

**WARREN METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Warren Metropolitan Housing Authority, Warren County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2013 through December 31, 2013. 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

June 13, 2014

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**WARREN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	15-28
Financial Data Schedules:	
Entity Wide Balance Sheet Summary	29-30
Entity Wide Revenue and Expense Summary	31-33
Schedule of Expenditures of Federal Awards	34
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35-36
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	37-39
Schedule of Findings and Questioned Costs	40
Status of Prior Citations and Recommendations	41

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

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Warren Metropolitan Housing Authority, as of December 31, 2013, and the changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Warren Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2014, on our consideration of the Warren Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, President
Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.05.30 14:34:56 -0400

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

May 16, 2014

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

As management of the Warren Metropolitan Housing Authority (“the Authority”), we offer this narrative and analysis of the financial activities of the Authority for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s assets exceeded its liabilities as of December 31, 2013 by \$12,135,777 (net position).
- The Authority’s cash balance at December 31, 2013 was \$2,262,145, representing an increase of \$124,650 from the prior year.
- The Authority had revenues of \$3,783,257 in HUD Operating grants and \$409,143 of HUD Capital grants for the year ended December 31, 2013.
- The Authority’s total revenues were \$5,245,777 as of December 31, 2013, representing an increase of \$1,025,092. Total expenses were \$5,446,608 representing an increase of \$443,276.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

THE AUTHORITY'S PROGRAMS

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

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Total Cash of the Authority increased by \$124,650 mainly due to the changes in accounts receivables and unearned revenues for the Capital Fund and Shelter Plus Care Programs.

Current Assets (not including cash) of the Authority showed a decrease of \$153,133 from 2012 to 2013. The main reasons for the decrease in current assets are the HUD receivables for the Capital Fund and Shelter Plus Care Programs.

Current Liabilities decreased by \$46,501 due to a decrease in Accounts Payable for Capital Fund Projects incurred during 2012.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

THE AUTHORITY'S STATEMENTS

Statement of Net Position

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

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

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,262,145	\$ 2,137,495	\$ 124,650
Current Assets	273,473	426,606	(153,133)
Capital Assets - Net	<u>9,936,161</u>	<u>10,205,767</u>	<u>(269,606)</u>
Total Assets	<u>\$12,471,779</u>	<u>\$12,769,868</u>	<u>\$ (298,089)</u>
<u>Liabilities</u>			
Current Liabilities	\$ 240,463	\$ 286,964	\$ (46,501)
Noncurrent Liabilities	<u>77,539</u>	<u>127,794</u>	<u>(50,255)</u>
Total Liabilities	<u>318,002</u>	<u>414,758</u>	<u>(96,756)</u>
<u>Net Position</u>			
Net Investment in Capital Assets	9,936,161	10,205,767	(269,606)
Restricted	158,040	241,974	(83,934)
Unrestricted	<u>2,059,576</u>	<u>1,907,369</u>	<u>152,207</u>
Total Net Position	<u>12,153,777</u>	<u>12,355,110</u>	<u>(201,333)</u>
Total Liabilities and Net Position	<u>\$12,471,779</u>	<u>\$ 12,769,868</u>	<u>\$ (298,089)</u>

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

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**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

