

Warren Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2009





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Warren Metropolitan Housing Authority  
990 East Ridge Drive  
Lebanon, Ohio 45036

We have reviewed the *Independent Auditors' Report* of the Warren Metropolitan Housing Authority, Warren County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2009 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 20, 2010

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WARREN METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2009

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## Independent Auditors' Report

Board of Directors  
Warren Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Warren Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Warren Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, as of December 31, 2009, and the respective changes in financial position 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*, I have also issued a report dated May 28, 2010, on my consideration of Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Warren Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The FDS Schedule Submitted to REAC is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

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Salvatore Consiglio, CPA, Inc.  
May 28, 2010

**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009**

**Unaudited**

As management of the Warren Metropolitan Housing Authority, we offer readers of the authority's financial statements this narrative overview and analysis of the financial activity of the authority for the year-ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the authority's financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- The assets of the authority exceeded its liabilities as of December 31, 2009 by \$13,009,776 (net assets).
- The authority's cash balance as of December 31, 2009 was \$1,841,924 representing an increase of \$321,798 from the prior year.
- The authority had intergovernmental revenues of \$3,809,654 in HUD operating grants and \$285,359 of HUD capital grants for the year-ended December 31, 2009.
- The authority ending total revenue balance was \$4,482,327 as of December 31, 2009, representing a decrease of \$115,038. Total expenses were \$4,816,474, representing a decrease of \$29,859.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included within this report:

- Statement of Net Assets - reports the authority's current financial resources (short term expendable resources) with capital assets and long-term debt obligations.
- Statement of Revenue, Expenses, and Change in Fund Net Assets - reports the authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital Contributions.
- Statement of Cash Flows - reports net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.



**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009**

**Unaudited**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)**

**Total Cash** of the Authority increased by \$321,798 due to the collection of receivables and HCV Program revenues for January 2010 received in December 2009.

**Current Assets** (not including cash) of the Authority showed a decrease of \$126,281 from 2008 to 2009. Accounts receivable-HUD for the State Program, Tenant Account Receivables, and Accounts Receivable-Miscellaneous are the main reasons for the decrease.

The following table summarizes the change in Net Assets between December 31, 2009 and 2008 for the authority as a whole:

	<u>2009</u>	<u>2008</u>	<u>NET CHANGE</u>
Cash	\$ 1,841,924	\$ 1,520,126	\$ 321,798
Current Assets	306,754	433,035	(126,281)
Capital Assets - Net	11,297,680	11,654,262	(356,582)
Total Assets	<u>13,446,358</u>	<u>13,607,423</u>	<u>(161,065)</u>
Current Liabilities	\$ 357,408	\$ 130,866	\$ 226,542
Non current Liabilities	81,593	135,053	(53,460)
Total Liabilities	<u>439,001</u>	<u>265,919</u>	<u>173,082</u>
Net Assets in Capital Assets	\$ 11,297,680	\$ 11,654,262	\$ (356,582)
Restricted Net Assets	288,244	393,913	(105,669)
Unrestricted Net Assets	1,421,433	1,293,329	128,104
Total Net Assets	<u>13,007,357</u>	<u>13,341,504</u>	<u>(334,147)</u>

The following table summarizes the changes in operating revenue income between FYE 2009 and 2008 for the authority as a whole:

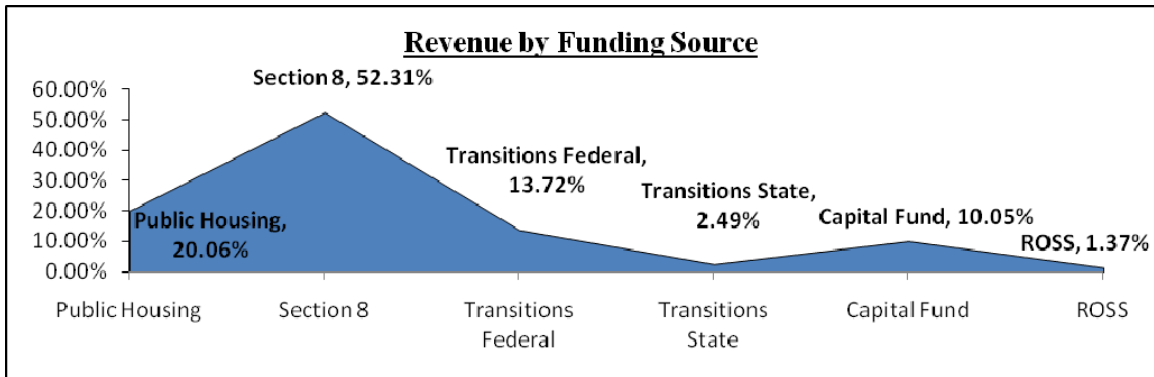
**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009**

**Unaudited**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) (continued)**

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>
Tenant Rental Revenue	\$ 349,551	\$ 405,152	\$ (55,601)
Total Operating Grants	3,809,654	3,864,631	(54,977)
HUD Capital Grants	285,359	207,791	77,568
Interest on Investments	2,430	5,620	(3,190)
Gain on Sale of Fixed Assets	-	12,639	(12,639)
Other Revenue	35,333	101,532	(66,199)
Total Revenue	<u>4,482,327</u>	<u>4,597,365</u>	<u>(115,038)</u>
<b>Operating Expenses:</b>			
Administrative	693,366	879,696	(186,330)
Tenant Services	149,874	138,659	11,215
Utilities	83,023	101,108	(18,085)
Maintenance	281,176	301,640	(20,464)
General Expenses	337,340	190,556	146,784
Housing Assistance Payments	2,609,923	2,578,832	31,091
Depreciation	661,772	655,842	5,930
Total Expenses	<u>4,816,474</u>	<u>4,846,333</u>	<u>(29,859)</u>
Net Income/(Loss)	<u>\$ (334,147)</u>	<u>\$ (248,968)</u>	<u>\$ (85,179)</u>

The table below shows % of total revenue by funding sources.



