

Warren Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2011



Dave Yost • Auditor of State

Board of Commissioners
Warren Metropolitan Housing Authority
990 E. Ridge Dr.
Lebanon, OH 45036-1678

We have reviewed the *Independent Auditors' Report* of the Warren Metropolitan Housing Authority, Warren County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2011 through December 31, 2011. 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

November 13, 2012

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WARREN METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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Independent Auditors' Report

Board of Commissioners
Warren Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Warren Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Warren Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, as of December 31, 2011, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 4, 2012, on my consideration of Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 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 appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide assurance.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Warren Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the Basic Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
May 4, 2012

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

As management of the Warren Metropolitan Housing Authority, we offer readers of the authority's financial statements this narrative overview and analysis of the financial activity of the authority for the year-ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the authority's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the authority exceeded its liabilities as of December 31, 2011 by \$13,137,757 (net assets).
- The authority's cash balance as of December 31, 2011 was \$2,398,093 representing an increase of \$51,311 from the prior year.
- The authority had intergovernmental revenues of \$4,161,300 in HUD operating grants and \$119,184 of HUD capital grants for the year-ended December 31, 2011.
- The authority ending total revenue balance was \$4,715,354 as of December 31, 2011, representing a decrease of \$489,556. Total expenses were \$5,032,545 representing an increase of \$275,226.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Total Cash of the Authority increased by \$51,311 due to the accumulation of monies received for Public Housing Operating Subsidy and there was an increase in Housing Choice Voucher's Restricted Cash to cover excess HAP reserves and FSS Escrow Liabilities.

Current Assets (not including cash) of the Authority showed an increase of \$149,836 from 2010 to 2011. Year-end HUD Accounts Receivables for Public Housing Operating Subsidy, Supportive Housing, and Shelter Plus Care are the main reason for the increase in current assets.

The following table summarizes the change in Net Assets between December 31, 2011 and 2010 for the authority as a whole:

	2011	(1) 2010	NET CHANGE
Cash and cash equivalents	\$ 2,398,093	\$ 2,346,782	\$ 51,311
Current Assets	316,563	166,727	149,836
Capital Assets – Net	10,666,078	11,174,248	(508,170)
Total Assets	<u>\$ 13,380,734</u>	<u>\$ 13,687,757</u>	<u>\$ (307,023)</u>
Current Liabilities	\$ 125,507	\$ 130,314	\$ (4,807)
Non-current Liabilities	117,470	102,495	14,975
Total Liabilities	<u>242,977</u>	<u>232,809</u>	<u>10,168</u>
Net Assets in Capital Assets	\$ 10,666,078	\$ 11,174,248	\$ (508,170)
Restricted Net Assets	422,959	412,311	10,648
Unrestricted Net Assets	2,048,720	1,868,389	180,331
Total Net Assets	<u>\$ 13,137,757</u>	<u>\$ 13,454,948</u>	<u>\$ (317,191)</u>

(1) The balances between Cash and Current Assets were corrected from last year report due to typing error on last year's report. Total assets did not change.

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

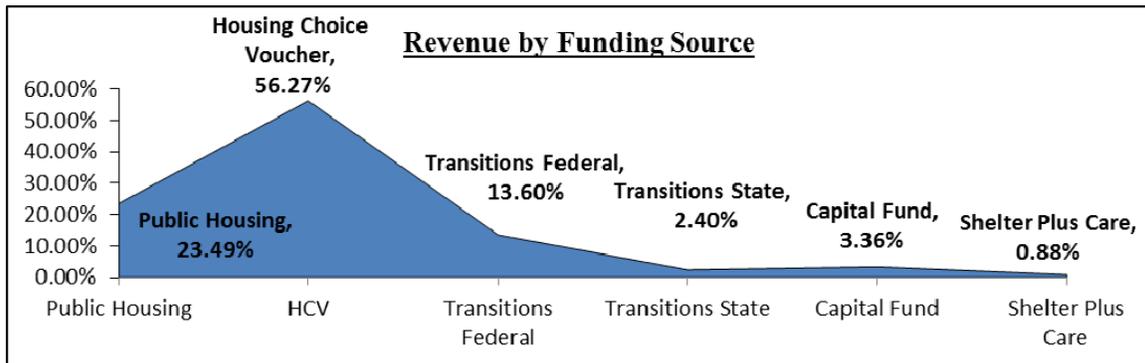
Unaudited

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

The following table summarizes the changes in operating revenue income between FYE 2011 and 2010 for the authority as a whole:

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>
Tenant Rental Revenue	\$ 339,798	\$ 364,752	\$ (24,954)
Total Operating Grants	4,161,300	4,246,827	(85,527)
HUD Capital Grants	119,184	557,674	(438,490)
Interest on Investments	5,784	6,442	(658)
Other Revenue	89,288	29,215	60,073
Total Revenue	<u>4,715,354</u>	<u>5,204,910</u>	<u>(489,556)</u>
Operating Expenses:			
Administrative	709,116	621,870	87,246
Tenant Services	90,424	116,619	(26,195)
Utilities	78,459	78,296	163
Maintenance	326,884	264,443	62,441
General Expenses	239,621	232,541	7,080
Housing Assistance Payments	2,900,195	2,746,122	154,073
Depreciation	687,846	697,428	(9,582)
Total Expenses	<u>5,032,545</u>	<u>4,757,319</u>	<u>275,226</u>
Net Income/(Loss)	<u>\$ (317,191)</u>	<u>\$ 447,591</u>	<u>\$ (766,940)</u>

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



**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

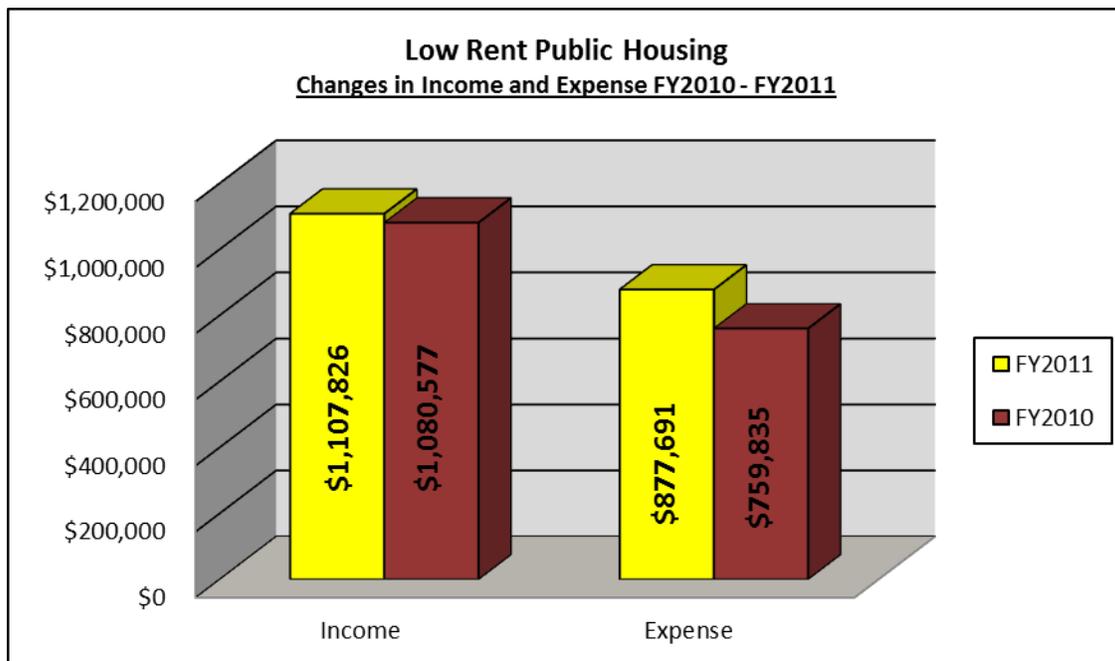
FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) (continued)

Total revenue decreased by \$489,556 as compared to fiscal year ending 2010 revenue. This decrease was mainly due to lower Housing Choice Voucher Program and Supportive Housing Program Subsidies. Also, the agency had \$380,439 additional in CFRG 2009 Stimulus monies available in 2010 that were not in 2011.

HUD capital grants decreased in 2011 due to the reduction in capital improvements during the year and also as mentioned above the agency had additional CFRG 2009 Stimulus monies in 2010 that were completely expended prior to this year.

Comparatively, FYE 2011 total expense increased considerably from FYE 2010 by \$275,226. The main reasons for higher expenses in 2011 were Housing Assistance payments and additional maintenance contracts.

Elevated per unit costs and higher leasing levels including portability increased the Housing assistance payments (HAP) by \$154,073 for Housing Choice Voucher and the Supportive Housing Program.



Note: The above table does not include depreciation.