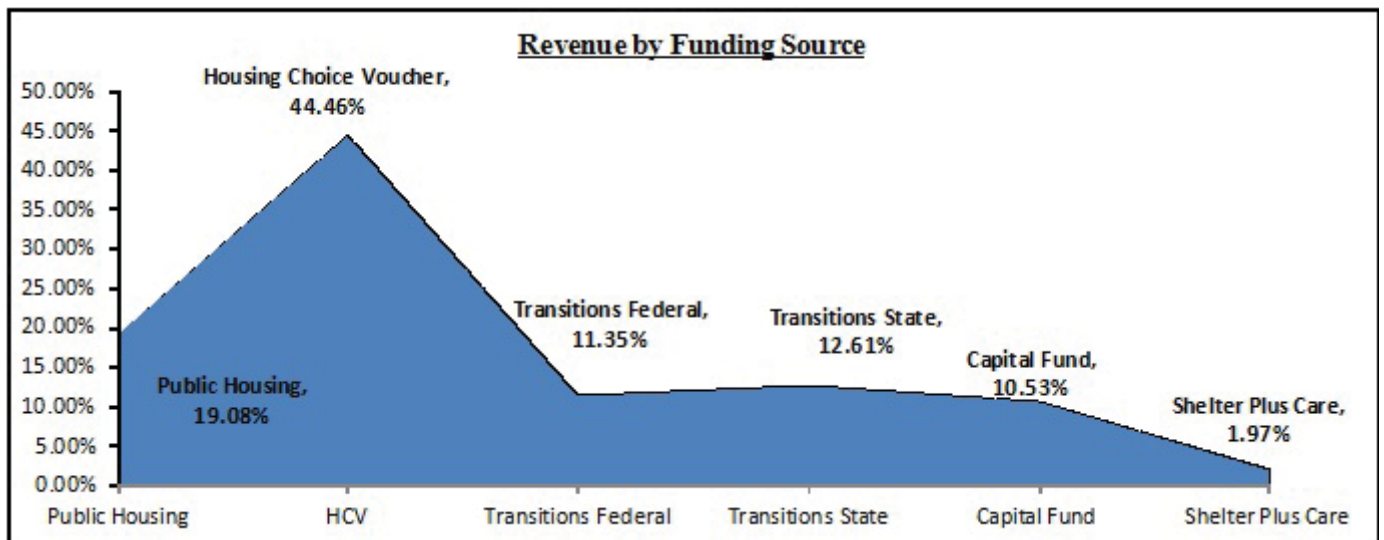
Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2013	2012	Net Change
Revenues			
Total Tenant Revenues	\$ 366,586	\$ 339,613	\$ 26,973
Operating Subsidies and Grants - HUD	3,783,257	3,567,899	215,358
Capital Grants - HUD	409,143	119,841	289,302
Other Government Grants - State	661,465	113,335	548,130
Investment Income	3,324	3,823	(499)
Gain on Sale of Capital Assets	0	5,175	(5,175)
Other Revenues	22,002	70,999	(48,997)
Total Revenues	5,245,777	4,220,685	1,025,092
Expenses			
Administrative	775,369	777,762	(2,393)
Tenant Services	592,341	111,852	480,489
Utilities	82,906	84,918	(2,012)
Maintenance	327,435	330,391	(2,956)
General Expenses	255,588	241,613	13,975
Housing Assistance Payments	2,714,032	2,793,318	(79,286)
Depreciation	698,937	663,478	35,459
Total Expenses	5,446,608	5,003,332	443,276
Net Increase (Decrease)	\$ (200,831)	\$ (782,647)	\$ 581,816

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



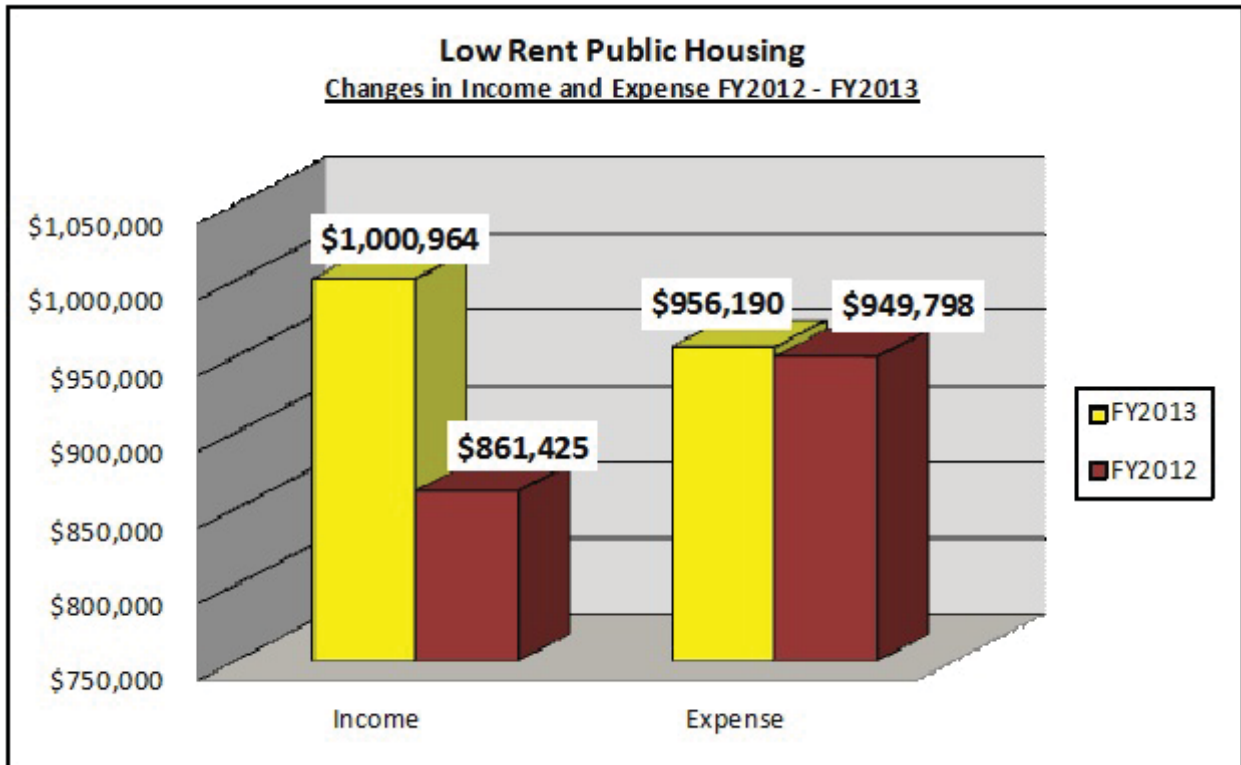
**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

The total revenues for 2013 increased by \$1,025,092 as compared to fiscal year ending 2012 revenue. The increase is attributed to the Authority becoming the administrator of the State Program - Region 14 along with increases in Low rent and Capital Fund Program subsidies.

