

WARREN METROPOLITAN HOUSING AUTHORITY
LEBANON, OHIO

REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA

FOR THE YEAR ENDED DECEMBER 31, 1999

DAVID G. FALATOK
CERTIFIED PUBLIC ACCOUNTANT



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

We have reviewed the Independent Auditor's Report of the Warren Metropolitan Housing Authority, Warren County, prepared by David G. Falatok CO., Inc., for the audit period January 1, 1999 to December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

October 12, 2000

**WARREN METROPOLITIAN HOUSING AUTHORITY
LEBANON, OHIO
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DECEMBER 31, 1999**

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DAVID G. FALATOK CO., Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Warren Metropolitan Housing Authority
Lebanon, Ohio

I have audited the accompanying financial statements of the Warren Metropolitan Housing Authority, as listed in the Table of Contents, as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Warren Metropolitan Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 in 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 financial position of the Warren Metropolitan Housing Authority as of December 31, 1999, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles..

In accordance with Government Auditing Standards, I have also issued a report dated August 28, 2000 on my consideration of the Warren Metropolitan Housing Authority's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statement of the Warren Metropolitan Housing Authority taken as a whole. The accompanying Schedule of Expenditures and 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 not a required part of the basic financial statements. The information in this Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David G. Falatok
Certified Public Accountant

August 28, 2000

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$	500,765
Cash and Cash Equivalents - Restricted		179,547
Accounts Receivable - PHA Projects		37,839
Accounts Receivable - HUD Other Projects		87,276
Accounts Receivable - Tenants - Dwelling Rents		30,684
Allowance for Doubtful Accounts- Dwelling Rents		(5,325)
Fraud Recovery		45,110
Prepaid Expenses and Other Assets		20,537
Interprogram Receivables		<u>556,459</u>

Total Current Assets 1,452,892

Fixed Assets

Land		1,638,444
Buildings		13,072,038
Furniture, Equipment and Machinery - Dwellings		1,930
Furniture, Equipment and Machinery - Administration		233,647
Accumulated Depreciation		<u>(3,290,525)</u>

Total Net Fixed Assets 11,655,534

Total Assets 13,108,426

The accompanying notes are an integral part of these financial statements

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
BALANCE SHEET (Continued)
DECEMBER 31, 1999

LIABILITIES AND EQUITY

Accounts Payable	\$ 35,464
Accrued Wages and Payroll Taxes	3,685
Accrued Compensated Absences	7,792
Accounts Payable - HUD	56,966
Accounts Payable - Other Government	19,371
Accounts Payable - Security Deposits	47,690
Deferred Revenues	166,197
Other Current Liabilities	84,481
Interprogram Payables	<u>556,459</u>
Total Liabilities	978,105
Net PHA Contributions	11,611,632
Other Contributions	218
Undesignated Fund Balance	<u>518,471</u>
Total Equity	12,130,321
Total Liabilities and Equity	<u><u>13,108,426</u></u>

The accompanying notes are an integral part of these financial statements

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1999

Revenue

Dwelling Rental	\$ 338,625
HUD PHA Grants	2,363,701
Investment Income - Unrestricted	11,741
Fraud Recovery	2,227
Other Income	92,324
Gain on Sale of Fixed Assets	<u>28,581</u>

Total Revenue 2,837,199

Expenses

Administrative	\$ 198,923
Auditing Fees	76,730
Compensated Absences	725
Employee Benefit Contributions - Administrative	46,965
Other Operating Expenses - Administrative	203,116
Tenant Services - Salaries	37,956
Relocation Costs	11,973
Benefit - Tenant Services	1,913
Tenant Services - Other	179,387
Water	24,900
Electric	42,685
Gas	12,088
Maintenance - Labor	96,490
Maintenance - Materials and Other	32,506
Maintenance - Contract Costs	33,228
Employee Benefit Contributions - Ordinary Maintenance	27,335
Insurance	46,922
Other General Expenses	2,386
Payments in Lieu of Taxes	19,371
Bad Debts Tenants	<u>20,994</u>
Total Operating Expenses	1,116,593

Housing Assistance Payments 1,400,608
 Depreciation Expense 381,309

Total Expenses 2,898,510

Excess (Deficiency) of Revenue (Under) Expenses (61,311)