**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009  
Unaudited**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) (continued)**

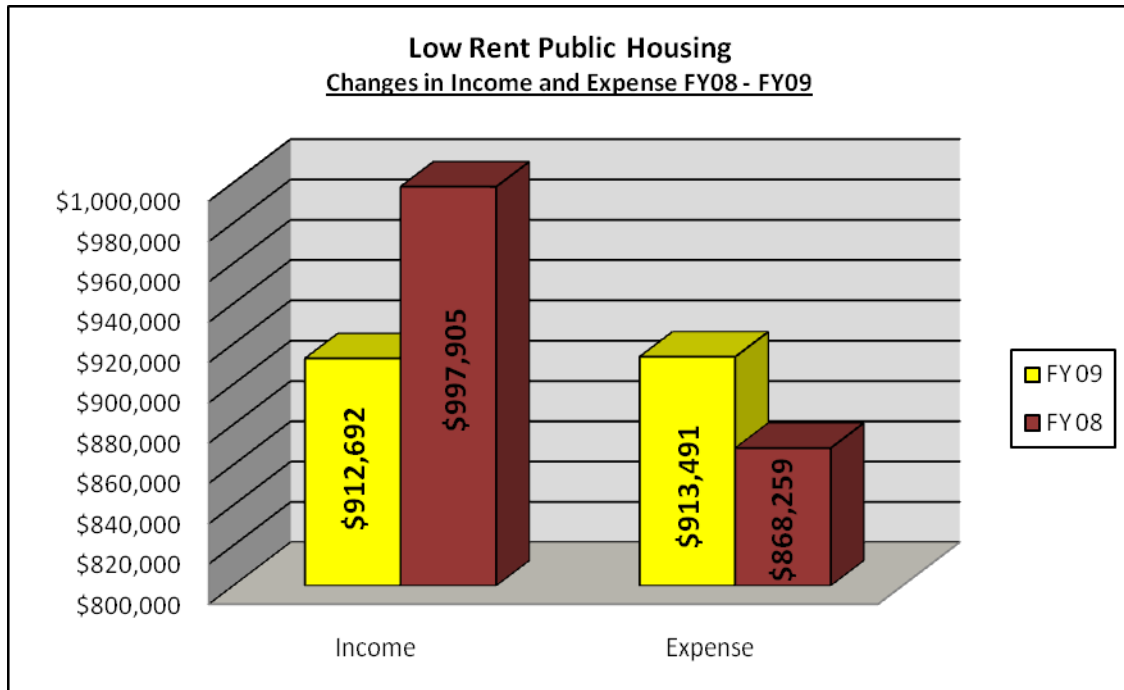
Total revenue decreased by \$112,619 as compared to fiscal year ending 2008 revenue. This decrease was due to lower Dwelling rent and the reduction in HAP funding for the HCV Program.

HUD capital grants increased in 2009. This is owing to the aggressive stance taken by the authority to implement capital grant dollars as expeditiously as possible. The WMHA endeavors to spend these dollars quickly and effectively to improve the conditions under which our clients live.

Comparatively, FYE 2009 total expense decreased slightly from FYE 2008 by \$29,859. The decrease was mainly due to a casualty loss that was experienced in the Low Rent Public Housing Program less the increase that was offset by large reductions in administrative, utility, and maintenance costs.

Tenant service expenses increased by \$11,215 from 2008 to 2009 due to the increased expenses for the Resident Opportunity and Supportive Service (ROSS) grant.

Housing assistance payments (HAP) increased by \$31,091 due to the increased per unit costs in the Housing Choice Voucher Program.