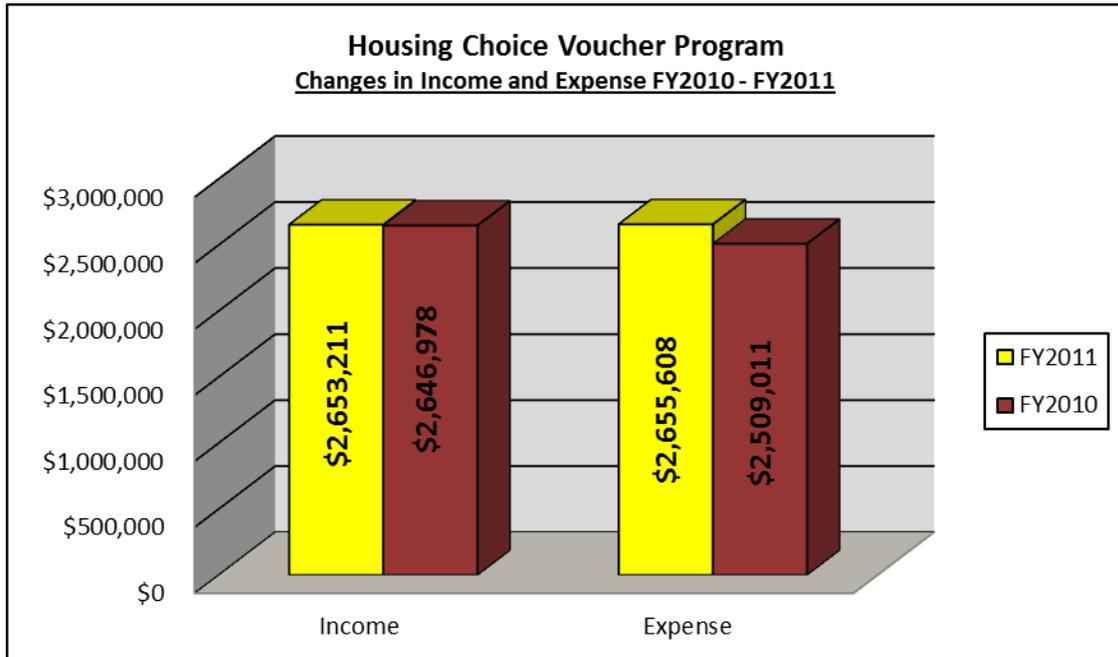
**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

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

The previous table shows how the income and expenses have changed between the FYE 2011 and 2010 for the Low Rent Public Housing Program. FYE 2011 total operating expenses increased from FYE 2010 operating expenses by 16%, which were caused by additional allocation of Administrative employees to the program which raised salaries and benefits. There was also an increase in landscaping contracts for FYE 2011. Total income for FYE 2011 increased from FYE 2010 income by 3% which is due to additional operating subsidies at AMP 30.

The following chart illustrates the Housing Choice Voucher Program changes in income and expenses for the years 2010-2011. Income in FYE 2011 for the HCV program stayed consistent. Expenses increased 6% in FYE 2011 due to increased leasing levels and higher per unit costs.



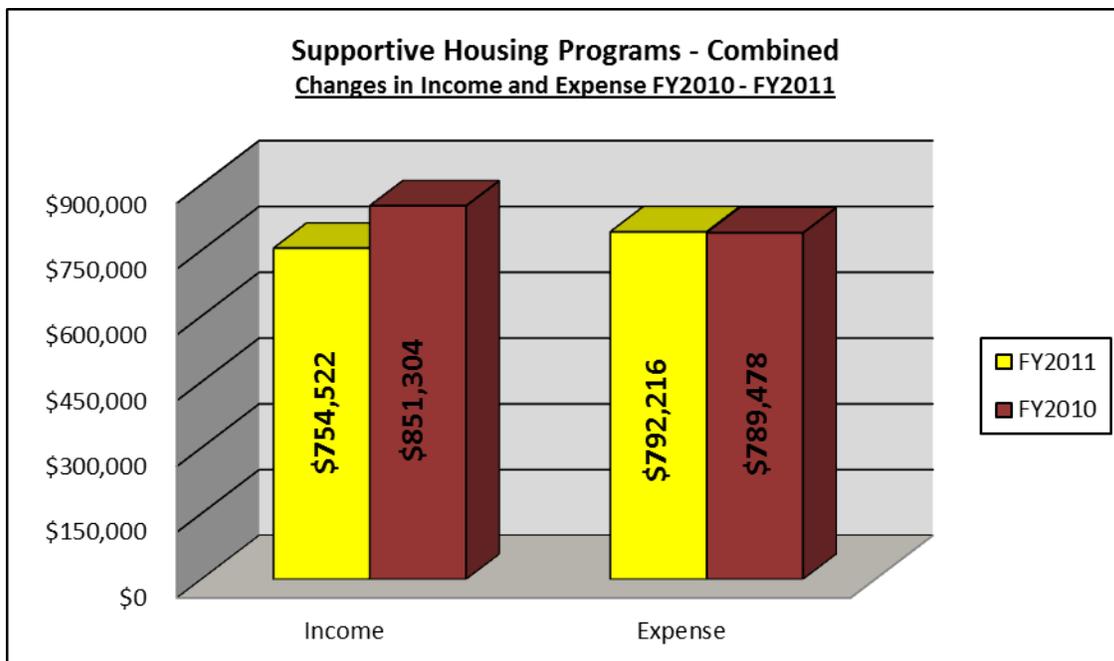
Note: The above table does not include depreciation.

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

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

The following chart illustrates the Supportive Housing Program changes in income and expenses for the FYE 2011 and 2010. Income and expenses reflect a significant decrease in funding and no material change in expenses.