Comparatively, fiscal year end 2013 total expense increased from fiscal year end 2012 by \$443,276. The main reason for higher expenses in 2013 was the additional tenant service expenses related to the State Program - Region 14. However, there was a decrease in housing assistance payments due the HCV funding.

Low Rent Public Housing

The table below shows how the income and expenses have changed between the fiscal year ended 2013 and 2012 for the Low Rent Public Housing Program. Total income for fiscal year ended 2013 increased from fiscal year ended 2012 income by 16 percent which is due to the Operating Subsidy Offset by HUD during 2012. Fiscal year ended 2013 total operating expenses increased from fiscal year ended 2012 operating expenses by 1 percent.

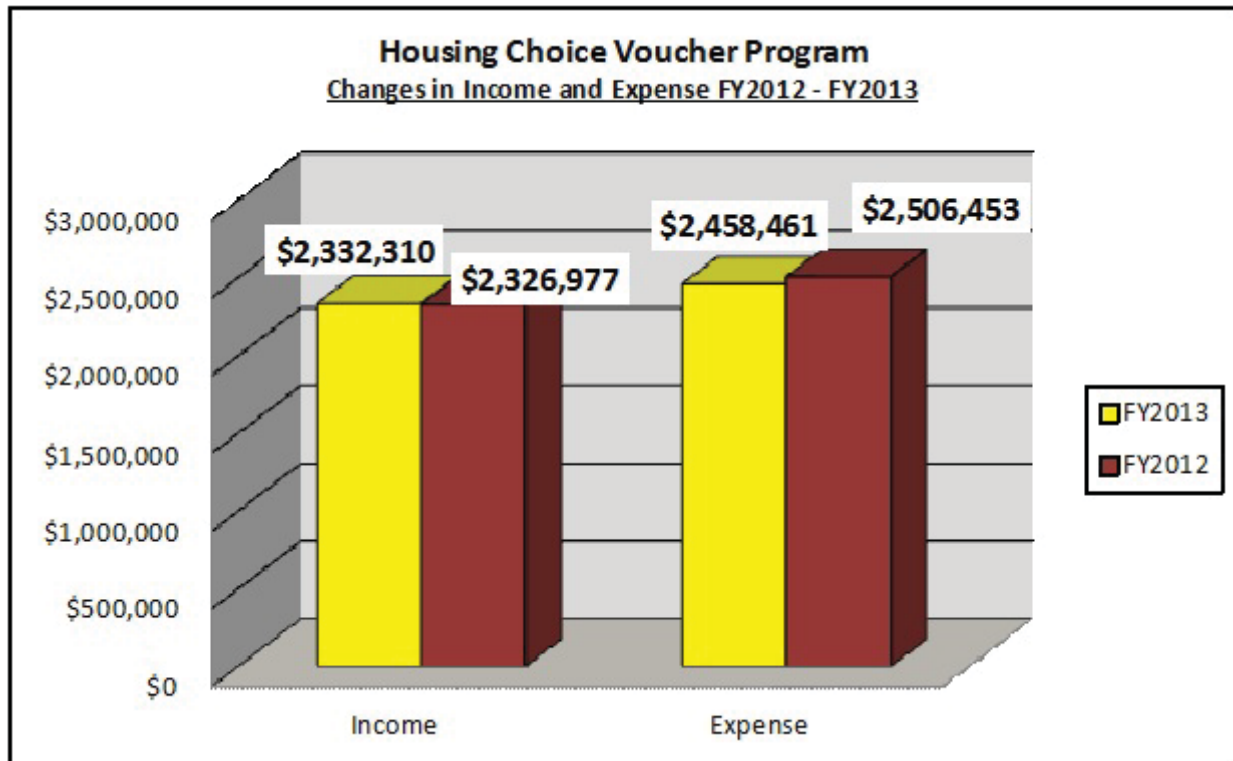


Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Housing Choice Voucher Programs:

The following chart illustrates the Housing Choice Voucher Program changes in income and expenses for the years 2012-2013. Income increased by less than 1 percent in fiscal year ended 2013 for the HCV program due to HUD enforcing the use of HAP reserves to cover spending. Expenses decreased 2 percent in fiscal year ended 2013 mainly due to a re-allocation of employees from the program resulting in lower salaries and benefits. Also, fiscal year ended 2013 spending on HAP decreased.

