

**WARREN METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Warren Metropolitan Housing Authority
990 E. Ridge Drive
Lebanon, OH 45036

We have reviewed the *Independent Auditor's Report* of the Warren Metropolitan Housing Authority, Warren County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2014 through December 31, 2014. 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 that reads "Dave Yost".

Dave Yost
Auditor of State

October 14, 2015

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**WARREN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Warren Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures 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 Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Statement of Modernization Costs - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Costs - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2015, on our consideration of the Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.07.27 11:45:44 -0400

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 9, 2015

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

As management of the Warren Metropolitan Housing Authority (“the Authority”), we offer this narrative and analysis of the financial activities of the Authority for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s assets exceeded its liabilities as of December 31, 2014 by \$12,127,301 (net position).
- The Authority’s cash balance at December 31, 2014 was \$2,652,032, representing an increase of \$389,887 from the prior year.
- The Authority had revenues of \$4,928,855 in HUD Operating grants and \$328,116 of HUD Capital grants for the year ended December 31, 2014.
- The Authority’s total revenues were \$5,639,427 as of December 31, 2014, representing an increase of \$393,650. Total expenses were \$5,665,903 representing an increase of \$219,295.

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 Position - 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 Net Position - reports the Authority’s operating and non-operating revenues, 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 AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

THE AUTHORITY'S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of the Authority's units.

Supportive Housing Program (SNAP) - 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.

Shelter Plus Care Program - The Shelter Plus Care (S+C) is a HUD funded program that provides rental assistance for hard-to-house homeless persons with disabilities in connection with supportive services funded outside the program.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Total Cash of the Authority increased by \$389,887 mainly due to the changes in accounts receivables and unearned revenues for the Capital Fund and Shelter Plus Care Programs.

Current Assets (not including cash) of the Authority showed an increase of \$6,414 from 2013 to 2014. The main reasons for the decrease in current assets is Tenant Accounts Receivables.

Current Liabilities increased by \$59,021 due to an increase in Accounts Payable, Payroll Liabilities and Unearned Revenue.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

THE AUTHORITY'S STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,652,032	\$ 2,262,145	\$ 389,887
Current Assets	279,887	273,473	6,414
Capital Assets - Net	<u>9,596,408</u>	<u>9,936,161</u>	<u>(339,753)</u>
Total Assets	<u>\$12,528,327</u>	<u>\$12,471,779</u>	<u>\$ 56,548</u>
<u>Liabilities</u>			
Current Liabilities	\$ 299,484	\$ 240,463	\$ 59,021
Noncurrent Liabilities	<u>101,542</u>	<u>77,539</u>	<u>24,003</u>
Total Liabilities	<u>401,026</u>	<u>318,002</u>	<u>83,024</u>
<u>Net Position</u>			
Net Investment in Capital Assets	9,596,408	9,936,161	(339,753)
Restricted	236,557	158,040	78,517
Unrestricted	<u>2,294,336</u>	<u>2,059,576</u>	<u>234,760</u>
Total Net Position	<u>12,127,301</u>	<u>12,153,777</u>	<u>(26,476)</u>
Total Liabilities and Net Position	<u>\$12,528,327</u>	<u>\$ 12,471,779</u>	<u>\$ (56,548)</u>

For more detail information, see Statement of Net Position presented on page 12.

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**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

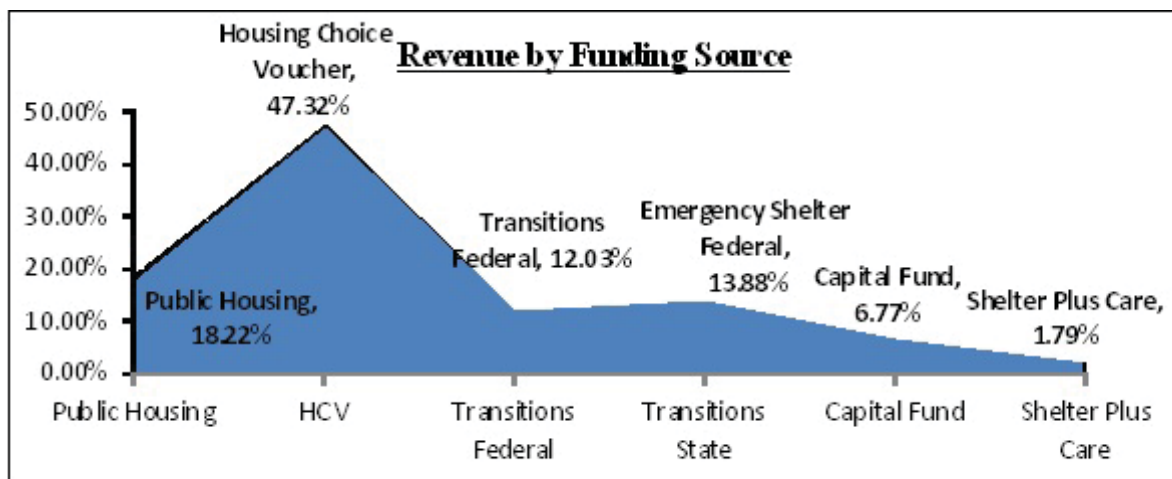
Statement of Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year.

