Loss) before Depreciation & Other Costs	 586,322
Depreciation	441,960
Extraordinary Maintenance	<u>648</u>
 Operating Income (Loss)	 143,714
 Retained Earnings - Beginning of Year	 532,609
Equity Transfers, Reclassifications- See Note 9	<u>712,000</u>
Retained Earnings - End of Year	<u>1,388,323</u>
 Contributed Capital - Beginning of Year	 12,001,767
Equity Transfers, Reclassifications - See Note 9	(712,000)
Prior Year Adjustments	<u>(35,158)</u>
Contributed Capital - End of Year	<u>11,254,609</u>
 Total Equity - End of Year	 <u>\$ 12,642,932</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, 2001

Cash Flows from Operating Activities

Operating Income (Loss)	\$ 143,714
Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities:	
Depreciation	441,960
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
Tenant Accounts Receivable- Net	27,190
Accounts Receivable- Fraud	66,900
Accounts Receivable- HUD Other Projects	184,552
Accounts Receivable- Other Governments	22,923
Accounts Receivable - Other	(33,950)
Accrued Interest Receivable	(2,316)
Prepaid Expenses	(7,793)
Interprogram Due From	84,738
Accounts Payable- Vendor	(5,678)
Prior Year Adjustment	(35,159)
Accounts Payable- Other Governments	(9,311)
Accrued Wages & Taxes Payable	(4,529)
Accrued Compensated Absences- Current Portion	(9,771)
Tenant Security Deposits	9,192
Deferred Revenues	2,222
Other Accrued Liabilities	(29,526)
Interprogram Due To	(84,737)
Accrued Compensated Absences- Noncurrent Portion	5,871
Other Noncurrent Liabilities	<u>(166,871)</u>
Total Adjustments	<u>455,907</u>
Net Cash (Used) Provided By Operating Activities	<u>599,621</u>

Cash Flows from Capital and Related Financing Activities

Change in Property and Equipment	<u>(476,804)</u>
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(476,804)</u>
Increase (Decrease) In Cash and Cash Equivalents	122,817
Cash and Cash Equivalents - Beginning of Year	<u>716,572</u>
Cash and Cash Equivalents - End of Year	<u>\$ 839,389</u>

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, 2001

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 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 Propriety 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.

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.

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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
Computers	3 Years

Depreciation is recorded on the straight-line method.

Capitalization of Interest

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

Investments

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

NOTE 2 - CASH AND INVESTMENTS

Cash

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

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

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

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

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

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

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

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

Category 1. . . . \$ 167,103 was covered by federal depository insurance.
Category 2. . . . \$ 675,183 was covered by specific collateral pledged by the
financial institution in the name of the Authority.

Book Balances at December 31, 2001, were as follows:

	Cash
Public Housing	\$ 762,145
Section 8 Vouchers	32,973
State/Local	6,685
Other Federal Program	<u>37,586</u>
Total	<u>\$ 839,389</u>

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 2 - CASH AND INVESTMENTS, continued

Investments

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

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 December 31, 2001, by class is as follows:

Land	\$ 1,638,444
Buildings and Building Improvements	13,178,706
Furniture, Equipment- Dwelling	18,521
Furniture, Equipment- Administrative	279,791
Construction in Progress	<u>804,316</u>
 Total	 15,919,778
 Less Accumulated Depreciation	 <u>(4,147,403)</u>
 Net Property and Equipment	 <u>\$ 11,772,375</u>

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

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:

Vouchers

Units per month x \$ 37.72/unit

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer defined 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 benefits is provided by the 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 2001 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 PERS, for the years ending December 31, 2001 were as follows:

	Contribution	%
12/31/01	\$ 41,671	13.55%
12/31/00	\$ 36,340	13.55%
12/31/99	\$ 33,068	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 retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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 number of active contributing participants was 401,339 as of December 31, 2001.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Expenditures for OPEB during the year ended December 31, 2001, were \$ 559,606,294. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$ 10,805,500,000.

The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$ 12,473,600 and \$ 1,668,100, respectively. The number of benefit recipients eligible for

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 5 - DEFINED PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

OPEB at December 31, 2001 was 122,343.

PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of 2000 to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for this reason. The portion of Office contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .4038.

NOTE 6 - 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 (80) hours of service. Unused sick leave may be accumulated without limit.

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

At December 31, 2001, based on the vesting method, \$ 11,740 was accrued by the Authority for unused vacation and sick time. The current portion is \$ 5,869, and long term is \$ 5,871

NOTE 7 - INSURANCE

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

NOTE 8 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2001, 2001 the Authority was involved in no matters which management believes would have a material effect on the financial statements.