Undesignated Fund Balance at Beginning of Year 579,782

Undesignated Fund Balance at End of Year \$ 518,471

The accompanying notes are an integral part of these financial statements

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess (Deficiency) of Revenue (Under) Expenses \$ (61,311)

Adjustment to reconcile net excess (deficiency) of revenue (under) expenses
to net cash used by operating activities:

Depreciation 381,309
Gain on Sale of Fixed Assets (28,581)
Write off of Soft Costs 632,273
Accumulated Depreciation Adjustment 2,909,216

(Increase) Decrease In:

Accounts Receivable - PHA Projects (37,839)
Accounts Receivable - HUD Other Projects (35,313)
Accounts Receivable - Tenants - Dwelling Rents 39,422
Allowance for Doubtful Accounts- Dwelling Rents 5,325
Fraud Recovery (45,110)
Prepaid Expenses and Other Assets 4,609
Interprogram Receivables (347,076)

Increase (Decrease) In:

Accounts Payable (30,520)
Accrued Wages and Payroll Taxes 3,685
Accrued Compensated Absences 7,792
Accounts Payable - HUD (241,280)
Accounts Payable - Other Government (5,832,431)
Accounts Payable - Security Deposits 7,099
Deferred Revenues 38,443
Other Current Liabilities (1,605)
Interprogram Payables 556,459

Net Cash Used By Operating Activities (2,075,434)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds From Sale of Fixed Assets 96,000
Project Costs (2,224)
Fixed Assets Purchased net of Disposals (140,256)

Net Cash Provided By Investing Activities (46,480)

CASH FLOWS FROM FINANCING ACTIVITIES:

Hud Grants 2,416,113
Net Cash Provided By Financing Activities 2,416,113

Net Increase in Cash 294,199
Total Cash and Cash Equivalents at Beginning of Year 386,113
Total Cash and Cash Equivalents at End of Year 680,312
Cash and Cash Equivalents - Unrestricted (500,765)
Cash and Cash Equivalents - Restricted 179,547

The accompanying notes are an integral part of these financial statements

Warren Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 1999

NOTE 1 - DESCRIPTION OF ENTITY

The Warren Metropolitan Housing Authority ("WMHA" or the "Authority") was created under Ohio Revised Code Section 3735.27. The Housing Authority contracts with United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing. The Housing Authority owns 193 units and has approximately 380 units under contract with private owners. Oversight of the Warren Metropolitan Housing Authority is provided by a five (5) member board called the Board of Commissioners.

HUD requires all grantee agencies and authorities to maintain a separate ledger for each grant/granting contract. Accordingly, WMHA maintains a separate ledger for each of the following programs/grants:

a. **Annual Contributions Contract C-5086**

Low Rent Public Housing Program - Under this program, which is sponsored by HUD, WMHA manages 193 public housing units which are owned by WMHA. WMHA operates the Program with the proceeds of rentals received from tenants and contributions and subsidies received from HUD under contractual agreement.

Development and CIAP - These programs are funded through project grants, and are used to replace or materially upgrade portions of WMHA's housing units.

Tenant Opportunities Program - Under this program the authority contracts with private landlords and subsidizes the rental of approximately 45 housing dwelling units. Additional assistance is given to applicants in effort to obtain or retain employment.

b. **Annual Contributions Contract C-5022**

Section 8 Rental Program - Under this program, WMHA contracts with private landlords and subsidizes the rental of approximately 330 housing dwelling units. Housing Assistance Payments, "HAPS", are made to the landlord on behalf of the tenant for the difference between the contract rent and the amount the tenant is able to pay.

c. **State and Local** - these are funds received by the State of Ohio or from local authorities in the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies under which the financial statements have been prepared are as follows:

a. **Cash and cash equivalents** include investments with original maturities of three months or less. Cash equivalents are carried at the lower of cost or market.

b. **Allowance for Doubtful Accounts** - the provision for doubtful accounts for Public housing amounted to \$20,994 for the year ended December 31, 1999.