Note: The above table does not include depreciation

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

CAPITAL ASSET

The following table summarizes the changes in capital assets between December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>
Land	\$ 1,638,445	\$ 1,638,445	\$ -
Building	17,587,018	17,272,414	314,604
Equipment	1,000,907	963,714	37,193
Leasehold Improvements	10,731	-	10,731
Construction in Progress	422,075	604,929	(182,854)
Total	<u>20,659,176</u>	<u>20,479,502</u>	<u>179,674</u>
Accumulated Depreciation	<u>(9,993,098)</u>	<u>(9,305,254)</u>	<u>(687,844)</u>
Net Capital Assets	<u>\$ 10,666,078</u>	<u>\$ 11,174,248</u>	<u>\$ (508,170)</u>

The increase in buildings is due to the closing of CFRG 2009 Stimulus fixed assets into Public Housing. Some current year purchases include a driveways/porch extensions, desks/chairs, and carpet replacement at main office.

DEBT

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

**Warren Metropolitan Housing Authority
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2011**

Unaudited

CONTACTING THE AUTHORITY

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

WARREN METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$1,855,835
Restricted cash and cash equivalents	542,258
Receivables, net	295,230
Prepaid expenses and other assets	21,333
Total current assets	<u>2,714,656</u>

Noncurrent assets

Capital assets:

Land	1,638,445
Building and equipment	18,598,656
Construction in Progress	422,075
Less accumulated depreciation	(9,993,098)
Total noncurrent assets	<u>10,666,078</u>
Total assets	<u><u>\$13,380,734</u></u>

Liabilities

Current liabilities

Accounts payable	\$7,461
Accrued liabilities	54,262
Intergovernmental payables	20,174
Tenant security deposits	37,616
Deferred revenue	5,994
Total current liabilities	<u>125,507</u>

Noncurrent liabilities

Accrued compensated absences non-current	35,787
Other noncurrent liabilities	81,683
Total noncurrent liabilities	<u>117,470</u>
Total liabilities	<u><u>\$242,977</u></u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2011

NET ASSETS	
Invested in capital assets, net of related debt	\$10,666,078
Restricted net assets	422,959
Unrestricted net assets	2,048,720
Total net assets	<u><u>\$13,137,757</u></u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

OPERATING REVENUES

Tenant Revenue	\$339,798
Government operating grants	4,161,300
Other revenue	89,288
Total operating revenues	<u>4,590,386</u>

OPERATING EXPENSES

Administrative	709,116
Tenant services	90,424
Utilities	78,459
Maintenance	326,884
General	239,621
Housing assistance payment	2,900,195
Depreciation	687,846
Total operating expenses	<u>5,032,545</u>
Operating income (loss)	<u>(442,159)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	5,784
Total nonoperating revenues (expenses)	<u>5,784</u>
Income (loss) before contributions and transfers	(436,375)
Capital grants	119,184
Change in net assets	(317,191)
Total net assets - beginning	13,454,948
Total net assets - ending	<u><u>\$13,137,757</u></u>

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

**Warren Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$4,012,005
Tenant revenue received	320,351
Other revenue received	89,288
General and administrative expenses paid	(1,415,430)
Housing assistance payments	<u>(2,900,195)</u>
Net cash provided (used) by operating activities	<u>106,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>5,784</u>
Net cash provided (used) by investing activities	<u>5,784</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	119,184
Property and equipment purchased	<u>(179,676)</u>
Net cash provided (used) by capital and related activities	<u>(60,492)</u>
Net increase (decrease) in cash	51,311
Cash and cash equivalents - Beginning of year	<u>2,346,782</u>
Cash and cash equivalents - End of year	<u><u>\$2,398,093</u></u>

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

**Warren Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2011**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$442,159)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	687,846
- (Increases) Decreases in Accounts Receivable	(149,295)
- (Increases) Decreases in Prepaid Assets	(541)
- Increases (Decreases) in Accounts Payable	(8,404)
- Increases (Decreases) in Accrued Payable	11,842
- Increases (Decreases) in Intergovernmental Payable	(752)
- Increases (Decreases) in Tenant Security Deposit Payable	(1,748)
- Increases (Decreases) in Deferred Revenue	(1,100)
- Increases (Decreases) in Other Noncurrent Liabilities	5,636
- Increases (Decreases) in Accrued Compensated Absences	4,694
Net cash provided by operating activities	\$106,019

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued After November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

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

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Supportive Housing Program

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

E. 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.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2011 totaled \$5,784.

Capital Assets

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

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

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

WARREN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

The following is a summary of changes in compensated absences for the year ended December 31, 2011:

Description	Balance 12/31/10	Increase	Decrease	Balance 12/31/11	Due Within One Year
Liability Amount	\$ 35,069	\$ 76,533	\$ (71,839)	\$ 39,763	\$ 3,976

Budgetary Accounting

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal yearend December 31, 2011, the carrying amount of the Authority's deposits totaled \$2,398,093 and its bank balance was \$2,452,593. Based on the

WARREN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2011, \$2,199,861 was exposed to custodial risk as discussed below, while \$252,732 was covered by the Federal Depository Insurance Corporation.