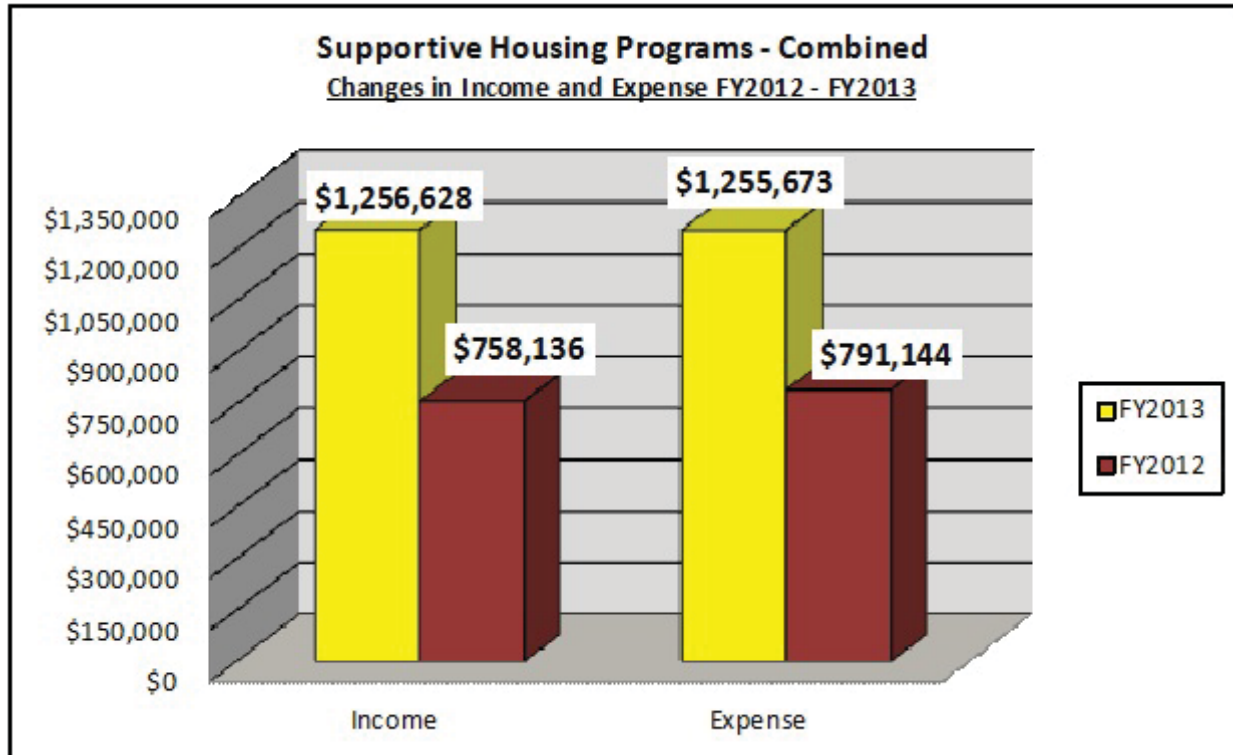


Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Supportive Housing Programs:

The following chart illustrates the Supportive Housing Program changes in income and expenses for the fiscal year ended 2013 and 2012 which includes the new administered State Program - Region 14. Income and expenses both have increased due to the State Program - Region 14.



Note: The above table does not include depreciation.

**WARREN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Capital Assets

The following table summarizes the changes in capital assets between December 31, 2013 and 2012:

Table 3 - Condensed Statement of Changes in Capital Assets

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
Land	\$ 1,638,445	\$ 1,638,445	\$ 0
Buildings	18,541,983	17,789,304	752,679
Equipment	1,051,738	1,014,680	37,058
Leasehold Improvements	10,731	10,731	0
Construction in Progress	0	360,406	(360,406)
Accumulated Depreciation	<u>(11,306,736)</u>	<u>(10,607,799)</u>	<u>(698,937)</u>
Total	<u>\$ 9,936,161</u>	<u>\$ 10,205,767</u>	<u>\$ (269,606)</u>

The increase in buildings is due to the transfer of CFP capital assets to Public Housing. Some current year purchases include computer server, shingle replacements, tub surrounds, and architect fees.

Debt

The Authority had no debt at December 31, 2013.

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

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

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,961,665
Restricted Cash and Cash Equivalents	300,480
Receivables, Net	248,191
Prepaid Expenses and Other Assets	<u>25,282</u>
Total Current Assets	<u>2,535,618</u>

Noncurrent Assets

<u>Capital Assets:</u>	
Non-Depreciable Capital Assets	1,638,445
Depreciable Capital Assets, Net	<u>8,297,716</u>
Total Noncurrent Assets	<u>9,936,161</u>

TOTAL ASSETS **\$ 12,471,779**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 64,551
Accrued Liabilities	48,076
Intergovernmental Payables	23,404
Tenant Security Deposits	33,103
Unearned Revenue	<u>71,329</u>
Total Current Liabilities	<u>240,463</u>