Warren Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c. **Property and Equipment** - is recorded at cost. Depreciation is provided for by the amortization of the cost of the asset over its estimated useful life using the straight line method. The estimated useful lives are as follows:

Buildings	40 years
Furniture & Equipment - dwelling	7 years

Depreciation expense for the Authority amounted to \$383,109 as follows:

Low Rent Public Housing	\$375,329
Tenant Opportunity Program	3,525
Section 8 Rental Voucher Program	1,828
State and Local	<u>627</u>
	\$381,309

The cost of assets sold or retired and related amounts of accumulated depreciation are removed from the accounts in the year of disposal. Any resulting gain or loss is reflected directly to operations as incurred; additions and betterments are capitalized.

- d. **Accrued Compensated Absences** - WMHA, records a liability for sick leave accrued by its employees. Sick leave is earned at a rate of 4.37 hours for each 80 hours worked. Time used is charged to employee benefits as incurred, any unused portion is accrued for and expensed in the current year. For the year ended December 31, 1999, compensated absence expense amounted to \$725.
- e. **HUD Contributions** - Contributions, including operating subsidies and grants made by HUD to offset certain WMHA expenditures. In addition the authority receives certain contribution to offset expenses of the program. These contributions are more fully described as follows:
- * Housing assistance payments are received by WMHA, subject to certain limitations, for operations of the Section 8 Program. The amount of the HAP payments is determined based upon numerous criteria, including unit size and number of dwelling units.
 - * WMHA is required to remit residual receipts (if any) from operations and certain interest to HUD as specified in the Annual Contributions Contract to reduce the annual HUD contributions.
 - * Basic annual contributions are received from HUD to cover the excess of expenditures over receipts, not to exceed maximum amounts stipulated in the Annual Contributions Contract.

Warren Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- f. **Interprogram Receivables/Payables** - During the course of operations, numerous short-term Interprogram loans are made primarily to cover payroll and Interprogram cost allocations.

NOTE 3 - DEPOSITS AND INVESTMENTS

Ohio law requires the classification of funds held by the Authority into three types. Type 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the Authority. Such funds must be maintained either as cash in the Authority treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts. WMHA may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Type 2 consists of "inactive" funds - those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only in certificates of deposit maturing not later than the end of current period of designation of depositories.

Type 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- * Bonds, notes or other obligations guaranteed by the United States, or those for which the aith of the United States is pledged for payment of principal and interest;
- * Certain bonds, notes, debentures or other obligations or securities issued by certain HUD approved government agencies;
- * Repurchase agreements in the securities enumerated above;
- * Bonds and other obligations of the State of Ohio; and
- * The State Treasury Asset Reserve (STAR Ohio).

Ohio law requires that deposits be placed in eligible banks or domestic building and loan associations located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities having an aggregate market value equal to the deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral must be in amounts equal to at least 110% of the carrying value of all public deposits held by the institution. Obligations that may be pledged as collateral are limed to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related purchase agreement.

Warren Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 1999

NOTE 3 - DEPOSITS AND INVESTMENTS - (continued)

At December 31, 1999, the book value of the Warren Metropolitan Housing Authority's cash and investments consisted of demand deposits and certificate of deposits in the amount of \$680,312. The bank balances of \$731,266 were collateralized as follows:

- 1) \$144,889 was covered by Federal Depository Insurance
- 2) \$586,377 was covered by collateral held by a third party in the name of the authority

Cash and cash equivalents, which are demand deposits, at December 31, 1999, are as follows:

Annual Contribution Contract	Book Amount	Bank Amount
Low Rent Public Housing	\$ 494,018	\$ 511,111
Tenant Opportunities Program	6,896	7,965
Section 8 Rental Voucher Program	178,172	210,964
State and Local	<u>1,226</u>	<u>1,226</u>
Total	<u>\$ 680,312</u>	<u>\$ 731,266</u>

NOTE 4 - DEFINED BENEFIT PENSION PLAN

All Warren Metropolitan Housing Authority's full-time employees participate in the Public Employees Retirement System (PERS), A cost-sharing multiple-employer public employees retirement system operated by the State.

All public employees in Ohio, except for certain specific exclusions and exemptions, are required to become contributing members of PERS. Employees may retire at or after age 60 with 5 years of credited service. They are entitled to a retirement benefit, payable monthly for life, equal to 2.1% of their final average salary for the first 30 years of credited service and 2.5% for years of service in excess of 30 years. Final average salary is the employee's average salary over the highest 3 years of earnings. Benefits fully vest upon reaching 5 years of service. Employees may retire at any age with 30 years of service, at age 60 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65, receive reduced retirement benefits. Benefits are established by the state statute.