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

	2014	2013	Net Change
Revenues			
Total Tenant Revenues	\$ 336,433	\$ 366,586	\$ (30,153)
Operating Subsidies and Grants - HUD	4,928,855	3,783,257	1,145,598
Capital Grants - HUD	328,116	409,143	(81,027)
Other Government Grants - State	11,034	661,465	(650,431)
Investment Income	3,834	3,324	510
Gain on Sale of Capital Assets	467	0	467
Other Revenues	30,688	22,002	8,686
Total Revenues	5,639,427	5,245,777	393,650
Expenses			
Administrative	713,039	775,369	(62,330)
Tenant Services	820,834	592,341	228,493
Utilities	96,346	82,906	13,440
Maintenance	393,364	327,435	65,929
General Expenses	232,080	255,588	(23,508)
Housing Assistance Payments	2,738,437	2,714,032	24,405
Depreciation	671,803	698,937	(27,134)
Total Expenses	5,665,903	5,446,608	219,295
Net Increase (Decrease)	\$ (26,476)	\$ (200,831)	\$ 174,355

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



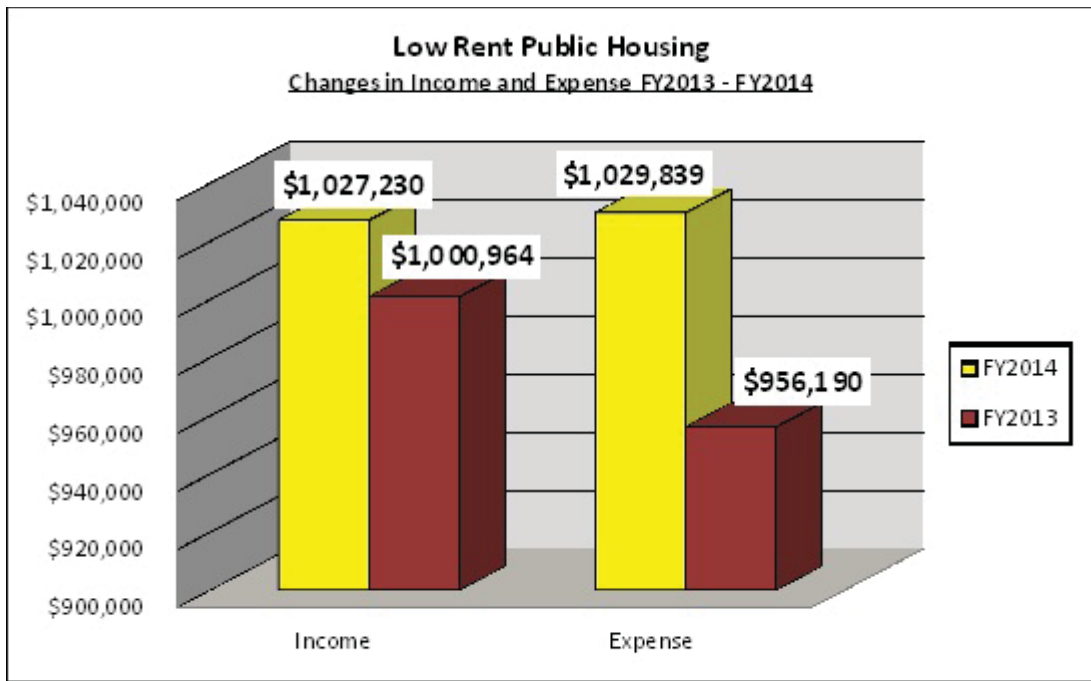
**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

The total revenues for 2014 increased by \$393,650 as compared to fiscal year ending 2013 revenue. The increase is attributed to an increase in HUD Operating Grants.

Comparatively, fiscal year end 2014 total expense increased from fiscal year end 2013 by \$219,297. The main reason for higher expenses in 2014 was the additional tenant service expenses related to the Transitions Program - Region 14.

Low Rent Public Housing

The table below shows how the income and expenses have changed between the fiscal year ended 2014 and 2013 for the Low Rent Public Housing Program. Total income for fiscal year ended 2014 increased from fiscal year ended 2013 income by 3 percent which is due to the Operating Subsidy Offset by HUD during 2013. Fiscal year ended 2014 total operating expenses increased from fiscal year ended 2013 operating expenses.