Noncurrent Liabilities

Accrued Compensated Absences Non-Current	30,711
Other Non-Current Liabilities	<u>46,828</u>
Total Noncurrent Liabilities	<u>77,539</u>
Total Liabilities	<u>318,002</u>

Net Position

Net Investment in Capital Assets	9,936,161
Restricted	158,040
Unrestricted	<u>2,059,576</u>
Total Net Position	<u>12,153,777</u>

TOTAL LIABILITIES AND NET POSITION **\$ 12,471,779**

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

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Operating Revenues</u>	
Tenant Revenues	\$ 366,586
Government Operating Grants and Subsidies	4,444,722
Other Revenues	<u>22,002</u>
Total Operating Revenues	<u>4,833,310</u>
<u>Operating Expenses</u>	
Administrative	775,369
Tenant Services	592,341
Utilities	82,906
Maintenance	327,435
General	255,588
Housing Assistance Payments	2,714,032
Depreciation	<u>698,937</u>
Total Operating Expenses	<u>5,446,608</u>
Operating Income (Loss)	<u>(613,298)</u>
<u>Non-Operating Revenues</u>	
Interest and Investment Revenue	<u>3,324</u>
Total Non-Operating Revenues	<u>3,324</u>
Income (Loss) Before Contributions and Transfers	<u>(609,974)</u>
Capital Grants	409,143
Adjustment for Accounts Payable HUD returned interest	<u>(502)</u>
Change in Net Position	(201,333)
Total Net Position at Beginning of Year	<u>12,355,110</u>
Total Net Position at End of Year	<u>\$ 12,153,777</u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 4,671,084
Tenant Revenue Received	357,094
Other Revenue Received	22,002
Other Operating Expenses	(2,194,634)
Housing Assistance Payments	<u>(2,714,032)</u>
Net Cash Provided (Used) by Operating Activities	<u>141,514</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Income	<u>3,324</u>
Net Cash Provided (Used) by Investing Activities	<u>3,324</u>
 <u>Cash Flows from Capital and Related Activities</u>	
Capital Grant Funds Received	409,143
Property and Equipment Purchased	<u>(429,331)</u>
Net Cash Provided (Used) by Capital and Related Activities	<u>(20,188)</u>
 Net Increase (Decrease) in Cash	 124,650
 Cash and Cash Equivalents at Beginning of Year	 <u>2,137,495</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 2,262,145</u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (613,298)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	698,937
(Increase) Decrease in:	
Accounts Receivable	156,123
Prepaid Assets	(2,990)
Increase (Decrease) in:	
Accounts Payable	(88,039)
Intergovernmental Payable	4,399
Accrued Compensated Absences	(4,061)
Accrued Expenses Payable	(22,916)
Unearned Revenue	61,043
Tenant Security Deposits	(1,045)
Non-Current Liabilities - Other	<u>(46,639)</u>
Net Cash Provided by Operating Activities	<u>\$ 141,514</u>

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement No. 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Reporting Entity (Continued)

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

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

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

Description of Programs

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

A. Public Housing Program

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

B. Capital Fund Program

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development housing.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Description of Programs

C. Housing Choice Voucher Program

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

D. Supportive Housing Program

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

E. Shelter Plus Care Program

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

Investments

The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the fiscal year ending December 31, 2013 totaled \$3,324.

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WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Capital Assets

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

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

**WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

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

Compensated Absences

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

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

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

The following is a summary of changes in compensated absences for the year ended December 31, 2013:

<u>Description</u>	<u>Balance</u> 12/31/2012	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 12/31/2013	<u>Due Within</u> <u>One Year</u>
Liability Amount \$	38,141	\$ 61,355	\$ (65,416)	\$ 34,080	\$ 3,369

Budgetary Accounting

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Estimates

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

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

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

At fiscal year end, December 31, 2013, the carrying amount of the Authority's deposits totaled \$2,262,145, and its bank balance was \$2,297,562. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2013, \$1,998,896 was exposed to custodial risk as discussed below, while \$298,666 was covered by the Federal Deposit Insurance Corporation.

**WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

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

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

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$300,480 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$ 158,040*
Accounts Payable due to HUD for Interest	821
Unearned Revenue for the Capital Fund Program	61,688
FSS Escrow Cash Accounts for the Housing Choice Voucher and Low Rent Public Housing Programs	46,828
Tenant Security deposits in the Low Rent Public Housing Program	<u>33,103</u>
Total Restricted Cash	<u>\$ 300,480</u>

* - Represents restricted net position on the Statement of Net Position.