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

NOTE 3: RESTRICTED CASH

The restricted cash balance of \$542,258 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$422,959
FSS Escrow Cash Account for the Housing Choice Voucher and Low Rent Public Housing Programs	81,683
Tenant Security deposits in the Low Rent Public Housing Program	<u>37,616</u>
Total Restricted Cash	<u><u>\$542,258</u></u>

NOTE 4: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 5: CAPITAL ASSETS

	Balance 12/31/2010	Adjust.	Additions	Deletion	Balance 12/31/2011
Capital Assets Not Depreciated:					
Land	\$ 1,638,445	\$ -	\$ -	\$ -	\$ 1,638,445
Construction in Progress	604,929	(182,854)	-	-	422,075
Total Capital Assets Not Being Depreciated	2,243,374	(182,854)	-	-	2,060,520
Capital Assets Being Depreciated:					
Buildings	17,272,414	182,853	131,751	-	17,587,018
Furnt, Mach. & Equip. - Dwelling	383,612	(1)	-	-	383,611
Furnt, Mach. & Equip. - Admin	580,102	-	37,194	-	617,296
Leasehold Improvements	-	-	10,731	-	10,731
Total Capital Assets Being Depreciated	18,236,128	182,852	179,676	-	18,598,656
Accumulated Depreciation:					
Buildings	(8,853,384)	-	(594,763)	-	(9,448,147)
Furnt, Mach. & Equip. - Dwelling	(85,275)	2	(44,843)	-	(130,116)
Furnt, Mach. & Equip. - Admin	(366,595)	-	(47,963)	-	(414,558)
Leasehold Improvements	-	-	(277)	-	(277)
Total Accumulated Depreciation	(9,305,254)	2	(687,846)	-	(9,993,098)
Total Capital Assets Being Depreciated, Net	8,930,874	182,854	(508,170)	-	8,605,558
Total Capital Assets, Net	\$ 11,174,248	\$ -	\$ (508,170)	\$ -	\$ 10,666,078

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

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

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer rates were consistent across all three plans. The 2011 and 2010 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2011, 2010, and 2009 amounted to \$85,418, \$98,600, and \$91,842 respectively. Ninety-four percent has been contributed for 2011. All required contributions for the two previous years have been paid.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

A. Plan Description

The Public Employees Retirement System of Ohio (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 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 members 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.

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 benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue 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.

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.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, 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 employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011 and 2010, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board 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, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$33,557, \$29,572 and \$38,126 respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 8: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2010 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$979,773	\$34,012	\$353,093	\$612	\$0	\$488,345	\$1,855,835	\$0	\$1,855,835
113 Cash - Other Restricted	\$50,449	\$454,193	\$0	\$0	\$0	\$0	\$504,642	\$0	\$504,642
114 Cash - Tenant Security Deposits	\$37,616	\$0	\$0	\$0	\$0	\$0	\$37,616	\$0	\$37,616
100 Total Cash	\$1,067,838	\$488,205	\$353,093	\$612	\$0	\$488,345	\$2,398,093	\$0	\$2,398,093
121 Accounts Receivable - PHA Projects	\$0	\$858	\$0	\$0	\$0	\$0	\$858	\$0	\$858
122 Accounts Receivable - HUD Other Projects	\$203,696	\$0	\$29,296	\$0	\$41,270	\$0	\$274,262	\$0	\$274,262
126 Accounts Receivable - Tenants	\$6,065	\$0	\$2,422	\$0	\$0	\$0	\$8,487	\$0	\$8,487
126.1 Allowance for Doubtful Accounts - Tenants	(\$4,992)	\$0	(\$966)	\$0	\$0	\$0	(\$5,958)	\$0	(\$5,958)
127 Notes, Loans, & Mortgages Receivable - Current	\$7,562	\$0	\$0	\$0	\$0	\$0	\$7,562	\$0	\$7,562
128 Fraud Recovery	\$11,402	\$0	\$0	\$0	\$0	\$0	\$11,402	\$0	\$11,402
128.1 Allowance for Doubtful Accounts - Fraud	(\$1,383)	\$0	\$0	\$0	\$0	\$0	(\$1,383)	\$0	(\$1,383)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$222,350	\$858	\$30,752	\$0	\$41,270	\$0	\$295,230	\$0	\$295,230
142 Prepaid Expenses and Other Assets	\$13,287	\$950	\$621	\$0	\$0	\$6,475	\$21,333	\$0	\$21,333
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$41,270	\$41,270	(\$41,270)	\$0
150 Total Current Assets	\$1,303,475	\$490,013	\$384,466	\$612	\$41,270	\$536,090	\$2,755,926	(\$41,270)	\$2,714,656
161 Land	\$1,638,445	\$0	\$0	\$0	\$0	\$0	\$1,638,445	\$0	\$1,638,445
162 Buildings	\$17,194,250	\$0	\$0	\$0	\$0	\$392,768	\$17,587,018	\$0	\$17,587,018
163 Furniture, Equipment & Machinery - Dwellings	\$383,611	\$0	\$0	\$0	\$0	\$0	\$383,611	\$0	\$383,611