Note: The above table does not include depreciation

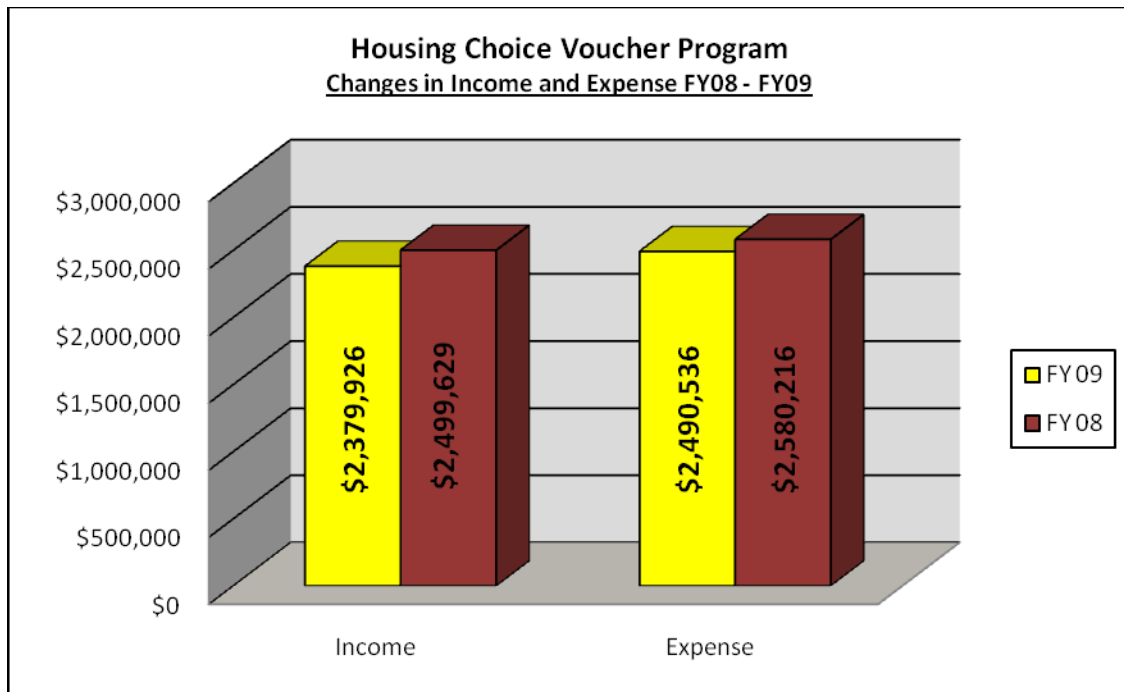
**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009**

**Unaudited**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) (continued)**

The above table shows how the income and expenses have changed between the FYE 2009 and 2008 for the Low Rent Public Housing Program. FYE 2009 total operating expenses increased from FYE 2008 operating expenses by 5%, which is due to the casualty loss incurred during the year. FYE 2009 total income decreased from FYE 2008 income by 9%.

The following chart illustrates the Housing Choice Voucher Program changes in income and expenses for the years 2008-2009. Income declined in FYE 2009 for the HCV program by 6%, which is mainly due to the reduction in HAP funding. Expenses decreased about 4% in FYE 2009.



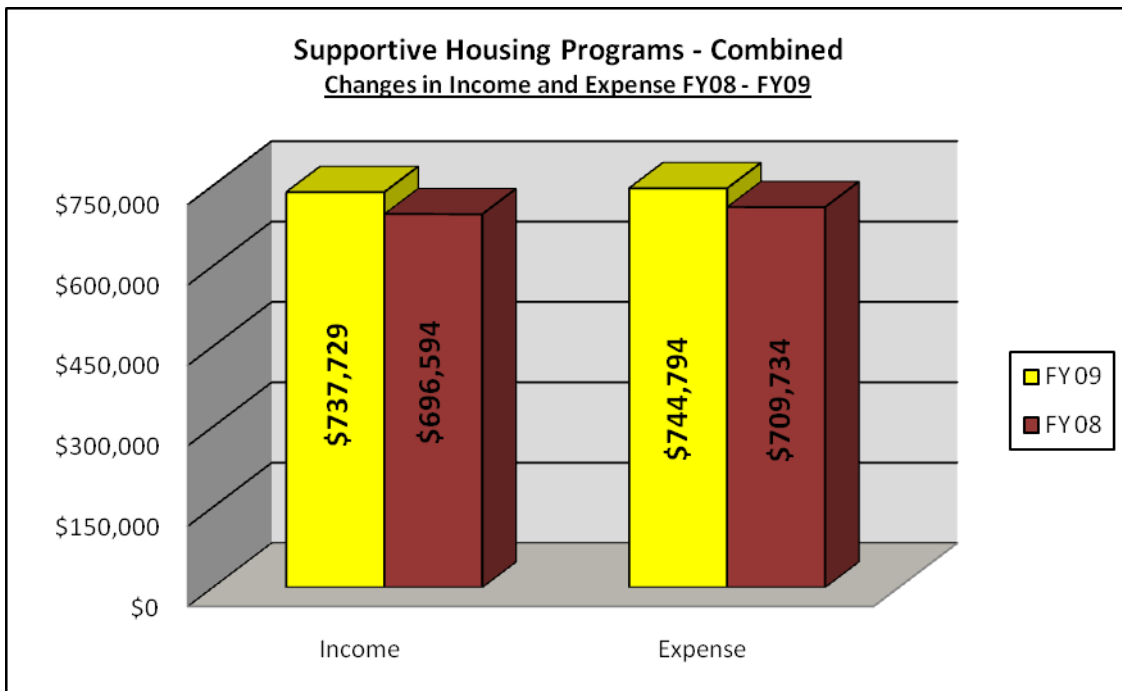
Note: The above table does not include depreciation

**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009**

**Unaudited**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) (continued)**

The following chart illustrates the Supportive Housing Program changes in income and expenses for the FYE 2009 and 2008. Income and expenses reflected a slight increase in revenue and expense.



Note: The above table does not include depreciation

**Warren Metropolitan Housing Authority  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2009  
Unaudited**

**CAPITAL ASSET**

The following table summarizes the changes in capital assets between December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>
Land	\$ 1,638,445	\$ 1,638,444	\$ 1
Building	17,096,466	17,096,466	0
Equipment	640,115	595,498	44,617
Construction in Progress	530,479	286,086	244,393
Total	19,905,505	19,616,494	289,011
Accumulated Depreciation	(8,607,825)	(7,962,232)	(645,593)
Net Capital Assets	<u>\$ 11,297,680</u>	<u>\$ 11,654,262</u>	<u>\$ (356,582)</u>

The increase in equipment and construction in progress is due to additional capital fund grant activities in 2009. Some current year purchases include a printer, lawn mowers, boiler replacement, furnaces, and air conditioners.