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

The accompanying Schedule of Expenditures of Federal Award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

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WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/12	Adjustments	Additions	Deletions	Balance 12/31/13
Capital Assets Not Being Depreciated:					
Land	\$ 1,638,445	\$ 0	\$ 0	\$ 0	\$ 1,638,445
Construction-in-Progress	360,406	(360,406)	0	0	0
Total Capital Assets Not Being Depreciated	<u>1,998,851</u>	<u>(360,406)</u>	<u>0</u>	<u>0</u>	<u>1,638,445</u>
Capital Assets Being Depreciated:					
Buildings	17,789,304	360,406	392,273	0	18,541,983
Furniture, Machinery, and Equipment					
- Dwelling	396,112	19,500	28,100	0	443,712
- Administrative	618,568	(19,500)	8,958	0	608,026
Leasehold Improvements	10,731	0	0	0	10,731
Total Capital Assets Being Depreciated	<u>18,814,715</u>	<u>360,406</u>	<u>429,331</u>	<u>0</u>	<u>19,604,452</u>
Accumulated Depreciation:					
Buildings	(10,015,944)	0	(603,744)	0	(10,619,688)
Furniture, Machinery, and Equipment	(591,855)	0	(95,193)	0	(687,048)
Total Accumulated Depreciation	<u>(10,607,799)</u>	<u>0</u>	<u>(698,937)</u>	<u>0</u>	<u>(11,306,736)</u>
Total Capital Assets Being Depreciated, Net	<u>8,206,916</u>	<u>360,406</u>	<u>(269,606)</u>	<u>0</u>	<u>8,297,716</u>
Total Capital Assets, Net	<u>\$ 10,205,767</u>	<u>\$ 0</u>	<u>\$ (269,606)</u>	<u>\$ 0</u>	<u>\$ 9,936,161</u>

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement, disability, and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-PERS.

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

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

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

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2013, 2012, and 2011, were \$89,986, \$97,648, and \$93,476, respectively. The full amount has been contributed for 2013, 2012, and 2011.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying 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.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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

A. **Plan Description** (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employers units. Active members do not make contributions to the OPEB Plan.

OPER's Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines that portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. 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, 2013, 2012 and 2011, which were used to fund post-employment benefits were \$6,428, \$27,899 and \$26,707, 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.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 9: **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, 2013, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 10: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grants may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2013.

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At December 31, 2013 the Authority was not aware of any such matters.

NOTE 11: **PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of (\$502) was reported to reclass interest earned in prior periods on unspent funding provided by HUD to make rental assistance payments under the Housing Choice Voucher program as Accounts Payable HUD pursuant to a change by HUD regarding how they want interest earned on these funds treated.

WARREN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 12: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2013, the Authority has implemented GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1981 FASB and AICPA Pronouncements*.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2013**

	Project Total	14,871 Housing Choice Vouchers	14,235 Supportive Housing Program	State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,130,759	7,301	287,549	669	535,387	1,961,665		1,961,665
113 Cash - Other Restricted	37,517	167,351				204,868		204,868
114 Cash - Tenant Security Deposits	33,103					33,103		33,103
115 Cash - Restricted for Payment of Current Liabilities	61,688	821				62,509		62,509
100 Total Cash	1,263,067	175,473	287,549	669	535,387	2,262,145	-	2,262,145
121 Accounts Receivable - PHA Projects		912				912		912
122 Accounts Receivable - HUD Other Projects	100,167		50,219			158,552		158,552
124 Accounts Receivable - Other Government				63,812		63,812		63,812
126 Accounts Receivable - Tenants	25,626		6,929			32,555		32,555
126.1 Allowance for Doubtful Accounts - Tenants	-14,328		-4,249			-18,577		-18,577
127 Notes, Loans, & Mortgages Receivable - Current	10,937					10,937		10,937
120 Total Receivables, Net of Allowances for Doubtful Accounts	122,402	912	52,899	63,812	-	248,191	-	248,191
142 Prepaid Expenses and Other Assets	17,006	1,504	807		5,965	25,282		25,282
144 Inter Program Due From					13,577	13,577	-13,577	-
150 Total Current Assets	1,402,475	177,889	341,255	64,481	554,929	2,549,195	-13,577	2,535,618
161 Land	1,638,445					1,638,445		1,638,445
162 Buildings	18,149,215				392,768	18,541,983		18,541,983
163 Furniture, Equipment & Machinery - Dwellings	443,712					443,712		443,712
164 Furniture, Equipment & Machinery - Administration	232,382	131,470	110,227	6,034	127,893	608,026		608,026
165 Leasehold Improvements		8,379	2,352			10,731		10,731
166 Accumulated Depreciation	-10,915,822	-66,845	-93,529	-6,034	-224,486	-11,306,736		-11,306,736
160 Total Capital Assets, Net of Accumulated Depreciation	9,547,932	73,004	19,050	-	296,175	9,936,161	-	9,936,161
180 Total Non-Current Assets	9,547,932	73,004	19,050		296,175	9,936,161		9,936,161
190 Total Assets	10,950,407	250,893	360,305	64,481	851,104	12,485,356	-13,577	12,471,779
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	10,950,407	250,893	360,305	64,481	851,104	12,485,356	-13,577	12,471,779