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	\$271,310	\$124,397	\$100,813	\$0	\$6,054	\$114,722	\$617,296	\$0	\$617,296
165 Leasehold Improvements	\$0	\$8,379	\$2,352	\$0	\$0	\$0	\$10,731	\$0	\$10,731
166 Accumulated Depreciation	(\$9,658,012)	(\$62,819)	(\$79,412)	\$0	(\$6,054)	(\$186,801)	(\$9,993,098)	\$0	(\$9,993,098)
167 Construction in Progress	\$422,075	\$0	\$0	\$0	\$0	\$0	\$422,075	\$0	\$422,075
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,251,679	\$69,957	\$23,753	\$0	\$0	\$320,689	\$10,666,078	\$0	\$10,666,078
180 Total Non-Current Assets	\$10,251,679	\$69,957	\$23,753	\$0	\$0	\$320,689	\$10,666,078	\$0	\$10,666,078
190 Total Assets	\$11,555,154	\$559,970	\$408,219	\$612	\$41,270	\$856,779	\$13,422,004	(\$41,270)	\$13,380,734
312 Accounts Payable <= 90 Days	\$3,591	\$2,063	\$1,210	\$20	\$0	\$577	\$7,461	\$0	\$7,461
321 Accrued Wage/Payroll Taxes Payable	\$8,237	\$2,486	\$4,253	\$368	\$0	\$28,764	\$44,108	\$0	\$44,108
322 Accrued Compensated Absences - Current Portion	\$1,060	\$406	\$993	\$22	\$0	\$1,495	\$3,976	\$0	\$3,976
333 Accounts Payable - Other Government	\$20,174	\$0	\$0	\$0	\$0	\$0	\$20,174	\$0	\$20,174
341 Tenant Security Deposits	\$37,616	\$0	\$0	\$0	\$0	\$0	\$37,616	\$0	\$37,616
342 Deferred Revenues	\$5,303	\$0	\$691	\$0	\$0	\$0	\$5,994	\$0	\$5,994
346 Accrued Liabilities - Other	\$4,984	\$626	\$333	\$0	\$0	\$235	\$6,178	\$0	\$6,178
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$41,270	\$0	\$41,270	(\$41,270)	\$0
310 Total Current Liabilities	\$80,965	\$5,581	\$7,480	\$410	\$41,270	\$31,071	\$166,777	(\$41,270)	\$125,507
353 Non-current Liabilities - Other	\$50,449	\$31,234	\$0	\$0	\$0	\$0	\$81,683	\$0	\$81,683

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$9,542	\$3,653	\$8,935	\$202	\$0	\$13,455	\$35,787	\$0	\$35,787
350 Total Non-Current Liabilities	\$59,991	\$34,887	\$8,935	\$202	\$0	\$13,455	\$117,470	\$0	\$117,470
300 Total Liabilities	\$140,956	\$40,468	\$16,415	\$612	\$41,270	\$44,526	\$284,247	(\$41,270)	\$242,977
508.1 Invested In Capital Assets, Net of Related Debt	\$10,251,679	\$69,957	\$23,753	\$0	\$0	\$320,689	\$10,666,078	\$0	\$10,666,078
511.1 Restricted Net Assets	\$0	\$422,959	\$0	\$0	\$0	\$0	\$422,959	\$0	\$422,959
512.1 Unrestricted Net Assets	\$1,162,519	\$26,586	\$368,051	\$0	\$0	\$491,564	\$2,048,720	\$0	\$2,048,720
513 Total Equity/Net Assets	\$11,414,198	\$519,502	\$391,804	\$0	\$0	\$812,253	\$13,137,757	\$0	\$13,137,757
600 Total Liabilities and Equity/Net Assets	\$11,555,154	\$559,970	\$408,219	\$612	\$41,270	\$856,779	\$13,422,004	(\$41,270)	\$13,380,734
70300 Net Tenant Rental Revenue	\$264,786	\$0	\$53,078	\$0	\$0	\$0	\$317,864	\$0	\$317,864
70400 Tenant Revenue - Other	\$21,934	\$0	\$0	\$0	\$0	\$0	\$21,934	\$0	\$21,934
70500 Total Tenant Revenue	\$286,720	\$0	\$53,078	\$0	\$0	\$0	\$339,798	\$0	\$339,798
70600 HUD PHA Operating Grants	\$829,814	\$2,589,082	\$587,734	\$0	\$41,270	\$0	\$4,047,900	\$0	\$4,047,900
70610 Capital Grants	\$119,184	\$0	\$0	\$0	\$0	\$0	\$119,184	\$0	\$119,184
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$251,338	\$251,338	(\$251,338)	\$0
70720 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$24,960	\$24,960	(\$24,960)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$58,980	\$58,980	(\$58,980)	\$0