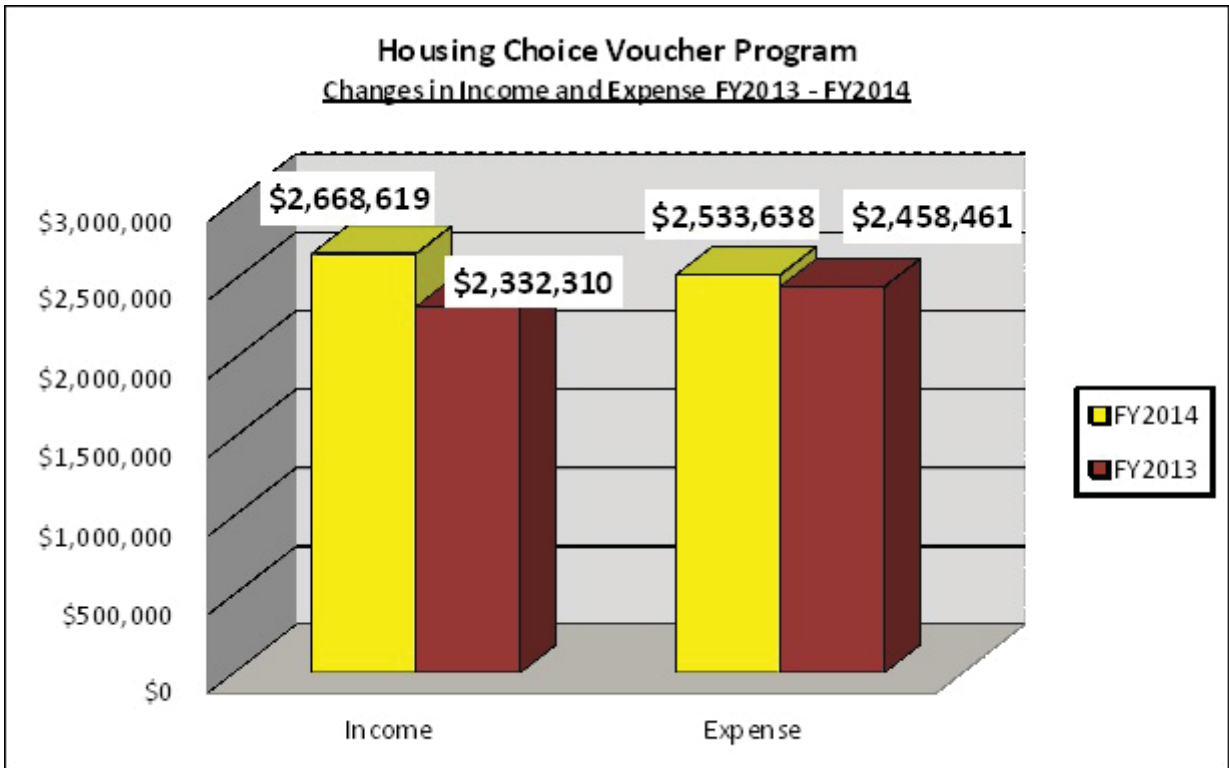


Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

Housing Choice Voucher Programs:

The following chart illustrates the Housing Choice Voucher Program changes in income and expenses for the years 2013-2014. Income increased in fiscal year ended 2014 for the HCV program due to HUD the addition of new vouchers. Expenses increased in fiscal year ended 2014 mainly due to the addition of new vouchers.

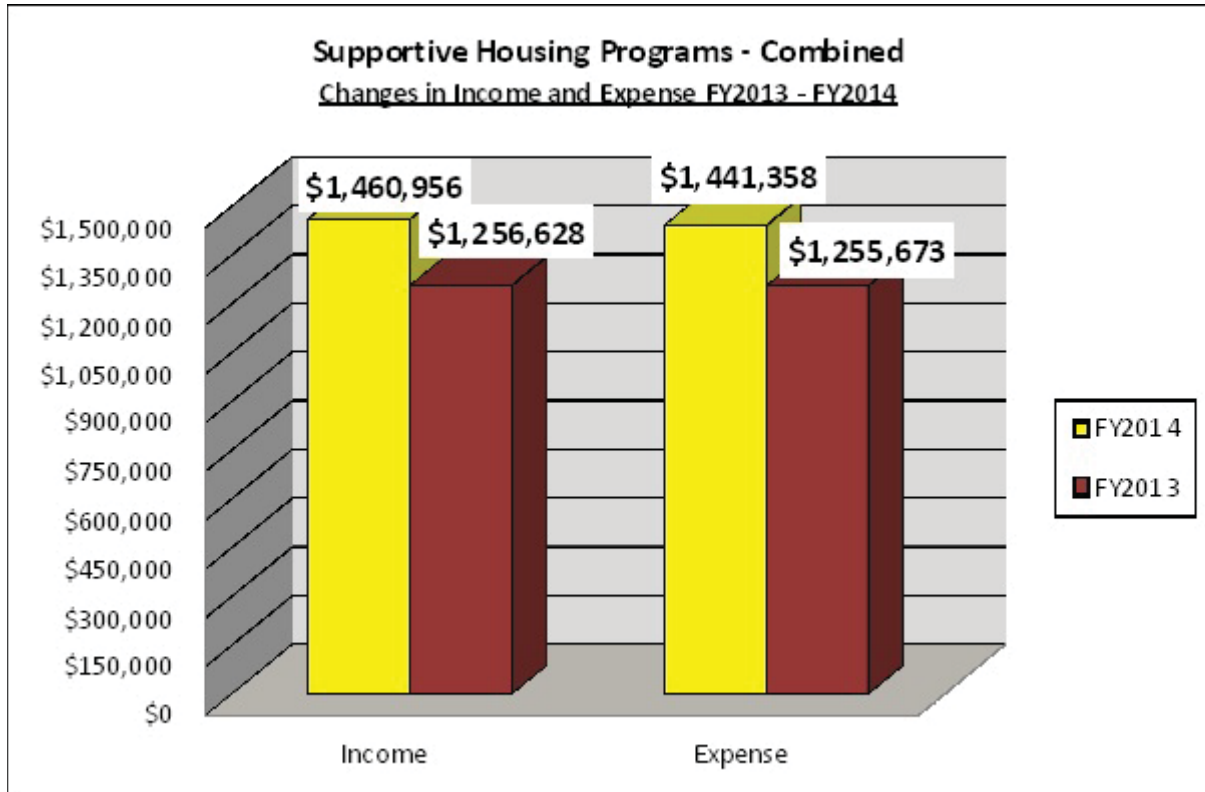


Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

Supportive Housing Programs:

The following chart illustrates the Supportive Housing Program changes in income and expenses for the fiscal year ended 2014 and 2013 which includes the Transitions Program - Region 14. Income and expenses both have increased due to the Transitions Program - Region 14.



Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

Capital Assets

The following table summarizes the changes in capital assets between December 31, 2014 and 2013:

Table 3 - Condensed Statement of Changes in Capital Assets

	2014	2013	Net Change
Land	\$ 1,638,444	\$ 1,638,445	\$ (1)
Buildings	18,541,983	18,541,983	0
Equipment	1,051,886	1,051,738	148
Leasehold Improvements	10,731	10,731	0
Construction in Progress	317,267	0	317,267
Accumulated Depreciation	<u>(11,963,903)</u>	<u>(11,306,736)</u>	<u>(657,167)</u>
Total	<u>\$ 9,596,408</u>	<u>\$ 9,936,161</u>	<u>\$ (339,753)</u>

Debt

The Authority had no debt at December 31, 2014.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. 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.

Financial Contact

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. The individual to be contacted regarding this report is Jacqueline Adkins, Executive Director of the Warren Metropolitan Housing Authority. Specific requests may be submitted to the Warren Metropolitan Housing Authority at 990 East Ridge Drive, Lebanon, Ohio 45036-1678.

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 2,319,519
Restricted Cash and Cash Equivalents	332,513
Receivables, Net	258,109
Prepaid Expenses and Other Assets	<u>21,778</u>
Total Current Assets	<u>2,931,919</u>

Noncurrent Assets

Capital Assets:	
Non-Depreciable Capital Assets	1,955,711
Depreciable Capital Assets, Net	<u>7,640,697</u>
Total Noncurrent Assets	<u>9,596,408</u>

TOTAL ASSETS	<u>\$ 12,528,327</u>
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LIABILITIES

Current Liabilities

Accounts Payable	\$ 79,559
Accrued Liabilities	71,648
Intergovernmental Payables	19,528
Tenant Security Deposits	30,814
Unearned Revenue	<u>97,935</u>
Total Current Liabilities	<u>299,484</u>

Noncurrent Liabilities

Accrued Compensated Absences Non-Current	36,404
Other Non-Current Liabilities	<u>65,138</u>
Total Noncurrent Liabilities	<u>101,542</u>
Total Liabilities	<u>401,026</u>

Net Position

Net Investment in Capital Assets	9,596,408
Restricted	236,557
Unrestricted	<u>2,294,336</u>
Total Net Position	<u>12,127,301</u>

TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,528,327</u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Operating Revenues</u>	
Tenant Revenues	\$ 336,433
Government Operating Grants and Subsidies	4,939,889
Other Revenues	<u>30,688</u>
Total Operating Revenues	<u>5,307,010</u>
 <u>Operating Expenses</u>	
Administrative	713,039
Tenant Services	820,834
Utilities	96,346
Maintenance	393,364
General	232,080
Housing Assistance Payments	2,738,437
Depreciation	<u>671,803</u>
Total Operating Expenses	<u>5,665,903</u>
Operating Income (Loss)	<u>(358,893)</u>
 <u>Non-Operating Revenues</u>	
Interest and Investment Revenue	3,834
Gain on Sale of Capital Assets	<u>467</u>
Total Non-Operating Revenues	<u>4,301</u>
Income (Loss) Before Contributions and Transfers	<u>(354,592)</u>
 Capital Grants	 <u>328,116</u>
 Change in Net Position	 (26,476)
 Total Net Position at Beginning of Year	 <u>12,153,777</u>
 Total Net Position at End of Year	 <u>\$ 12,127,301</u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 4,955,665
Tenant Revenue Received	335,056
Other Revenue Received	30,688
Other Operating Expenses	(2,193,452)
Housing Assistance Payments	<u>(2,738,437)</u>
Net Cash Provided (Used) by Operating Activities	<u>389,520</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Income	<u>3,834</u>
Net Cash Provided (Used) by Investing Activities	<u>3,834</u>
 <u>Cash Flows from Capital and Related Activities</u>	
Cash from Asset Sale	467
Capital Grant Funds Received	328,116
Property and Equipment Purchased	<u>(332,050)</u>
Net Cash Provided (Used) by Capital and Related Activities	<u>(3,467)</u>
 Net Increase (Decrease) in Cash	 389,887
 Cash and Cash Equivalents at Beginning of Year	 <u>2,262,145</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 2,652,032</u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (358,893)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	671,803
(Increase) Decrease in:	
Accounts Receivable	(9,918)
Prepaid Assets	3,504
Increase (Decrease) in:	
Accounts Payable	15,008
Intergovernmental Payable	(3,876)
Accrued Compensated Absences	5,693
Accrued Expenses Payable	23,572
Unearned Revenue	26,606
Tenant Security Deposits	(2,289)
Non-Current Liabilities - Other	<u>18,310</u>
Net Cash Provided by Operating Activities	<u>\$ 389,520</u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 generally accepted accounting principles (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 U. S. 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 No. 61, *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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Reporting Entity (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 financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States 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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the changes in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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.

Description of Programs

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

A. Public Housing Program

The public housing program is designed to provide low-cost housing within 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.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Description of Programs (Continued)

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. Shelter Plus Care Program

The Shelter Plus Care (S+C) is a HUD funded program that provides rental assistance for hard-to-house homeless persons with disabilities in connection with supportive services funded outside the program.