In addition, PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered as "Other Postemployment Benefit" (OPEB) as described in Statement No. 12 of the Government Accounting Standards Board. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. Other Postemployment Benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. The Public Employee Retirement System of Ohio reported expenditures for OPEB during 1999 of \$523,599,349. As of December 31, 1999, the unaudited net assets available for future OPEB payments were \$9,970,285.641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

Warren Metropolitan Housing Authority
Notes to Financial Statements
Year Ended December 31, 1999

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions, including the funding of postretirement health care benefits by public employers through their contributions to PERS. Throughout the year ended December 31, 1999, covered employees were required to contribute 8.5% of their salary to PERS. The employer contribution rate for local government employer units was 13.55% of covered payroll; 5.11% of which was used to fund health care. For the fiscal year ended December 31, 1999, the Authority's PERS expense totaled \$50,742 and has been included in administrative expenses in the accompanying financial statements. Of this amount, \$15,730 was used to fund postemployment benefits. For the year ended December 31, 1999, the Authority's contribution amount of \$50,742 was equal to the total dollar amount billed to the Authority by PERS. The Authority contributed 100% of the amount billed to the Authority by PERS for the year ended December 31, 1999.

NOTE 5 - RISK MANAGEMENT

The Housing 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. In order to minimize these risks the Authority has purchased insurance from independent third parties. Further the authority has obtained coverage for its employee's health and accidental insurance. Settled claims for the risks have not exceeded coverage for the past two years.

NOTE 6- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual method of Accounting.

NOTE 7 - ACTIVITIES OF THE HOUSING AUTHORITY

The authority had 582 units in management as of December 31, 1999 as follows:

Owned Housing	193
Transitional Housing	45
Section 8 Program	
-Existing	80
-Vouchers	<u>264</u>
Total	<u>582</u>

DAVID G. FALATOK CO., Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL DATA

To The Board of Commissioners
Warren Metropolitan Housing Authority
Lebanon, Ohio

My report on my audit of the basic financial statements of the Warren Metropolitan Housing Authority, as listed in the Table of Contents, as of and for the year ended December 31, 1999, appears on Page 1. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The purpose of my audit was to form an opinion on the basic financial statements taken as a whole. The information included in the accompanying schedules is presented for purposes of additional analysis only and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David G. Falatok
Certified Public Accountant

August 28, 2000

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
COMBINING BALANCE SHEET
DECEMBER 31, 1999