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
70740 Front Line Service Fee	\$0	\$0	\$0	\$0	\$0	\$10,400	\$10,400	(\$10,400)	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$113,400	\$0	\$0	\$113,400	\$0	\$113,400
71100 Investment Income - Unrestricted	\$4,494	\$372	\$310	\$0	\$0	\$300	\$5,476	\$0	\$5,476
71400 Fraud Recovery	\$13,826	\$10,161	\$0	\$0	\$0	\$0	\$23,987	\$0	\$23,987
71500 Other Revenue	\$2,013	\$53,288	\$0	\$0	\$0	\$10,000	\$65,301	\$0	\$65,301
72000 Investment Income - Restricted	\$0	\$308	\$0	\$0	\$0	\$0	\$308	\$0	\$308
70000 Total Revenue	\$1,256,051	\$2,653,211	\$641,122	\$113,400	\$41,270	\$355,978	\$5,061,032	(\$345,678)	\$4,715,354
91100 Administrative Salaries	\$98,113	\$73,892	\$61,380	\$11,444	\$0	\$138,743	\$383,572	\$0	\$383,572
91200 Auditing Fees	\$2,290	\$6,215	\$1,526	\$218	\$0	\$654	\$10,903	\$0	\$10,903
91300 Management Fee	\$159,265	\$64,512	\$27,561	\$0	\$0	\$0	\$251,338	(\$251,338)	\$0
91310 Book-keeping Fee	\$18,660	\$40,320	\$0	\$0	\$0	\$0	\$58,980	(\$58,980)	\$0
91400 Advertising and Marketing	\$843	\$235	\$0	\$0	\$0	\$0	\$1,078	\$0	\$1,078
91500 Employee Benefit contributions - Administrative	\$51,290	\$38,135	\$26,332	\$5,595	\$0	\$71,667	\$193,019	\$0	\$193,019
91600 Office Expenses	\$20,504	\$32,384	\$13,010	\$1,073	\$0	\$5,783	\$72,754	\$0	\$72,754
91700 Legal Expense	\$2,120	\$0	\$0	\$0	\$0	\$161	\$2,281	\$0	\$2,281
91800 Travel	\$0	\$0	\$1,709	\$0	\$0	\$0	\$1,709	\$0	\$1,709
91900 Other	\$23,995	\$3,834	\$4,939	\$9	\$0	\$21,423	\$54,200	(\$10,400)	\$43,800
91000 Total Operating - Administrative	\$377,080	\$259,527	\$136,457	\$18,339	\$0	\$238,431	\$1,029,834	(\$320,718)	\$709,116
92000 Asset Management Fee	\$24,960	\$0	\$0	\$0	\$0	\$0	\$24,960	(\$24,960)	\$0

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
92100 Tenant Services - Salaries	\$0	\$0	\$46,854	\$8,280	\$0	\$0	\$55,134	\$0	\$55,134
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$24,670	\$4,359	\$0	\$0	\$29,029	\$0	\$29,029
92400 Tenant Services - Other	\$0	\$0	\$5,321	\$940	\$0	\$0	\$6,261	\$0	\$6,261
92500 Total Tenant Services	\$0	\$0	\$76,845	\$13,579	\$0	\$0	\$90,424	\$0	\$90,424
93100 Water	\$28,811	\$1,948	\$1,215	\$0	\$0	\$731	\$32,705	\$0	\$32,705
93200 Electricity	\$24,224	\$4,280	\$2,140	\$0	\$0	\$1,605	\$32,249	\$0	\$32,249
93300 Gas	\$10,014	\$1,862	\$931	\$0	\$0	\$698	\$13,505	\$0	\$13,505
93000 Total Utilities	\$63,049	\$8,090	\$4,286	\$0	\$0	\$3,034	\$78,459	\$0	\$78,459
94100 Ordinary Maintenance and Operations - Labor	\$112,660	\$8,228	\$0	\$0	\$0	\$0	\$120,888	\$0	\$120,888
94200 Ordinary Maintenance and Operations - Materials and Other	\$64,729	\$5,898	\$2,504	\$0	\$0	\$3,476	\$76,607	\$0	\$76,607
94300 Ordinary Maintenance and Operations Contracts	\$63,469	\$499	\$914	\$11	\$0	\$1,142	\$66,035	\$0	\$66,035
94500 Employee Benefit Contributions - Ordinary Maintenance	\$59,117	\$4,237	\$0	\$0	\$0	\$0	\$63,354	\$0	\$63,354
94000 Total Maintenance	\$299,975	\$18,862	\$3,418	\$11	\$0	\$4,618	\$326,884	\$0	\$326,884
95200 Protective Services - Other Contract Costs	\$3,378	\$0	\$0	\$0	\$0	\$0	\$3,378	\$0	\$3,378
95000 Total Protective Services	\$3,378	\$0	\$0	\$0	\$0	\$0	\$3,378	\$0	\$3,378