Investments

The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the fiscal year ending December 31, 2014 totaled \$3,834.

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WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets, 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 position is 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 BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (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, and 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, 2014:

<u>Description</u>	<u>Balance</u> 12/31/2013	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 12/31/2014	<u>Due Within</u> <u>One Year</u>
Liability Amount \$	34,080	\$ 72,355	\$ (65,986)	\$ 40,449	\$ 4,045

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. Budgets are submitted to the Department of Housing and Urban Development, when applicable, and are adopted by the Board of the Housing Authority.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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 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 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 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 the 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 collateral held by the 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 year end, December 31, 2014, the carrying amount of the Authority's deposits totaled \$2,652,032, and its bank balance was \$2,670,125. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2014, \$2,352,213 was exposed to custodial risk as discussed below, while \$317,912 was covered by the Federal Deposit Insurance Corporation.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$332,513 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments and Accounts Payable due to HUD for interest	\$ 237,505
FSS Escrow Cash Accounts for the Housing Choice Voucher and Low Rent Public Housing Programs	64,194
Tenant Security deposits in the Low Rent Public Housing Program	<u>30,814</u>
Total Restricted Cash	<u>\$ 332,513</u>

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

The accompanying Schedule of Expenditures 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.

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WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5: **CAPITAL ASSETS**

The following is a summary of changes:

	<u>Balance</u> <u>12/31/13</u>	<u>Reclasses/ Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/14</u>
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$ 1,638,445	\$ (1)	\$ 0	\$ 0	\$ 1,638,444
Construction-in-Progress	<u>0</u>	<u>0</u>	<u>317,267</u>	<u>0</u>	<u>317,267</u>
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,638,445</u>	<u>(1)</u>	<u>317,267</u>	<u>0</u>	<u>1,955,711</u>
<i>Capital Assets Being Depreciated:</i>					
Buildings	18,541,983	0	0	0	18,541,983
Furniture, Machinery, and Equipment					
- Dwelling	443,712	0	0	0	443,712
- Administrative	608,026	0	14,783	(14,635)	608,174
Leasehold Improvements	<u>10,731</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,731</u>
<i>Total Capital Assets Being Depreciated</i>	<u>19,604,452</u>	<u>0</u>	<u>14,783</u>	<u>(14,635)</u>	<u>19,604,600</u>
<i>Accumulated Depreciation:</i>					
Buildings	(10,619,688)	0	(583,479)	0	(11,203,167)
Furniture, Machinery, and Equipment	(687,048)	1,707	(87,608)	14,635	(758,314)
Leasehold Improvements	<u>0</u>	<u>(1,707)</u>	<u>(715)</u>	<u>0</u>	<u>(2,422)</u>
<i>Total Accumulated Depreciation</i>	<u>(11,306,736)</u>	<u>0</u>	<u>(671,802)</u>	<u>14,635</u>	<u>(11,963,903)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>8,297,716</u>	<u>0</u>	<u>(657,019)</u>	<u>0</u>	<u>7,640,697</u>
Total Capital Assets, Net	<u>\$ 9,936,161</u>	<u>\$ (1)</u>	<u>\$ (339,752)</u>	<u>\$ 0</u>	<u>\$ 9,596,408</u>

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS).

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

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

OPERS provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at www.opers.org/investments/cafr.shtml.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were \$97,342, \$89,986, and \$90,632, respectively. The full amount has been contributed for 2014, 2013, and 2012. The Authority had no employees participating in the Member-Directed or Combined Plans for the years ended 2014, 2013, and 2012. All required contributions for the past three years have been paid.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment healthcare coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377, or by visiting <https://www.opers.org/investments/cafr.shtml>.

B. **Funding Policy**

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

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

OPER's Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Board of Trustees determines that portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2014, 2013 and 2012, which were used to fund post-employment benefits were \$13,990, \$6,428 and \$25,895, respectively.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)\

B. **Funding Policy** (Continued)

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

NOTE 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, 2014, the Authority maintained 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.

NOTE 9: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grants may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2014.

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At December 31, 2014 the Authority was not aware of any such matters.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2014, the Authority has implemented GASB No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The objective of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, is to improve financial reporting by state and local governmental pension plans. The provisions of Statement 67 are effective for financial statements for fiscal years beginning after June 15, 2013 and did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of Statement 69 are effective for government combinations and disposal of government operations occurring in financial reporting periods beginning after December 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of Statement 70 are effective for financial statements for reporting beginning after June 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

**WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014**

Annual Contributions Contract C-5031

1. The total amount of modernization costs of the Capital Fund Program grants are shown below:

<u>OH10P049501-08</u>	
Funds Approved	\$ 244,880
Funds Expended	<u>244,880</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 244,880
Funds Expended	<u>244,880</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>
<u>OH10S049501-09</u>	
Funds Approved	\$ 421,580
Funds Expended	<u>421,580</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 421,580
Funds Expended	<u>421,580</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been full paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
(CONTINUED)**