	Low Rent Public Housing	Development	CIAP*	Tenant Opportunities Program	Section 8 Rental Certificates Program	Section 8 Rental Vouchers Program	State and Local	TOTAL
ASSETS								
Current Assets								
Cash and Cash Equivalents- Unrestricted	314,471	-	-	6,896	-	178,172	1,226	500,765
Cash and Cash Equivalents - Restricted	179,547	-	-	-	-	-	-	179,547
Accounts Receivable - PHA Projects	-	-	-	37,839	-	-	-	37,839
Accounts Receivable - HUD Other Projects	-	1,524	69,617	-	-	16,135	-	87,276
Accounts Receivable - Tenants - Dwelling Rents	16,083	-	-	12,396	-	-	2,205	30,684
Allowance for Doubtful Accounts- Dwelling Rents	(5,325)	-	-	-	-	-	-	(5,325)
Fraud Recovery	-	-	-	-	-	45,110	-	45,110
Prepaid Expenses and Other Assets	20,537	-	-	-	-	-	-	20,537
Interprogram Receivables	170,095	-	-	162,165	84,053	34,176	105,970	556,459
Total Current Assets	695,408	1,524	69,617	219,296	84,053	273,593	109,401	1,452,892
Fixed Assets								
Land	1,587,610	50,834	-	-	-	-	-	1,638,444
Buildings	12,889,520	16,518	166,000	-	-	-	-	13,072,038
Furn., Equip. and Machinery - Dwellings	1,930	-	-	-	-	-	-	1,930
Furn., Equip. and Machinery - Administrative	181,955	-	4,748	34,038	-	6,852	6,054	233,647
Accumulated Depreciation	(3,252,845)	-	-	(28,109)	-	(4,572)	(4,999)	(3,290,525)
Total Net Fixed Assets	11,408,170	67,352	170,748	5,929	-	2,280	1,055	11,655,534
Total Assets	12,103,578	68,876	240,365	225,225	84,053	275,873	110,456	13,108,426
LIABILITIES AND EQUITY								
Accounts Payable - Other	35,464	-	-	-	-	-	-	35,464
Accrued Wages and Payroll Taxes	2,347	-	-	1,136	-	-	202	3,685
Accrued Compensated Absences	2,373	-	-	2,659	-	1,449	1,311	7,792
Accounts Payable - HUD	5,504	-	-	-	51,462	-	-	56,966
Accounts Payable - Other Government	19,371	-	-	-	-	-	-	19,371
Accounts Payable - Security Deposits	47,690	-	-	-	-	-	-	47,690
Deferred Revenues	676	-	-	-	38,086	127,435	-	166,197
Other Current Liabilities	44,005	-	-	-	33,628	6,848	-	84,481
Interprogram Payables	107,411	1,524	69,617	114,642	-	179,002	84,263	556,459
Total Liabilities	264,841	1,524	69,617	118,437	123,176	314,734	85,776	978,105
Net PHA Contributions	11,373,532	67,352	170,748	-	-	-	-	11,611,632
Other Contributions	-	-	-	185	-	-	33	218
Undesignated Fund Balance	465,205	-	-	106,603	(39,123)	(38,861)	24,647	518,471
Total Equity	11,838,737	67,352	170,748	106,788	(39,123)	(38,861)	24,680	12,130,321
Total Liabilities and Equity	12,103,578	68,876	240,365	225,225	84,053	275,873	110,456	13,108,426

* CIAP - Represents Public Housing Comprehensive Improvement Assistance Program

See Auditor's Report on Supplemental Data

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
COMBINING STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Low Rent Public Housing	Development	CIAP*	Tenant Opportunities Program	Section 8 Rental Certificates Program	Section 8 Rental Vouchers Program	State and Local	TOTAL
Revenue								
Dwelling Rental	240,444	-	-	83,356	-	-	14,825	338,625
HUD PHA Grants	379,456	409	24,934	335,356	927,590	527,017	168,939	2,363,701
Investment Income - Unrestricted	2,099	-	-	2,924	6,198	-	520	11,741
Fraud Recovery	-	-	-	-	2,227	-	-	2,227
Other Income	88,512	-	-	20	3,788	-	4	92,324
Gain Loss on Sale of Fixed Assets	<u>28,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,581</u>
Total Revenue	739,092	409	24,934	421,656	939,803	527,017	184,288	2,837,199
Expenses								
Administrative	86,707	409	8,956	10,610	52,680	32,287	7,274	198,923
Auditing Fees	26,080	-	-	40,322	6,405	3,276	647	76,730
Compensated Absences	(1,927)	-	-	1,209	-	847	596	725
Employee Benefit Contributions - Admin	25,233	-	-	1,275	12,454	7,549	454	46,965
Other Operating Expenses - Admin	80,361	-	15,978	25,133	34,214	21,545	25,885	203,116
Tenant Services - Salaries	-	-	-	28,243	-	-	9,713	37,956
Relocation Costs	-	-	-	11,973	-	-	-	11,973
Benefit - Tenant Services	-	-	-	-	-	-	1,913	1,913
Tenant Services - Other	22	-	-	128,913	-	-	50,452	179,387
Water	24,723	-	-	-	177	-	-	24,900
Electric	42,158	-	-	-	527	-	-	42,685
Gas	11,762	-	-	-	326	-	-	12,088
Maintenance - Labor	96,490	-	-	-	-	-	-	96,490
Maintenance - Materials and Other	32,072	-	-	-	269	165	-	32,506
Maintenance - Contract Costs	33,228	-	-	-	-	-	-	33,228
Employee Benefit Contrib. - Ordinary Maintenance	27,335	-	-	-	-	-	-	27,335
Insurance	45,367	-	-	-	964	591	-	46,922
Other General Expenses	2,386	-	-	-	-	-	-	2,386
Payments in Lieu of Taxes	19,371	-	-	-	-	-	-	19,371
Bad Debts Tennants	<u>20,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,994</u>
Total Operating Expenses	572,362	409	24,934	247,678	108,016	66,260	96,934	1,116,593
Housing Assistance Payments	-	-	-	111,110	772,757	474,823	41,918	1,400,608
Depreciation Expense	<u>375,329</u>	<u>-</u>	<u>-</u>	<u>3,525</u>	<u>-</u>	<u>1,828</u>	<u>627</u>	<u>381,309</u>
Total Expenses	947,691	409	24,934	362,313	880,773	542,911	139,479	2,898,510
Excess (Deficiency) of Revenue (Under) Expense	(208,599)	-	-	59,343	59,030	(15,894)	44,809	(61,311)
Undesignated Fund Balance at Beginning of Year	<u>673,804</u>	<u>-</u>	<u>-</u>	<u>47,260</u>	<u>(98,153)</u>	<u>(22,967)</u>	<u>(20,162)</u>	<u>579,782</u>
Undesignated Fund Balance at End of Year	<u>465,205</u>	<u>-</u>	<u>-</u>	<u>106,603</u>	<u>(39,123)</u>	<u>(38,861)</u>	<u>24,647</u>	<u>518,471</u>