**DEBT**

As of year-end, the Authority had no debt outstanding.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

**CONTACTING THE AUTHORITY**

This financial report is designed to provide a general overview of the authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Joy A. Bankston Executive Director, Warren Metropolitan Housing Authority, 990 East Ridge Drive, Lebanon, Ohio 45036-1678.

**WARREN METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 1,252,152
Restricted cash and cash equivalents	589,772
Receivables, net	287,252
Prepaid expenses and other assets	19,502
<b>Total current assets</b>	<b><u>2,148,678</u></b>

**Noncurrent assets**

**Capital assets:**

Land	1,638,445
Building and equipment	17,736,581
Construction in Progress	530,479
Less accumulated depreciation	(8,607,825)
<b>Total noncurrent assets</b>	<b><u>11,297,680</u></b>
<b>Total assets</b>	<b><u><u>\$13,446,358</u></u></b>

**Liabilities**

**Current liabilities**

Accounts payable	\$ 20,129
Accrued liabilities	48,859
Intergovernmental payables	19,970
Tenant security deposits	42,519
Deferred revenue	225,931
<b>Total current liabilities</b>	<b><u>357,408</u></b>

**Noncurrent liabilities**

Accrued compensated absences non-current	25,397
Other noncurrent liabilities	56,196
<b>Total noncurrent liabilities</b>	<b><u>81,593</u></b>
<b>Total liabilities</b>	<b><u><u>\$439,001</u></u></b>

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

**WARREN METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**December 31, 2009**

*NET ASSETS*

Invested in capital assets, net of related debt	\$ 11,297,680
Restricted net assets	288,244
Unrestricted net assets	1,421,433
<b>Total net assets</b>	<b><u><u>\$13,007,357</u></u></b>

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



**WARREN METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

***OPERATING REVENUES***

Tenant Revenue	\$ 349,551
Government operating grants	3,809,654
Other revenue	35,333
<b>Total operating revenues</b>	<b><u>4,194,538</u></b>

***OPERATING EXPENSES***

Administrative	693,366
Tenant services	149,874
Utilities	83,023
Maintenance	281,176
General	337,340
Housing assistance payment	2,609,923
Depreciation	661,772
<b>Total operating expenses</b>	<b><u>4,816,474</u></b>
<b>Operating income (loss)</b>	<b><u>(621,936)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	2,430
<b>Total nonoperating revenues (expenses)</b>	<b><u>2,430</u></b>
Income (loss) before contributions and transfers	(619,506)
Capital grants	285,359
Change in net assets	(334,147)
Total net assets - beginning	13,341,504
<b>Total net assets - ending</b>	<b><u><u>\$13,007,357</u></u></b>

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

**Warren Metropolitan Housing Authority  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$3,920,467
Tenant revenue received	331,732
Other revenue received	35,333
General and administrative expenses paid	(1,338,410)
Housing assistance payments	<u>(2,609,923)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>339,199</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>2,430</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>2,430</u></b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	285,359
Property and equipment purchased	<u>(305,190)</u>
<b>Net cash provided (used) by capital and related activities</b>	<b><u>(19,831)</u></b>
<b>Net increase (decrease) in cash</b>	<b>321,798</b>
Cash and cash equivalents - Beginning of year	<u>1,520,126</u>
<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$1,841,924</u></u></b>

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

**Warren Metropolitan Housing Authority  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2009**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$621,936)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	661,772
- (Increases) Decreases in Accounts Receivable	125,617
- (Increases) Decreases in Prepaid Assets	664
- Increases (Decreases) in Accounts Payable	(5,806)
- Increases (Decreases) in Accrued Payable	29,059
- Increases (Decreases) in Intergovernmental Payable	(5,577)
- Increases (Decreases) in Tenant Security Deposit Payable	(12,100)
- Increases (Decreases) in Deferred Revenue	222,077
- Increases (Decreases) in Other Noncurrent Liabilities	(43,447)
- Increases (Decreases) in Accrued Compensated Absences	<u>(11,124)</u>
<b>Net cash provided by operating activities</b>	<b><u><u>\$339,199</u></u></b>

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

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Warren Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**

The Warren Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

**Basis of Presentation**

The Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**Proprietary Fund Types**

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. 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 FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued After November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Description of programs**

The following are the various programs which are included in the single enterprise fund:

**A. Public Housing Program**

The public housing program is designed to provide low-cost housing within the Warren County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

**B. Capital Fund Program**

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

**C. Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

**D. Supportive Housing Program**

The Supportive Housing Program is a HUD and State funded program to provide tenant-based rental assistance to low income persons with disabilities for payment of housing on the private market.

**E. Resident Opportunity and Supportive Services (ROSS)**

The ROSS Program is a HUD funded program that addresses the needs of residents by providing a service coordinator to coordinate supportive services, resident empowerment activities, and/or assisting the residents in becoming economically self-sufficient.

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2009 totaled \$2,430.

**Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 years

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

**Operating Revenues and Expenses**

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

WARREN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

The following is a summary of changes in compensated absences for the year ended December 31, 2009:

<b><u>Description</u></b>	<b><u>Balance</u></b>			<b><u>Balance</u></b>	<b><u>Due Within</u></b>
	<b><u>12/31/08</u></b>	<b><u>Increase</u></b>	<b><u>Decrease</u></b>	<b><u>12/31/09</u></b>	<b><u>One Year</u></b>
Liability Amount	\$39,345	\$63,991	(\$75,115)	\$28,221	\$2,824

**Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.



WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

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

- A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal yearend December 31, 2009, the carrying amount of the Authority's deposits totaled \$1,841,923 and its bank balance was \$1,882,290. Based on the

WARREN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)

**NOTE 2: DEPOSITS AND INVESTMENTS** (Continued)

criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2009, \$1,540,178 was exposed to custodial risk as discussed below, while \$342,112 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

**NOTE 3: RESTRICTED CASH**

The restricted cash balance of \$589,744 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$288,244
January 2010 HCV subsidy received from HUD in December 2009 that was reported as deferred grant revenue	202,813
FSS Escrow Cash Account for the Housing Choice Voucher and Low Rent Public Housing Programs	56,196
Tenant Security deposits in the Low Rent Public Housing Program	<u>42,519</u>
Total Restricted Cash	<u>\$589,772</u>

**NOTE 4: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes:

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 5: CAPITAL ASSETS** (Continued)

	<b>Balance</b>				<b>Balance</b>
	<b>12/31/2008</b>	<b>Adjust.</b>	<b>Additions</b>	<b>Deletion</b>	<b>12/31/2009</b>
<b>Capital Assets Not Depreciated:</b>					
Land	\$1,638,444	\$1	\$0	\$0	\$1,638,445
Construction in Progress	286,086	0	244,393	0	530,479
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,924,530</b>	<b>1</b>	<b>244,393</b>	<b>0</b>	<b>2,168,924</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	17,096,466	0	0	0	17,096,466
Furnt, Mach. & Equip. - Dwelling	18,521	0	0	0	18,521
Furnt, Mach. & Equip. - Admin	576,977	0	60,797	(16,179)	621,594
<b>Total Capital Assets Being Depreciated</b>	<b>17,691,964</b>	<b>0</b>	<b>60,797</b>	<b>(16,179)</b>	<b>17,736,581</b>
<b>Accumulated Depreciation:</b>					
Buildings	(7,638,959)	0	(609,669)	0	(8,248,628)
Furnt, Mach. & Equip. - Dwelling	(11,845)	0	(3,262)	0	(15,107)
Furnt, Mach. & Equip. – Admin	(311,428)	(0)	(48,841)	16,179	(344,090)
<b>Total Accumulated Depreciation</b>	<b>(7,962,232)</b>	<b>(0)</b>	<b>(661,772)</b>	<b>16,179</b>	<b>(8,607,825)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>9,729,732</b>	<b>0</b>	<b>(600,975)</b>	<b>(0)</b>	<b>9,128,756</b>
<b>Total Capital Assets, Net</b>	<b>\$11,654,262</b>	<b>\$0</b>	<b>(\$356,582)</b>	<b>(\$0)</b>	<b>\$11,297,680</b>

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The 2009 employer pension contribution rate for Authority was 14 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2009, 2008, and 2007 amounted to \$91,194, \$98,600, and \$91,842 respectively. Ninety percent has been contributed for 2009. All required contributions for the two previous years have been paid.

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)

**NOTE 7: POST EMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2009 employer contribution rate (identified above) that was used to fund health care was 7.0 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009, which amounted to \$38,126. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2008. 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 (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets, not to exceed a 12 percent corridor. The investment assumption rate for 2008 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 3% for the next 6 years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 357,584. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2008 was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.6 billion and \$18.9 billion, respectively.

WARREN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(CONTINUED)

**NOTE 7: POST EMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (Continued)

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006, 2007, and in 2008 will allow additional funds to be allocated to the health care plan.

**NOTE 8: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2008 the 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.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
111 Cash - Unrestricted	\$ 589,643	\$ 43,233	\$ -	\$ 126,745	\$ -	\$ -	\$ 492,531	\$ -	\$ 1,252,152
113 Cash - Other Restricted	\$ 29,941	\$ 314,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,440
114 Cash - Tenant Security Deposits	\$ 42,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,519
115 Cash - Restricted for Payment of Current Liabilities	\$ -	\$ 202,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,813
100 Total Cash	\$ 662,103	\$ 560,545	\$ -	\$ 126,745	\$ -	\$ -	\$ 492,531	\$ -	\$ 1,841,924
122 Accounts Receivable - HUD Other	\$ 104,246	\$ 7,255	\$ -	\$ 143,681	\$ 16,973	\$ 4,694	\$ -	\$ -	\$ 276,849
126 Accounts Receivable - Tenants	\$ 16,619	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ 17,819
126.1 Allowance for Doubtful Accounts - Tenants	\$ (10,816)	\$ -	\$ -	\$ (581)	\$ -	\$ -	\$ -	\$ -	\$ (11,397)
126.2 Allowance for Doubtful Accounts - Other	\$ (1,549)	\$ -	\$ -	\$ (442)	\$ -	\$ -	\$ -	\$ -	\$ (1,991)
127 Notes, Loans, & Mortgages Receivable - Current	\$ 2,111	\$ -	\$ -	\$ 3,861	\$ -	\$ -	\$ -	\$ -	\$ 5,972
128 Fraud Recovery	\$ -	\$ 36,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,190
128.1 Allowance for Doubtful Accounts - Fraud	\$ -	\$ (36,190)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (36,190)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 110,611	\$ 7,255	\$ -	\$ 147,719	\$ 16,973	\$ 4,694	\$ -	\$ -	\$ 287,252
142 Prepaid Expenses and Other Assets	\$ 12,128	\$ 1,146	\$ 8	\$ 873	\$ -	\$ -	\$ 5,347	\$ -	\$ 19,502
144 Inter Program Due From	\$ 4,694	\$ -	\$ 811	\$ 100,000	\$ -	\$ 19,186	\$ 14,994	\$(139,685)	\$ -
150 Total Current Assets	\$ 789,536	\$ 568,946	\$ 819	\$ 375,337	\$ 16,973	\$ 23,880	\$ 512,872	\$(139,685)	\$ 2,148,678
161 Land	\$ 1,638,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638,445