Annual Contributions Contract C-5031

1. The total amount of modernization costs of the Capital Fund Program grants are shown below:

<u>OH10P049501-10</u>	
Funds Approved	\$ 328,873
Funds Expended	<u>328,873</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 328,873
Funds Expended	<u>328,873</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>
<u>OH10P049501-11</u>	
Funds Approved	\$ 273,252
Funds Expended	<u>273,252</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 273,252
Funds Expended	<u>273,252</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>
<u>OH10P049501-12</u>	
Funds Approved	\$ 251,729
Funds Expended	<u>251,729</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 251,729
Funds Expended	<u>251,729</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been full paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.231 Emergency Solutions Grant	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,153,304	62,587	7,132	440,777	3,178	652,541	2,319,519		2,319,519
113 Cash - Other Restricted	50,126	251,573	-	-	-	-	301,699		301,699
114 Cash - Tenant Security Deposits	30,814	-	-	-	-	-	30,814		30,814
100 Total Cash	1,234,244	314,160	7,132	440,777	3,178	652,541	2,652,032	-	2,652,032
121 Accounts Receivable - PHA Projects	-	6,178	-	-	-	-	6,178		6,178
122 Accounts Receivable - HUD Other Projects	141,001	-	-	-	-	-	141,001		141,001
124 Accounts Receivable - Other Government	-	-	-	-	59,449	-	59,449		59,449
125 Accounts Receivable - Miscellaneous	-	24,419	-	-	-	-	24,419		24,419
126 Accounts Receivable - Tenants	9,020	-	-	14,029	-	-	23,049		23,049
126.1 Allowance for Doubtful Accounts - Tenants	-2,658	-	-	-8,050	-	-	-10,708		-10,708
127 Notes, Loans, & Mortgages Receivable - Current	14,721	-	-	-	-	-	14,721		14,721
120 Total Receivables, Net of Allowances for Doubtful Accounts	162,084	30,597	-	5,979	59,449	-	258,109	-	258,109
142 Prepaid Expenses and Other Assets	14,323	1,519	-	274	-	5,662	21,778		21,778
150 Total Current Assets	1,410,651	346,276	7,132	447,030	62,627	658,203	2,931,919	-	2,931,919
161 Land	1,638,444	-	-	-	-	-	1,638,444		1,638,444
162 Buildings	18,149,215	-	-	-	-	392,768	18,541,983		18,541,983
163 Furniture, Equipment & Machinery - Dwellings	443,712	-	-	-	-	-	443,712		443,712
164 Furniture, Equipment & Machinery - Administration	233,867	138,678	-	102,536	-	133,093	608,174		608,174
165 Leasehold Improvements	-	8,379	-	2,352	-	-	10,731		10,731
166 Accumulated Depreciation	-11,556,079	-75,082	-	-91,338	-	-241,404	-11,963,903		-11,963,903
167 Construction in Progress	317,267	-	-	-	-	-	317,267		317,267
160 Total Capital Assets, Net of Accumulated Depreciation	9,226,426	71,975	-	13,550	-	284,457	9,596,408	-	9,596,408
180 Total Non-Current Assets	9,226,426	71,975	-	13,550	-	284,457	9,596,408	-	9,596,408

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	14,235 Supportive Housing Program	14,231 Emergency Solutions Grant	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources							-		-
290 Total Assets and Deferred Outflow of Resources	10,637,077	418,251	7,132	460,580	62,627	942,660	12,528,327	-	12,528,327
312 Accounts Payable <= 90 Days	15,701	731	-	994	60,193	1,940	79,559		79,559
321 Accrued Wage/Payroll Taxes Payable	1,709	2,118	-	1,620	413	24,561	30,421		30,421
322 Accrued Compensated Absences - Current Portion	1,814	584	-	850	40	757	4,045		4,045
331 Accounts Payable - HUD PHA Programs	-	948	-	-	-	-	948		948
333 Accounts Payable - Other Government	19,528	-	-	-	-	-	19,528		19,528
341 Tenant Security Deposits	30,814	-	-	-	-	-	30,814		30,814
342 Unearned Revenue	6,086	-	-	91,849	-	-	97,935		97,935
346 Accrued Liabilities - Other	6,075	5,031	-	397	-	24,731	36,234		36,234
310 Total Current Liabilities	81,727	9,412	-	95,710	60,646	51,989	299,484	-	299,484
353 Non-current Liabilities - Other	50,122	15,016	-	-	-	-	65,138		65,138
354 Accrued Compensated Absences - Non Current	16,326	5,252	-	7,646	364	6,816	36,404		36,404
350 Total Non-Current Liabilities	66,448	20,268	-	7,646	364	6,816	101,542	-	101,542
300 Total Liabilities	148,175	29,680	-	103,356	61,010	58,805	401,026	-	401,026
400 Deferred Inflow of Resources							-		-
508.4 Net Investment in Capital Assets	9,226,426	71,975	-	13,550	-	284,457	9,596,408		9,596,408
511.4 Restricted Net Position	-	236,557	-	-	-	-	236,557		236,557
512.4 Unrestricted Net Position	1,262,476	80,039	7,132	343,674	1,617	599,398	2,294,336		2,294,336
513 Total Equity - Net Assets / Position	10,488,902	388,571	7,132	357,224	1,617	883,855	12,127,301	-	12,127,301
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	10,637,077	418,251	7,132	460,580	62,627	942,660	12,528,327	-	12,528,327