* CIAP - Represents Public Housing Comprehensive Improvement Assistance Program

See Auditor's Report on Supplemental Data

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
STATEMENT OF DEVELOPMENT COSTS UNCOMPLETE
DECEMBER 31, 1999

Annual Contributions Contract C-5086

Reconciliation of Advanced with Costs	Project		
	Project 010	Project 011	Total Development
HUD Funds Advanced	78,794	-	78,794
Development Costs	<u>78,505</u>	<u>1,815</u>	<u>80,320</u>
Excess (Deficiency) of Funds Advanced vs Costs	<u>289</u>	<u>(1,815)</u>	<u>(1,526)</u>

Classification	Project 010	Project 011	TOTAL
Administration	12,967	-	12,967
Fees & Costs	14,704	1,815	16,519
Site Acquisition	46,000	-	46,000
Site Improvements	<u>4,834</u>	<u>-</u>	<u>4,834</u>
Total Costs	78,505	1,815	80,320
Soft Costs	<u>(12,968)</u>	<u>-</u>	<u>(12,968)</u>
Total Fixed Assets	<u>65,537</u>	<u>1,815</u>	<u>67,352</u>

See Auditor's Report on Supplemental Data

**WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
 STATEMENT OF DEVELOPMENT COSTS - COMPLETE
 DECEMBER 31, 1999**

Annual Contributions Contract C-5086

Reconciliation of Advanced with Costs

Project 009

HUD Funds Advanced	4,664,733
Development Costs	<u>4,664,733</u>
Excess (Deficiency) of Funds Advanced vs Costs	<u>-0-</u>

Classification

Project 009

Administration	19,872
Fees & Costs	184,656
Site Acquisition	525,132
Site Improvements	20,328
Dwelling Structures	3,888,718
Dwelling Equipment	17,527
Nondwelling Equipment	<u>8,500</u>
Total Costs	<u>4,664,733</u>