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
							\$0		\$0
96110 Property Insurance	\$66,778	\$4,221	\$0	\$0	\$0	\$7,801	\$78,800	\$0	\$78,800
96120 Liability Insurance	\$5,842	\$813	\$610	\$0	\$0	\$599	\$7,864	\$0	\$7,864
96130 Workmen's Compensation	\$4,204	\$1,487	\$2,579	\$0	\$0	\$2,626	\$10,896	\$0	\$10,896
96140 All Other Insurance	\$4,222	\$539	\$2,877	\$6	\$0	\$8,356	\$16,000	\$0	\$16,000
96100 Total insurance Premiums	\$81,046	\$7,060	\$6,066	\$6	\$0	\$19,382	\$113,560	\$0	\$113,560
96200 Other General Expenses	\$1,100	\$2,463	\$0	\$0	\$0	\$178	\$3,741	\$0	\$3,741
96210 Compensated Absences	\$21,654	\$8,787	\$18,428	\$2,913	\$0	\$24,751	\$76,533	\$0	\$76,533
96300 Payments in Lieu of Taxes	\$20,174	\$0	\$0	\$0	\$0	\$0	\$20,174	\$0	\$20,174
96400 Bad debt - Tenant Rents	\$18,473	\$0	\$3,762	\$0	\$0	\$0	\$22,235	\$0	\$22,235
96000 Total Other General Expenses	\$61,401	\$11,250	\$22,190	\$2,913	\$0	\$24,929	\$122,683	\$0	\$122,683
96900 Total Operating Expenses	\$910,889	\$304,789	\$249,262	\$34,848	\$0	\$290,394	\$1,790,182	(\$345,678)	\$1,444,504
97000 Excess of Operating Revenue over Operating Expenses	\$345,162	\$2,348,422	\$391,860	\$78,552	\$41,270	\$65,584	\$3,270,850	\$0	\$3,270,850
97300 Housing Assistance Payments	\$0	\$2,312,078	\$429,554	\$78,552	\$41,270	\$0	\$2,861,454	\$0	\$2,861,454
97350 HAP Portability-In	\$0	\$38,741	\$0	\$0	\$0	\$0	\$38,741	\$0	\$38,741
97400 Depreciation Expense	\$658,135	\$4,319	\$7,132	\$0	\$0	\$18,260	\$687,846	\$0	\$687,846
90000 Total Expenses	\$1,569,024	\$2,659,927	\$685,948	\$113,400	\$41,270	\$308,654	\$5,378,223	(\$345,678)	\$5,032,545

Warren Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	14.235 Supportive Housing Program	2 State/Local	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	\$6,143	\$0	\$0	\$0	\$0	\$0	\$6,143	(\$6,143)	\$0
10020 Operating transfer Out	(\$6,143)	\$0	\$0	\$0	\$0	\$0	(\$6,143)	\$6,143	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$312,973)	(\$6,716)	(\$44,826)	\$0	\$0	\$47,324	(\$317,191)	\$0	(\$317,191)
11030 Beginning Equity	\$11,727,171	\$526,218	\$436,630	\$0	\$0	\$764,929	\$13,454,948	\$0	\$13,454,948
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$96,543	\$0	\$0	\$0	\$0	\$96,543	\$0	\$96,543
11180 Housing Assistance Payments Equity	\$0	\$422,959	\$0	\$0	\$0	\$0	\$422,959	\$0	\$422,959
11190 Unit Months Available	\$2,484	\$5,376	\$624	\$72	\$84	\$0	\$8,640	\$0	\$8,640
11210 Number of Unit Months Leased	\$2,476	\$5,491	\$602	\$72	\$84	\$0	\$8,725	\$0	\$8,725
11620 Building Purchases	\$106,968	\$0	\$0	\$0	\$0	\$0	\$106,968	\$0	\$106,968
11640 Furniture & Equipment - Administrative Purchases	\$12,216	\$0	\$0	\$0	\$0	\$0	\$12,216	\$0	\$12,216

Warren Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended December 31, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Supportive Housing Program	14.235	\$587,734
Shelter Plus Care	14.238	41,270
Low Rent Public Housing	14.850a	790,473
Housing Choice Voucher Program	14.871	2,589,082
Public Housing Capital Fund Program	14.872	<u>158,525</u>
Total Expenditure of Federal Award		<u><u>\$4,167,084</u></u>



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

Board of Commissioners
Warren Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Warren Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 4, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

I have noted certain matters that I have reported to management of Warren Metropolitan Housing Authority in a separate letter dated May 4, 2012.

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

Salvatore Consiglio, CPA, Inc.
May 4, 2012



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

Board of Commissioners
Warren Metropolitan Housing Authority

Compliance

I have audited the compliance of the Warren Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2011. Warren Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Warren Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Warren Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Warren Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of Warren Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Warren Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A 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.

My 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Salvatore Consiglio, CPA, Inc.
May 4, 2012

Warren Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.235 – Supportive Housing Program and 14.871 – Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2011.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2011.

Warren Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2011

The December 31, 2010 audit report contained no finding.



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 27, 2012**