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
162 Buildings	\$ 16,704,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,886	\$ -	\$ 17,096,466
163 Furniture, Equipment & Machinery - Dwellings	\$ 18,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,521
164 Furniture, Equipment & Machinery - Administration	\$ 307,823	\$ 115,538	\$ 6,054	\$ 86,561	\$ -	\$ -	\$ 105,618	\$ -	\$ 621,594
166 Accumulated Depreciation	\$ (8,336,477)	\$ (53,260)	\$ (6,054)	\$ (62,611)	\$ -	\$ -	\$ (149,423)	\$ -	\$ (8,607,825)
167 Construction in Progress	\$ 530,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 530,479
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 10,863,371	\$ 62,278	\$ -	\$ 23,950	\$ -	\$ -	\$ 348,081	\$ -	\$ 11,297,680
190 Total Assets	\$ 11,652,907	\$ 631,224	\$ 819	\$ 399,287	\$ 16,973	\$ 23,880	\$ 860,953	\$ (139,685)	\$ 13,446,358
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	\$ 12,362	\$ 4,306	\$ 81	\$ 1,533	\$ 150	\$ -	\$ 1,697	\$ -	\$ 20,129
321 Accrued Wage/Payroll Taxes Payable	\$ 4,440	\$ 2,083	\$ 299	\$ 3,329	\$ 1,829	\$ -	\$ 34,055	\$ -	\$ 46,035
322 Accrued Compensated Absences - Current Portion	\$ 820	\$ 228	\$ 44	\$ 966	\$ -	\$ -	\$ 766	\$ -	\$ 2,824
333 Accounts Payable - Other Government	\$ 19,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,970
341 Tenant Security Deposits	\$ 42,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,519
342 Deferred Revenues	\$ 3,639	\$ 202,813	\$ -	\$ 293	\$ -	\$ 19,186	\$ -	\$ -	\$ 225,931
347 Inter Program - Due To	\$ 19,186	\$ -	\$ -	\$ -	\$ 14,994	\$ 4,694	\$ 100,811	\$ (139,685)	\$ -
310 Total Current Liabilities	\$ 102,936	\$ 209,430	\$ 424	\$ 6,121	\$ 16,973	\$ 23,880	\$ 137,329	\$ (139,685)	\$ 357,408
353 Non-current Liabilities - Other	\$ 29,941	\$ 26,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,196



Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$ 7,372	\$ 2,048	\$ 395	\$ 8,692	\$ -	\$ -	\$ 6,890	\$ -	\$ 25,397
350 Total Non-Current Liabilities	\$ 37,313	\$ 28,303	\$ 395	\$ 8,692	\$ -	\$ -	\$ 6,890	\$ -	\$ 81,593
300 Total Liabilities	\$ 140,249	\$ 237,733	\$ 819	\$ 14,813	\$ 16,973	\$ 23,880	\$ 144,219	\$ (139,685)	\$ 439,001
508.1 Invested In Capital Assets, Net of Related Debt	\$ 10,863,371	\$ 62,278	\$ -	\$ 23,950	\$ -	\$ -	\$ 348,081	\$ -	\$ 11,297,680
511.1 Restricted Net Assets	\$ -	\$ 288,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,244
512.1 Unrestricted Net Assets	\$ 649,287	\$ 42,969	\$ -	\$ 360,524	\$ -	\$ -	\$ 368,653	\$ -	\$ 1,421,433
513 Total Equity/Net Assets	\$ 11,512,658	\$ 393,491	\$ -	\$ 384,474	\$ -	\$ -	\$ 716,734	\$ -	\$ 13,007,357
600 Total Liabilities and Equity/Net Assets	\$ 11,652,907	\$ 631,224	\$ 819	\$ 399,287	\$ 16,973	\$ 23,880	\$ 860,953	\$ (139,685)	\$ 13,446,358
70300 Net Tenant Rental Revenue	\$ 267,040	\$ -	\$ -	\$ 60,419	\$ -	\$ -	\$ -	\$ -	\$ 327,459
70400 Tenant Revenue - Other	\$ 22,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,092
70500 Total Tenant Revenue	\$ 289,132	\$ -	\$ -	\$ 60,419	\$ -	\$ -	\$ -	\$ -	\$ 349,551
70600 HUD PHA Operating Grants	\$ 786,456	\$ 2,280,011	\$ -	\$ 563,531	\$ 62,142	\$ 4,114	\$ -	\$ -	\$ 3,696,254
70610 Capital Grants	\$ 248,333	\$ -	\$ -	\$ -	\$ -	\$ 37,026	\$ -	\$ -	\$ 285,359
70710 Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,354	\$ (242,354)	\$ -
70720 Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,960	\$ (24,960)	\$ -
70730 Book Keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,428	\$ (57,428)	\$ -
70750 Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,400	\$ (10,400)	\$ -
70700 Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 335,142	\$ (335,142)	\$ -