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.231 Emergency Solutions Grant	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	266,706	-	-	69,119	-	-	335,825	-	335,825
70400 Tenant Revenue - Other	608	-	-	-	-	-	608	-	608
70500 Total Tenant Revenue	267,314	-	-	69,119	-	-	336,433	-	336,433
70600 HUD PHA Operating Grants	800,517	2,649,052	99,765	608,021	771,500	-	4,928,855	-	4,928,855
70610 Capital Grants	328,116	-	-	-	-	-	328,116	-	328,116
70710 Management Fee	-	-	-	-	-	248,124	248,124	-248,124	-
70720 Asset Management Fee	-	-	-	-	-	24,960	24,960	-24,960	-
70730 Book Keeping Fee	-	-	-	-	-	57,262	57,262	-57,262	-
70700 Total Fee Revenue	-	-	-	-	-	330,346	330,346	-330,346	-
70800 Other Government Grants	-	-	-	-	11,034	-	11,034	-	11,034
71100 Investment Income - Unrestricted	2,117	500	-	815	-	402	3,834	-	3,834
71400 Fraud Recovery	-	13,274	-	-	-	-	13,274	-	13,274
71500 Other Revenue	10,558	5,793	1,063	-	-	-	17,414	-	17,414
71600 Gain or Loss on Sale of Capital Assets	-	-	-	467	-	-	467	-	467
70000 Total Revenue	1,408,622	2,668,619	100,828	678,422	782,534	330,748	5,969,773	-330,346	5,639,427
91100 Administrative Salaries	97,022	83,552	-	54,774	26,625	101,153	363,126	-	363,126
91200 Auditing Fees	2,690	7,246	-	1,780	234	763	12,713	-	12,713
91300 Management Fee	159,448	62,064	-	26,612	-	-	248,124	-248,124	-
91310 Book-keeping Fee	18,472	38,790	-	-	-	-	57,262	-57,262	-
91400 Advertising and Marketing	2,763	613	-	-	-	619	3,995	-	3,995
91500 Employee Benefit contributions - Administrative	34,240	54,277	-	26,747	15,867	56,740	187,871	-	187,871
91600 Office Expenses	34,411	29,520	-	16,842	1,812	18,500	101,085	-	101,085
91700 Legal Expense	2,372	-	-	-	-	115	2,487	-	2,487
91800 Travel	-	1,073	-	3,791	605	951	6,420	-	6,420
91900 Other	9,228	2,344	-	1,827	6,096	15,847	35,342	-	35,342
91000 Total Operating - Administrative	360,646	279,479	-	132,373	51,239	194,688	1,018,425	-305,386	713,039

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Project Total	14871 Housing Choice Vouchers	14238 Shelter Plus Care	14.235 Supportive Housing Program	14.231 Emergency Solutions Grant	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	24,960	-	-	-	-	-	24,960	-24,960	-
92100 Tenant Services - Salaries	10,252	-	-	49,084	-	-	59,336	-	59,336
92300 Employee Benefit Contributions - Tenant Services	3,852	-	-	27,607	-	-	31,459	-	31,459
92400 Tenant Services - Other	2,116	-	-	2,486	725,437	-	730,039	-	730,039
92500 Total Tenant Services	16,220	-	-	79,177	725,437	-	820,834	-	820,834
93100 Water	36,323	2,236	-	1,611	-	1,079	41,249	-	41,249
93200 Electricity	31,967	1,934	-	2,012	-	1,674	37,587	-	37,587
93300 Gas	13,409	2,167	-	1,084	-	850	17,510	-	17,510
93000 Total Utilities	81,699	6,337	-	4,707	-	3,603	96,346	-	96,346
94100 Ordinary Maintenance and Operations - Labor	165,510	-	-	-	-	-	165,510	-	165,510
94200 Ordinary Maintenance and Operations - Materials and Other	98,012	1,350	-	2,261	642	859	103,124	-	103,124
94300 Ordinary Maintenance and Operations Contracts	49,800	131	-	1,575	-	114	51,620	-	51,620
94500 Employee Benefit Contributions - Ordinary Maintenance	73,110	-	-	-	-	-	73,110	-	73,110
94000 Total Maintenance	386,432	1,481	-	3,836	642	973	393,364	-	393,364
95200 Protective Services - Other Contract Costs	1,524	-	-	-	-	-	1,524	-	1,524
95000 Total Protective Services	1,524	-	-	-	-	-	1,524	-	1,524
96110 Property Insurance	60,163	3,539	-	-	-	8,605	72,307	-	72,307
96120 Liability Insurance	2,905	664	-	-	-	4,730	8,299	-	8,299
96130 Workmen's Compensation	1,137	263	-	-	-	-	1,400	-	1,400
96140 All Other Insurance	29,167	2,360	-	3,202	453	3,758	38,940	-	38,940
96100 Total Insurance Premiums	93,372	6,826	-	3,202	453	17,093	120,946	-	120,946

WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.235 Supportive Housing Program	14.231 Emergency Solutions Grant	COCC	Subtotal	ELIM	Total
96210 Compensated Absences	21,361	14,640	-	17,280	3,146	9,559	65,986		65,986
96300 Payments in Lieu of Taxes	19,528	-	-	-	-	-	19,528		19,528
96400 Bad debt - Tenant Rents	18,367	-	-	-	-	-	18,367		18,367
96000 Total Other General Expenses	59,256	14,640	-	17,280	3,146	9,559	103,881	-	103,881
96900 Total Operating Expenses	1,024,109	308,763	-	240,575	780,917	225,916	2,580,280	-330,346	2,249,934
97000 Excess of Operating Revenue over Operating Expenses	384,513	2,359,856	100,828	437,847	1,617	104,832	3,389,493	-	3,389,493
97200 Casualty Losses - Non-capitalized	5,729	-	-	-	-	-	5,729		5,729
97300 Housing Assistance Payments	-	2,222,458	93,696	419,866	-	-	2,736,020		2,736,020
97350 HAP Portability-In	-	2,417	-	-	-	-	2,417		2,417
97400 Depreciation Expense	640,257	8,237	-	6,391	-	16,918	671,803		671,803
90000 Total Expenses	1,670,095	2,541,875	93,696	666,832	780,917	242,834	5,996,249	-330,346	5,665,903
10010 Operating Transfer In	53,678	-	-	-	-	-	53,678	-53,678	-
10020 Operating transfer Out	-53,678	-	-	-	-	-	-53,678	53,678	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-261,473	126,744	7,132	11,590	1,617	87,914	-26,476	-	-26,476
11030 Beginning Equity	10,750,375	231,827	-	345,634	-	825,941	12,153,777		12,153,777
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	30,000	-	-	-	-30,000	-		-
11170 Administrative Fee Equity	-	152,014	-	-	-	-	152,014		152,014
11180 Housing Assistance Payments Equity	-	236,557	-	-	-	-	236,557		236,557
11190 Unit Months Available	2,484	5,339	252	624	72	-	8,771		8,771
11210 Number of Unit Months Leased	2,451	5,172	201	561	72	-	8,457		8,457

**WARREN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
<u>Public Housing Programs</u>			
Low Rent Public Housing Program	14.850a		\$ 746,839
Public Housing Capital Fund Program	14.872		<u>381,794</u>
Total Public Housing Programs			<u>1,128,633</u>
<u>Section 8 Tenant Based Programs</u>			
Section 8 Housing Choice Voucher Program	14.871		<u>2,649,052</u>
Total Section 8 Tenant Based Programs			<u>2,649,052</u>
<u>Resident Opportunity and Support Services Program</u>			
Supportive Housing Program	14.235		608,021
Shelter Plus Care	14.238		<u>99,765</u>
Total Resident Opportunity and Support Services Program			<u>707,786</u>
Total U.S. Department of Housing and Urban Development			<u>4,485,471</u>
Total Direct Awards			<u>4,485,471</u>
<u>U. S. Department of Housing and Urban Development</u>			
<i>Passed through Programs:</i>			
<i>Passed Through from the State of Ohio:</i>			
Emergency Solutions Grants Program	14.231	N-L-13-8AE-1	<u>771,500</u>
Total Passed Through Awards			<u>771,500</u>
Total Federal Awards			<u>\$ 5,256,971</u>

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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
Lebanon, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the 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, the financial statements of the of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Warren Metropolitan Housing Authority, Ohio's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka
CPA, President

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President
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o=James G. Zupka, CPA, Inc.,
ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
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James G. Zupka, CPA, Inc.
Certified Public Accountants

July 9, 2015

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Warren Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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*. 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 the Warren Metropolitan Housing Authority, Ohio'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 on compliance for the major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Warren Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned costs as **Item 2014-001**. Our opinion on each major federal programs is not modified with respect to these matters.

Warren Metropolitan Housing Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Warren Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of the Warren Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as **Item 2014-001** that we consider to be a significant deficiency.

Warren Metropolitan Housing Authority Response to Finding

Warren Metropolitan Housing Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Warren Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc.,
ou=Accounting,
email=jgzcpa@ibcglobal.net, c=US
Date: 2015.07.27 11:47:23 -04'00'

James G. Zupka CPA, Inc.
Certified Public Accountants

July 9, 2015

**WARREN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	Yes
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	Yes
2014(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA # 14.871 Supportive Housing Program - CFDA # 14.235 Emergency Solutions Grants Program - CFDA # 14.231	
2014(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2014(ix)	Low Risk Auditee?	Yes

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

None.

**WARREN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2014
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2014-001 - Significant Deficiency/Non Compliance - Schedule of Expenditures of Federal Awards

Statement of Condition/Criteria

OMB Circular A-133 Subpart C Section .300(a) states that an auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. 40 C.F.R. 31.20 states, in part: (b)(2) Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. In 2014, the Authority expended \$711,500 of Federal monies for the Emergency Solutions Grants Program, but did not include this information on the Authority's Schedule of Expenditures of Federal Awards,

Cause/Effect

At December 31, 2014, the Authority did not include Federal funds received and expended for the Emergency Shelter Grants Program on its Schedule of Expenditures of Federal Awards. Excluding this information from the Schedule prevents the Authority and Department of Housing and Urban Development from monitoring and tracking the Expenditures of Federal funds. Although the Authority recorded these monies on its books, the Authority was not aware that such funds were Federal in nature and subject to special reporting.

Recommendation

We recommend that the Authority periodically review grant agreements and report Federal grants on the Schedule of Expenditures of Federal Awards in order to be in compliance with OMB Circular A-133.

Authority's Response

The Authority will closely review grant documents in the future to identify the sources of funds to prevent this type of reporting error.

**WARREN METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The prior audit report, as of December 31, 2013, included management letter recommendations. The management letter recommendations have been repeated, corrected, or procedures instituted to prevent occurrences in this audit report.

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Dave Yost • 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
NOVEMBER 5, 2015**