NOTE 9 - RECLASSIFICATIONS

Based on REAC's guidelines, the following reclassifications were recorded for the period ending December 31, 2001.

Accrual for Compensated Absences - from current liability to long term liability

Equity Adjustments	Cont Cap	Ret Earn	Total
Beginning Balance at 12/31/00	\$ 12,001,767	\$ 532,609	\$ 12,534,376
Reclassifications	(712,000)	712,000	
Prior Year Adjustments	(35,158)	-	(35,158)
Current Year Income	-	143,714	143,714
Endinga Balance at 12/31/01	<u>\$ 11,254,609</u>	<u>\$ 1,388,323</u>	<u>\$ 12,642,932</u>

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures For The Year Ended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing Program	14.850A	\$ 420,024
Public Housing- Comprehensive Improvement Assistance Program	14.852 *	164,431
Capital Fund	14.872	250,380
Development	14.850B	5,169
Section 8 Tenant Based Cluster:		
Section 8 Housing Choice Voucher Program	14.871	1,640,798
Pass Through Ohio Department of Development: Other Federal Program- Transitions		<u>496,172</u>
Total Federal Assistance		<u>\$ 2,976,974</u>

* The Authority received funds under this grant and per REAC instructions must be included using the CFDA # for this program.

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

See Independent Auditors' Report

WARREN METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet
 As of December 31, 2001

ASSETS	Low Rent Public Housing <u>14,850</u>	Development <u>14,850b</u>	CIAP <u>14,852</u>	Section 8		Capital Fund <u>14,872</u>	State/Local	Fed. Program	TOTAL
				Housing Vouchers <u>14,871</u>	Other				
Current Assets									
Cash-unrestricted	\$ 762,145			\$ 32,973			\$ 6,685	\$ 37,586	\$ 839,389
Total cash	<u>762,145</u>			<u>32,973</u>			<u>6,685</u>	<u>37,586</u>	<u>839,389</u>
Accounts and notes receivables									
Accounts receivable-HUD other projects		279		29,614	3,380		50,690	68,712	152,675
Accounts receivable-miscellaneous	19,503			33,950					33,950
Accounts receivable-tenants-dwelling rent	(5,055)						4,065	22,857	46,425
Allowance for doubtful accounts-dwelling rent	2,316								(5,055)
Accrued interest receivable									2,316
Total receivables, net of allowances for uncollectibles	<u>16,764</u>	<u>279</u>		<u>63,564</u>	<u>3,380</u>		<u>54,755</u>	<u>91,569</u>	<u>230,311</u>
Current Investments									
Prepaid expenses and other assets	29,244								29,244
Interprogram Due From	15,082							33,586	48,668
Total investments	<u>44,326</u>							<u>33,586</u>	<u>77,912</u>
Total current assets	<u>823,235</u>	<u>279</u>		<u>96,537</u>	<u>3,380</u>		<u>61,440</u>	<u>162,741</u>	<u>1,147,612</u>
Noncurrent assets									
Land	1,587,610	50,834							1,638,444
Buildings	13,178,706								13,178,706
Furniture, equipment and machinery-dwelling	6,819		11,702						18,521
Furniture, equipment and machinery-admin.	215,348		16,801	7,550			6,054	34,038	279,791
Accumulated depreciation	(4,101,902)			(6,152)			(5,942)	(33,407)	(4,147,403)
Construction in Progress		23,968		545,198					804,316
Total fixed assets, net of accum. depreciation	<u>10,886,581</u>	<u>74,802</u>		<u>573,701</u>	<u>235,150</u>		<u>112</u>	<u>631</u>	<u>11,772,375</u>
Total assets	\$ <u>11,709,816</u>	\$ <u>75,081</u>	\$ <u>573,701</u>	\$ <u>97,935</u>	\$ <u>238,530</u>	\$ <u>61,552</u>	\$ <u>163,372</u>	\$ <u>12,919,987</u>	

See Independent Auditors' Report

WARREN METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet
 As of December 31, 2001