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
70800 Other Government Grants	\$ -	\$ -	\$ 113,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,400
71100 Investment Income - Unrestricted	\$ 2,043	\$ 10	\$ -	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 2,402
71400 Fraud Recovery	\$ -	\$ 11,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,543
71500 Other Revenue	\$ 2,693	\$ 88,334	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 91,057
72000 Investment Income - Restricted	\$ -	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28
70000 Total Revenue	\$ 1,328,657	\$ 2,379,926	\$ 113,400	\$ 624,329	\$ 62,142	\$ 41,140	\$ 335,142	\$ (335,142)	\$ 4,549,594
91100 Administrative Salaries	\$ 66,506	\$ 73,613	\$ 9,030	\$ 56,469	\$ -	\$ -	\$ 162,437	\$ -	\$ 368,055
91200 Auditing Fees	\$ 2,399	\$ 6,152	\$ 104	\$ 939	\$ -	\$ -	\$ 806	\$ -	\$ 10,400
91300 Management Fee	\$ 148,639	\$ 62,040	\$ -	\$ 27,561	\$ -	\$ 4,114	\$ -	\$ (242,354)	\$ -
91310 Book-keeping Fee	\$ 18,653	\$ 38,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (57,428)	\$ -
91400 Advertising and Marketing	\$ 2,162	\$ 412	\$ -	\$ 7	\$ -	\$ -	\$ 658	\$ -	\$ 3,239
91500 Employee Benefit contributions - Administrative	\$ 33,397	\$ 50,119	\$ 4,109	\$ 27,338	\$ -	\$ -	\$ 66,006	\$ -	\$ 180,969
91600 Office Expenses	\$ 23,059	\$ 33,382	\$ -	\$ 10,245	\$ -	\$ -	\$ 9,692	\$ -	\$ 76,378
91700 Legal Expense	\$ 4,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989	\$ -	\$ 5,798
91800 Travel	\$ 147	\$ -	\$ -	\$ 1,943	\$ -	\$ -	\$ 294	\$ -	\$ 2,384
91900 Other	\$ 20,489	\$ 1,690	\$ -	\$ 5,076	\$ -	\$ -	\$ 29,288	\$ (10,400)	\$ 46,143
91000 Total Operating - Administrative	\$ 320,260	\$ 266,183	\$ 13,243	\$ 129,578	\$ -	\$ 4,114	\$ 270,170	\$ (310,182)	\$ 693,366
92000 Asset Management Fee	\$ 24,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,960)	\$ -
92100 Tenant Services - Salaries	\$ -	\$ -	\$ 12,443	\$ 44,578	\$ 41,592	\$ -	\$ -	\$ -	\$ 98,613
92300 Employee Benefit Contributions - Tenant Services	\$ -	\$ -	\$ 5,551	\$ 19,820	\$ 7,262	\$ -	\$ -	\$ -	\$ 32,633
92400 Tenant Services - Other	\$ -	\$ -	\$ 2,502	\$ 9,001	\$ 7,125	\$ -	\$ -	\$ -	\$ 18,628
92500 Total Tenant Services	\$ -	\$ -	\$ 20,496	\$ 73,399	\$ 55,979	\$ -	\$ -	\$ -	\$ 149,874
93100 Water	\$ 31,531	\$ 1,962	\$ -	\$ 1,160	\$ -	\$ -	\$ 739	\$ -	\$ 35,392
93200 Electricity	\$ 25,930	\$ 4,771	\$ -	\$ 2,385	\$ -	\$ -	\$ 1,789	\$ -	\$ 34,875

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
93300 Gas	\$ 9,694	\$ 1,508	\$ -	\$ 754	\$ -	\$ -	\$ 565	\$ -	\$ 12,521
93800 Other Utilities Expense	\$ 174	\$ 33	\$ -	\$ 16	\$ -	\$ -	\$ 12	\$ -	\$ 235
93000 Total Utilities	\$ 67,329	\$ 8,274	\$ -	\$ 4,315	\$ -	\$ -	\$ 3,105	\$ -	\$ 83,023
94100 Ordinary Maintenance and Operations - Labor	\$ 110,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,994
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 85,645	\$ 1,000	\$ -	\$ 1,375	\$ -	\$ -	\$ 3,616	\$ -	\$ 91,636
94300 Ordinary Maintenance and Operations Contracts	\$ 20,573	\$ 708	\$ -	\$ 865	\$ -	\$ -	\$ 250	\$ -	\$ 22,396
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 56,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,150
94000 Total Maintenance	\$ 273,362	\$ 1,708	\$ -	\$ 2,240	\$ -	\$ -	\$ 3,866	\$ -	\$ 281,176
96110 Property Insurance	\$ 61,343	\$ 3,739	\$ -	\$ 2,004	\$ -	\$ -	\$ 1,587	\$ -	\$ 68,673
96120 Workmen's Compensation	\$ 7,682	\$ 468	\$ -	\$ 251	\$ -	\$ -	\$ 199	\$ -	\$ 8,600
96130 Workmen's Compensation	\$ 1,008	\$ 602	\$ -	\$ 615	\$ -	\$ -	\$ 850	\$ -	\$ 3,075
96140 All Other Insurance	\$ 4,611	\$ 605	\$ 6	\$ 2,226	\$ -	\$ -	\$ 8,188	\$ -	\$ 15,636
96100 Total Insurance Premiums	\$ 74,644	\$ 5,414	\$ 6	\$ 5,096	\$ -	\$ -	\$ 10,824	\$ -	\$ 95,984
96200 Other General Expenses	\$ 3,149	\$ 2,226	\$ -	\$ -	\$ -	\$ -	\$ 1,386	\$ -	\$ 6,761
96210 Compensated Absences	\$ 9,313	\$ 8,057	\$ 1,105	\$ 16,656	\$ 6,163	\$ -	\$ 22,697	\$ -	\$ 63,991
96300 Payments in Lieu of Taxes	\$ 19,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,970
96400 Bad Debt - Tenant Rents	\$ 38,497	\$ -	\$ -	\$ 144	\$ -	\$ -	\$ -	\$ -	\$ 38,641
96000 Total Other General Expenses	\$ 70,929	\$ 10,283	\$ 1,105	\$ 16,800	\$ 6,163	\$ -	\$ 24,083	\$ -	\$ 129,363