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2013**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	14,235 Supportive Housing Program	State/Local	COCC	Subtotal	ELIM	Total
312. Accounts Payable <= 90 Days	5,050	963		231	56,881	1,426	64,551		64,551
321. Accrued Wage Payroll Taxes Payable	10,881	2,983		4,137	1,819	19,261	39,081		39,081
322. Accrued Compensated Absences - Current Portion	1,592	448		902	37	390	3,369		3,369
331. Accounts Payable - HUD PHAP Programs		821					821		821
333. Accounts Payable - Other Government	23,404						23,404		23,404
341. Tenant Security Deposits	33,103						33,103		33,103
342. Deferred Revenues	70,319			1,010			71,329		71,329
346. Accrued Liabilities - Other	3,838	511	8,166	271		185	4,805		4,805
347. Inter Program - Due To					5,411		13,577	-13,577	-
310 Total Current Liabilities	148,187	5,726	8,166	6,551	64,148	21,262	254,040	-13,577	240,463
353. Non-current Liabilities - Other	37,517	9,311					46,828		46,828
354. Accrued Compensated Absences - Non Current	14,328	4,029		8,120	333	3,901	30,711		30,711
350 Total Non-Current Liabilities	51,845	13,340	-	8,120	333	3,901	77,539	-	77,539
300 Total Liabilities	200,032	19,066	8,166	14,671	64,481	25,163	331,579	-13,577	318,002
400. Deferred Inflow of Resources							-		-
508.4. Net Investment in Capital Assets	9,547,932	73,004		19,050		296,175	9,936,161		9,936,161
511.4. Restricted Net Position		158,040					158,040		158,040
512.4. Unrestricted Net Position	1,202,443	783		326,584		529,766	2,059,576		2,059,576
513 Total Equity - Net Assets / Position	10,750,375	231,827	-	345,634	-	825,941	12,153,777	-	12,153,777
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	10,950,407	250,893	8,166	360,305	64,481	851,104	12,485,356	-13,577	12,471,779

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Hus Care	14.235 Supportive Housing Program	State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	302,740						357,518		357,518
70400 Tenant Revenue - Other	9,068						9,068		9,068
70500 Total Tenant Revenue	311,808	-	-	54,778	-	-	366,586	-	366,586
70600 HUD PHA Operating Grants	828,133	2,312,086	109,556	539,482			3,783,257		3,783,257
70610 Capital Grants	409,143					247,986	409,143		409,143
70710 Management Fee						247,986	247,986	-247,986	-
70720 Asset Management Fee						24,960	24,960	-24,960	-
70730 Book Keeping Fee						57,150	57,150	-57,150	-
70740 Front Line Service Fee						2,600	2,600	-2,600	-
70700 Total Fee Revenue	-	-	-	-	-	332,696	332,696	-332,696	-
70800 Other Government Grants					661,465		661,465		661,465
71100 Investment Income - Unrestricted	1,860	216		903		345	3,324		3,324
71400 Fraud Recovery		14,795					14,795		14,795
71500 Other Revenue	1,994	5,213					7,207		7,207
70000 Total Revenue	1,532,938	2,332,310	109,556	595,163	661,465	333,041	5,578,473	-332,696	5,245,777
91100 Administrative Salaries	109,379	65,035	4,591	65,383	39,002	117,289	400,679		400,679
91200 Auditing Fees	2,548	6,914		1,698	243	728	12,131		12,131
91300 Management Fee	159,405	61,968		26,613			247,986	-247,986	-
91310 Book-keeping Fee	18,420	38,730					57,150	-57,150	-
91400 Advertising and Marketing	2,661					92	2,753		2,753
91500 Employee Benefit contributions - Administrative	55,612	43,575	2,709	28,979	12,882	70,796	214,553		214,553
91600 Office Expenses	40,120	27,677		13,019	1,574	15,397	97,787	-2,600	95,187
91700 Legal Expense	1,215					1,777	2,992		2,992
91800 Travel		690		3,482	68	815	5,055		5,055
91900 Other	5,549	2,294	163	3,857	8,100	22,056	42,019		42,019
91000 Total Operating - Administrative	394,909	246,883	7,463	143,031	61,869	228,950	1,083,105	-307,736	775,369
92000 Asset Management Fee	24,960						24,960	-24,960	-
92100 Tenant Services - Salaries	10,790			33,431	9,314		53,535		53,535
92300 Employee Benefit Contributions - Tenant Services	4,804			20,164	4,541		29,509		29,509
92400 Tenant Services - Other	659			3,717	504,921		509,297		509,297
92500 Total Tenant Services	16,253	-	-	57,312	518,776	-	592,341	-	592,341