	Low Rent Public Housing <u>14,850</u>	Development <u>14,850b</u>	CIAP <u>14,852</u>	Section 8 Housing Vouchers <u>14,871</u>	Capital Fund <u>14,872</u>	State/Local	Fed. Program	TOTAL
LIABILITIES AND EQUITY								
Current liabilities								
Accounts payable < 90 days	\$ 29,434							\$ 29,434
Accrued wages/payroll taxes payable	17,332			1,925		684	3,843	23,784
Accrued compensated absences-current	3,750			1,007		167	945	5,869
Accounts payable-other government	20,899							20,899
Tenant Security Deposits	50,761							50,761
Deferred Revenues	2,332					48	272	2,652
Other Current Liabilities	3,424			33,950				33,950
Accrued liabilities-other	8,835	279		11,481	3,380	24,693		3,424
Interprogram Due To	136,767	279	-	48,363	3,380	25,592	5,060	48,668
Total current liabilities								<u>219,441</u>
Non-current liabilities								
Accrued Compensated Absences-Non-current	3,751			1,008		167	945	5,871
Noncurrent Liabilities-Other	22,288			29,455				51,743
Total non-current liabilities	26,039	-	-	30,463	-	167	945	57,614
Total Liabilities	<u>162,806</u>	<u>279</u>	<u>-</u>	<u>78,826</u>	<u>3,380</u>	<u>25,759</u>	<u>6,005</u>	<u>277,055</u>
Equity								
Net HUD PHA contributions	10,761,626	74,802	417,962					11,254,390
Other Contributions				19,109	235,150	33	186	219
Undesignated fund balance/retained earnings	785,384		155,739	19,109	235,150	35,760	157,181	1,388,323
Total equity	11,547,010	74,802	573,701	19,109	235,150	35,793	157,367	12,642,932
Total liabilities & equity	<u>\$ 11,709,816</u>	<u>\$ 75,081</u>	<u>\$ 573,701</u>	<u>\$ 97,935</u>	<u>\$ 238,530</u>	<u>\$ 61,552</u>	<u>\$ 163,372</u>	<u>\$ 12,919,987</u>

See Independent Auditors' Report

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2001

	Low rent Public Housing Program	Comprehensive Improvement Assistance Program	Development Program	Capital Fund Program	Section 8			Total
					Housing Voucher Program	State/Local Program	Other Federal Program	
REVENUE								
HUD Grants	\$ 420,024	\$ 10,636	\$ 5,169	\$ 15,230	\$ 1,640,798	\$ 496,172	\$ 2,588,029	
Capital Grants		155,795		235,150			390,945	
Other Government Grants	292,290					142,633	142,633	
Rental Income	20,991				13,116	48,296	349,176	
Investment Income-Unrestricted	205,758				4,351	146	34,279	
Other Revenue						37	210,152	
Total Revenue	939,063	166,431	5,169	250,380	1,658,265	544,651	3,715,214	
EXPENSES								
Housing Assistance Payments	97,592			15,230	1,452,777	253,442	1,809,185	
Administrative Salaries	70,823	9,043	5,169		105,781	49,658	291,413	
Employee Benefits	1,064				31,819	38,622	147,940	
Compensated Absences	132,022	1,593			(3,577)		(2,513)	
Other Administrative Expense					61,028	61,861	266,562	
Tenant Services-Salaries						67,224	79,358	
Tenant Services-Other	194,632				993	55,008	60,756	
Material and Labor-Maintenance	50,178						195,625	
Contract Services	83,303				288	1,680	50,178	
Utilities	71,214						85,911	
General Expenses	20,901						71,214	
Payments in Lieu of Taxes	52,362						20,901	
Bad Debt- Tenant Rents	774,091	10,636	5,169	15,230	1,649,109	147,162	52,362	
Total Expenses	164,972	155,795	-	235,150	9,156	4,093	3,128,892	
Income (Loss) before	439,136				447	17,156	586,322	
Depreciation & Other Costs	648					2,018	441,960	
Depreciation							648	
Extraordinary Maintenance								
Operating Income (Loss)	\$ (274,812)	\$ 155,795	\$ -	\$ 235,150	\$ 8,709	\$ 3,734	\$ 143,714	

See Independent Auditors' Report

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2001

The PHA had 593 units under management.

<u>Management</u>	<u>Units</u>
Low Rent Public Housing Program	185
Section 8 Housing Vouchers Program	358
Other Federal Program- Special Needs	<u>50</u>
TOTAL	<u>593</u>

REPORT ON PRIOR YEAR AUDIT FINDINGS

THERE WERE NO PRIOR YEAR AUDIT FINDINGS

See Independent Auditors' Report

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO

ACTUAL MODERNIZATION COST CERTIFICATION

At December 31, 2001

1. The Actual Modernization Grant Costs are as follows:

	<u>Project OH10-909-99</u>
Funds Approved	\$ 375,809
Funds Expended	<u>375,809</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 375,809
Funds Expended	<u>375,809</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>
Date Submitted:	11/9/01

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

See Independent Auditors' Report

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*Member AICPA
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*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
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, 2001, and have issued our report thereon dated June 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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.
June 19, 2002

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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, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2001.

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.



J.E. Slaybaugh & Associates, Inc.
June 19, 2002

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2001

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:
 - Low Rent Public Housing
 - Section 8 Housing Choice Vouchers
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

JIM PETRO, AUDITOR OF STATE

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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
JANUARY 2, 2003**