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
96900 Total Operating Expenses	\$ 831,484	\$ 291,862	\$ 34,850	\$ 231,428	\$ 62,142	\$ 4,114	\$ 312,048	\$ (335,142)	\$ 1,432,786
97000 Excess of Operating Revenue over Operating Expenses	\$ 497,173	\$ 2,088,064	\$ 78,550	\$ 392,901	\$ -	\$ 37,026	\$ 23,094	\$ -	\$ 3,116,808
97200 Casualty Losses - Non-capitalized	\$ 111,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ -	\$ 111,993
97300 Housing Assistance Payments	\$ -	\$ 2,131,407	\$ 78,550	\$ 399,966	\$ -	\$ -	\$ -	\$ -	\$ 2,609,923
97350 HAP Portability-In	\$ -	\$ 67,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,267
97400 Depreciation Expense	\$ 626,121	\$ 6,822	\$ -	\$ 10,024	\$ -	\$ -	\$ 18,805	\$ -	\$ 661,772
90000 Total Expenses	\$ 1,569,497	\$ 2,497,358	\$ 113,400	\$ 641,418	\$ 62,142	\$ 4,114	\$ 330,954	\$ (335,142)	\$ 4,883,741
10010 Operating Transfer In	\$ 137,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (137,747)	\$ -
10020 Operating transfer Out	\$ (137,747)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,747	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (240,840)	\$ (117,432)	\$ -	\$ (17,089)	\$ -	\$ 37,026	\$ 4,188	\$ -	\$ (334,147)
11030 Beginning Equity	\$ 11,716,472	\$ 510,923	\$ -	\$ 401,563	\$ -	\$ -	\$ 712,546	\$ -	\$ 13,341,504
11040 Equity Transfer Adjustment	\$ 37,026	\$ -	\$ -	\$ -	\$ -	\$ (37,026)	\$ -	\$ -	\$ -
Ending Equity	\$ 11,512,658	\$ 393,491	\$ -	\$ 384,474	\$ -	\$ -	\$ 716,734	\$ -	\$ 13,007,357
11170 Administrative Fee Equity	\$ -	\$ 105,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,247
11180 Housing Assistance Payments Equity	\$ -	\$ 288,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,244
11190 Unit Months Available	2,484	5,279	72	624	-	-	-	-	8,459
11210 Number of Unit Months Leased	2,475	5,170	72	577	-	-	-	-	8,294
11270 Excess Cash	\$ 577,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,723

Warren Metropolitan Housing Authority  
FDS Schedule Submitted to REAC  
Proprietary Fund Type - Enterprise Fund  
December 31, 2009

	Project Total	Housing Choice Vouchers	State and Local	Supportive Housing Program	Resident Opp. Supportive Services	Formula Stimulus Grant	COCC	ELIM	Total
11620 Building Purchases	\$ 242,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,929
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ 42,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,430
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Warren Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended December 31, 2009

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$618,824
Housing Choice Voucher Program	14.871	2,280,011
Public Housing Capital Fund Program	14.872	415,965
ARRA Formula Capital Fund Stimulus Grant	14.885	41,140
Supportive Housing Program	14.235	563,531
Resident Opportunity and Supportive Services	14.870	<u>62,142</u>
 Total Expenditure of Federal Award		 <u><u>\$3,981,613</u></u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Warren Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Warren Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 28, 2010. I conducted my 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 of America.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Warren Metropolitan Housing Authority financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I have noted certain matters that I have reported to management of Warren Metropolitan Housing Authority in a separate letter dated May 28, 2010.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.  
May 28, 2010





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

Board of Directors  
Warren Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Warren Metropolitan Housing Authority, Ohio, 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, 2009. Warren Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Warren Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Warren Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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*. Those standards and OMB Circular A-133 require that I 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 the Warren Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Warren Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Warren Metropolitan Housing Authority, Ohio, 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, 2009.

### **Internal Control Over Compliance**

The management of Warren Metropolitan Housing Authority, Ohio 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 my audit, I considered Warren Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.  
May 28, 2010

Warren Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 December 31, 2009

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

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871- Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2009.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended December 31, 2009.

Warren Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
December 31, 2009

The December 31, 2008 audit report contained no finding.



Mary Taylor, CPA  
Auditor of State

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 3, 2010