See Auditor's Report on Supplemental Data

WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETE
At December 31, 1999

Annual Contributions Contract C-5086

	Project 906	Project 907	Project 908	Project 909	PROJECT Total CIAP
Reconciliation of Advanced with Costs					
Funds Approved	192,235	130,000	153,213	375,809	851,257
Funds Expended	<u>179,950</u>	<u>54,915</u>	<u>22,029</u>	<u>2,918</u>	<u>259,812</u>
Excess of Funds Approved	<u>12,285</u>	<u>75,085</u>	<u>131,184</u>	<u>372,891</u>	<u>591,445</u>
Funds Advanced	104,324	85,710	11,825	-	201,859
Funds Expended	<u>179,950</u>	<u>54,915</u>	<u>22,029</u>	<u>2,918</u>	<u>259,812</u>
Excess (Deficiency) of Funds	<u>(75,626)</u>	<u>30,795</u>	<u>(10,204)</u>	<u>(2,918)</u>	<u>(57,953)</u>
Classification					
Management Improvements	35,337	9,513	15,978	-	60,828
Administration	22,753		-	735	23,488
Fees & Costs	54,180	500	6,051	2,183	62,914
Site Improvement	3,923	8,100	-	-	12,023
Dwelling Structures	59,042	32,054	-	-	91,096
Nondwelling Structures	4,715		-	-	4,715
Nondwelling Equipment	<u> </u>	<u>4,748</u>	<u> </u>	<u> </u>	<u>4,748</u>
			-	-	
Total Costs	179,950	54,915	22,029	2,918	259,812
Soft Costs	<u>(58,090)</u>	<u>(14,261)</u>	<u>(15,978)</u>	<u>(735)</u>	<u>(89,064)</u>
Total Fixed Assets - CIAP	<u>121,860</u>	<u>40,654</u>	<u>6,051</u>	<u>2,183</u>	<u>170,748</u>

See Auditor's Report on Supplemental Data

**WARREN METROPOLITAN HOUSING AUTHORITY - LEBANON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

FROM THE U.S. DEPARTMENT OF HUD DIRECT PROGRAMS	FEDERAL CFDA NUMBER	FUNDS RECEIVED	FUNDS DISBURSED
ANNUAL CONTRIBUTIONS CONTRACT C-5086:			
Low Rent Public Housing:			
Operating Subsidy	14.850	379,456	379,456
Development Project - 009		36,065	-
Development Project - 010		1,815	409
Development Project - 011		<u>-</u>	<u>1,815</u>
Sub - Total	14.850	417,336	381,680
CIAP - 906	14.852	19,118	87,228
CIAP - 907		85,710	53,424
CIAP - 908		11,825	22,029
CIAP - 909		<u>-</u>	<u>2,918</u>
Sub - Total	14.852	116,653	165,599
Tenant Opportunities Program:			
Supporting Housing Project Grant	14.235	335,356	335,356
ANNUAL CONTRIBUTIONS CONTRACT C-5022:			
Section 8 Rental Program:			
Certificates	14.857 *	927,590	876,128
Vouchers	14.855 *	<u>527,017</u>	<u>543,152</u>
Sub - Total		<u>1,454,607</u>	<u>1,419,280</u>
TOTAL ALL PROGRAMS		<u>2,323,952</u>	<u>2,301,915</u>

* Indicates Cluster Group

See Auditor's Report on Supplemental Data

DAVID G. FALATOK CO., Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Warren Metropolitan Housing Authority
Lebanon, Ohio

I have audited the financial statements of the Warren Metropolitan Housing Authority as of and for the year ended December 31, 1999, and have issued my report thereon dated August 28, 2000. I conducted my audit in accordance with generally accepted auditing standard and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

David G. Falatok
Certified Public Accountant

August 28, 2000

DAVID G. FALATOK CO., Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Warren Metropolitan Housing Authority
Lebanon, Ohio

Compliance

I have audited the compliance of the Warren Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program in addition to the provisions of Public & Indian Housing Notice 97-30 for the year ended December 31, 1999. The Warren Metropolitan Housing Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Warren Metropolitan Housing Authority's management. My responsibility is to express an opinion on the Warren Metropolitan Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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's compliance with those requirements and performing such other procedures as I considered necessary under the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Warren Metropolitan Housing Authority's compliance with those requirements.

In my opinion, the Warren Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

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

Independent Auditor's Report (continued)
Warren Metropolitan Housing Authority
Lebanon, Ohio
page 2

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

This report is intended for the information of the Board of Commissioners, management and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distributions not limited.

David G. Falatok
Certified Public Accountant

August 28, 2000

**WARREN METROPOLITIAN HOUSING AUTHORITY - LEBANON, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 1999**

I. SUMMARY OF AUDITORS RESULTS

Type of Financial Statement Opinion	No
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under Section 510?	No
Major Programs:	Section 8 Rental Program CFDA # 14.857 Comprehensive Improvement Assistance Program CFDA # 14.852
Dollar Threshold A/B Programs	Type A: \$ 300,000 and > Type B: All Others
Low Risk Auditee?	Yes

**II FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED
 IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WARREN METROPOLITAN HOUSING AUTHORITY

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 24, 2000**