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	14,235 Supportive Housing Program	State/Local	COCC	Subtotal	ELIM	Total
93100 Water	32,717	2,052		1,232		770	36,771		36,771
93200 Electricity	26,484	4,243		2,140		1,591	34,458		34,458
93300 Gas	9,506	1,158		579		434	11,677		11,677
93000 Total Utilities	68,707	7,453	-	3,951	-	2,795	82,906	-	82,906
94100 Ordinary Maintenance and Operations - Labor	125,805					9,811	135,616		135,616
94200 Ordinary Maintenance and Operations - Materials and Other	75,101	1,653		2,349	134	1,795	81,032		81,032
94300 Ordinary Maintenance and Operations Contracts	43,741	319		2,412	8	51	46,531		46,531
94500 Employee Benefit Contributions - Ordinary Maintenance	64,114					142	64,256		64,256
94000 Total Maintenance	308,761	1,972	-	4,761	142	11,799	327,435	-	327,435
95200 Protective Services - Other Contract Costs	1,524						1,524		1,524
95000 Total Protective Services	1,524	-	-	-	-	-	1,524	-	1,524
96110 Property Insurance	75,906	4,465				8,930	89,301		89,301
96120 Liability Insurance	4,217	964		482		362	6,025		6,025
96130 Workmen's Compensation	2,302	832		1,253	244	1,056	5,687		5,687
96140 All Other Insurance	4,143	821		2,453	19	7,117	14,553		14,553
96100 Total Insurance Premiums	86,568	7,082	-	4,188	263	17,465	115,566	-	115,566
96200 Other General Expenses	17	1,104					1,121		1,121
96210 Compensated Absences	26,272	9,050		15,099	1,865	9,071	61,357		61,357
96300 Payments in Lieu of Taxes	23,404						23,404		23,404
96400 Bad debt - Tenant Rents	35,084			11,394			46,478		46,478
96000 Total Other General Expenses	84,777	10,154	-	26,493	1,865	9,071	132,360	-	132,360
96900 Total Operating Expenses	986,459	273,544	7,463	239,736	582,915	270,080	2,360,197	-332,696	2,027,501
97000 Excess of Operating Revenue over Operating Expenses	566,479	2,058,766	96,093	355,427	78,550	62,961	3,218,276	-	3,218,276

**WARREN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	14,235 Supportive Housing Program	State/Local	COCC	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized	6,138						6,138		6,138
97300 Housing Assistance Payments		2,180,565	96,093	354,472	78,550		2,709,680		2,709,680
97350 HAP Portability-In		4,352					4,352		4,352
97400 Depreciation Expense	666,544	6,383		6,656		19,354	698,937		698,937
90000 Total Expenses	1,659,141	2,464,844	103,536	600,864	661,465	289,434	5,779,304	-332,696	5,446,608
10010 Operating Transfer In	113,207						113,207	-113,207	-
10020 Operating transfer Out	-113,207						-113,207	113,207	-
10093 Transfers between Program and Project - In		30,000					30,000	-30,000	-
10094 Transfers between Project and Program - Out						-30,000	-30,000	30,000	-
10100 Total Other financing Sources (Uses)	-	30,000	-	-	-	-30,000	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-106,203	-102,534	-	-5,701	-	13,607	-200,831	-	-200,831
11030 Beginning Equity	10,856,578	334,863	-	351,335	-	812,334	12,355,110		12,355,110
11040 Prior Period Adjustments, Equity Transfer and Correction of Errors	-	-502					-502		-502
11170 Administrative Fee Equity		73,787					73,787		73,787
11180 Housing Assistance Payments Equity	2,484	158,040					158,040		158,040
11190 Unit Months Available	2,456	5,234	252	604	72		8,666		8,666
11210 Number of Unit Months Leased		5,164	195	511	72		8,398		8,398

**WARREN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850a	\$ 684,657
Capital Fund Program	14.872	<u>552,619</u>
Total Public Housing Programs		<u>1,237,276</u>
<u>Section 8 Tenant Based Programs</u>		
Section 8 Housing Choice Voucher Program	14.871	<u>2,312,086</u>
Total Section 8 Tenant Based Programs		<u>2,312,086</u>
<u>Resident Opportunity and Support Services Program</u>		
Supportive Housing Program	14.235	539,482
Shelter Plus Care	14.238	<u>103,556</u>
Total Resident Opportunity and Support Services Program		<u>643,038</u>
Total U.S. Department of Housing and Urban Development		<u>4,192,400</u>
Total Federal Awards		<u>\$ 4,192,400</u>

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

Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 16, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

James G. Zupka,
CPA, President

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

May 16, 2014

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

Board of Directors
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Warren Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Warren Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Warren Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

James G. Zupka
CPA, President

Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc., ou=Accounting,
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James G. Zupka CPA, Inc.
Certified Public Accountants

May 16, 2014

**WARREN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2012(vi)	Are there any reportable findings under .510(a)?	No
2012(vii)	Major Programs (list): Public Housing Program - CFDA #14.850 Capital Fund Program - CFDA #14.872	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2012(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**WARREN METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The prior audit report, as of December 31, 2012, included no findings.

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Dave Yost • Auditor of State

WARREN METROPOLITAN HOUSING AUTHORITY

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 26, 2014**