Wayne Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Wayne Metropolitan Housing Authority
345 North Market Street
Wooster, Ohio 44691

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Wayne Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 11, 2007

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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WAYNE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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SALVATORE CONSIGLIO, CPA, INC.

6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsilgio@aol.com

Independent Auditors' Report

Board of Directors
Wayne Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wayne Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2006, 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 July 10, 2007, on my consideration of Wayne 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 consider in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Wayne 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") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

July 10, 2007

Unaudited

The Wayne Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the 2006 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by $223,701 or 2.72% during 2006, resulting from changes in operations and the purchase of property. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets.
- Revenues increased by $295,611 or 5.57% during 2006.
- The total expenses of all Authority programs increased by $52,846 or 0.92%.

Authority Financial Statements

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Unaudited

Net Assets, Invested in Capital Assets, net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenue, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

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 Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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 ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

State / Local – State / Local represents Authority owned housing properties that are not subsidized by HUD, management services that the Authority provides to local non-profit entities under contract for management (Secrest Village Apartments and Home Place Housing), and Community Housing Improvement Programs that the Authority administers and implements under contract with both Wayne County and the City of Wooster. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

The Authority's properties not subsidized by HUD are generally dedicated to clients of the local Mental Retardation and Developmental Disabilities (MR/DD) Board. Most of these properties have some debt attached to them, however most received a portion of their acquisition costs from either client-family contributions or State of Ohio Community Capital Assistance Funds applied for through the MR/DD Board.

The Authority's management contracts are with not-for-profit entities that depend on the Authority to handle all of their management concerns including day-to-day operations as well as corporate accounting and reporting.

Unaudited

AUTHORITY STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET ASSETS

	2006	2005
Current and Other Assets	$ 1,143,070	$ 833,500
Capital Assets	8,982,354	9,424,366
Total Assets	$ 10,125,424	$ 10,257,866
Current Liabilities	$ 581,505	$ 452,793
Long-Term Liabilities	1,531,618	1,569,072
Total Liabilities	2,113,123	2,021,865
Net Assets:		
Investment in Capital Assets, net of Related Debt	7,426,444	7,843,220
Unrestricted Net Assets	585,857	392,781
Total Net Assets	8,012,301	8,236,001
Total Liabilities and Net Assets	$ 10,125,424	$ 10,257,866

Unaudited

Major Factors Affecting the Statement of Net Assets

During 2006, current and other assets increased by $309,570, and current liabilities increased by $125,553.

Capital assets also changed, decreasing from $9,424,366 to $8,982,354. The $442,012 decrease may be contributed primarily to a combination of total acquisitions of $251,042, less current year depreciation of $693,055. The long-term liabilities decrease is due to principal payments made during the year. For more detail see "Capital Assets" presented later in this report.

The following table presents details on the change in Net Assets.

TABLE 2

CHANGE OF NET ASSETS

		Unrestricted	**Investment in Capital Assets**
Beginning Balance - January 1, 2006	$	392,781	7,843,220
Results of Operation		(221,189)	-
Adjustments:			
Current Year Depreciation Expense (1)		693,055	(693,055)
Capital Expenditure (2)		(251,042)	251,042
Current Year Debt Proceeds Net of Retirement		(25,236)	25,236
Prior Period Adjustment		(2,511)	-
Rounding Adjustments		(1)	1
Ending Balance - December 31, 2006	$	585,857	7,426,444

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.

(2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

Unaudited

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer presentation of financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2006	2005
Revenues		
Total Tenant Revenues	$ 514,844	$ 510,055
Operating Subsidies	4,635,429	4,282,041
Capital Grants	149,273	200,239
Investment Income	25,976	10,686
Other Revenues	281,092	307,982
Total Revenues	**5,606,614**	**5,311,003**
Expenses		
Administrative	1,028,536	1,073,071
Utilities	226,682	227,354
Maintenance	409,871	462,487
General and Interest Expenses	189,343	180,105
Housing Assistance Payments	3,280,316	3,132,636
Depreciation	693,055	699,304
Total Expenses	**5,827,803**	**5,774,957**
Net Increases (Decreases)	**$ (221,189)**	**$ (463,954)**

Unaudited

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Tenant revenue increased ($4,789) slightly during 2006 in comparison to 2005. The increase was likely from revenue generated by the additional rental units purchased in 2005 and full occupancy of these units for a full year. Capital Grants decreased by $50,966 from 2005 as a result of less major work items being completed in the current year, therefore the funds were drawn down from current grants at a similar rate as 2005 which had four separate grants but in 2006 there were three separate grants. Overall total revenue increased by $295,611, from 2005.

The expenses increased ($52,846) moderately due to increased wage and benefit costs and increased cost of utilities. The increased expenses were off-set somewhat because of an increase in Housing Assistance Payments made to landlords for the Housing Choice Voucher Program, which was a result of more units leased.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had $8,982,354 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $442,012 or 4.69% from the end of last year. As stated earlier, this decrease was due to net purchases and depreciation expense.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

	2006	2005
Land and Land Rights	$ 1,797,154	$ 1,797,154
Buildings	15,838,469	15,744,600
Equipment	514,892	529,166
Construction in Progress	271,110	121,837
Accumulated Depreciation	(9,439,271)	(8,768,391)
Total	$ 8,982,354	$ 9,424,366

Unaudited

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2006	$	9,424,366
Current Year Additions		251,042
Current Year Depreciation Expense		(693,055)
Rounding Adjustments		1
Ending Balance - December 31, 2006	$	8,982,354

Current Year Additions are summarized as follows:		
Renovation of Kitchen - TVT		93,869
Automobile - 1993 Ford Taurus (S8)		7,900
Building Improvements reported as Construction in Progress		149,273
Total 2006 Additions	$	251,042

Debt Outstanding

As of year-end, the Authority has $1,555,910 in debt (mortgages) outstanding compared to $1,581,146 last year. The $25,236 decrease was a result of principal payments made during the year plus current year loan proceeds. See Page 24 for detail.

Unaudited

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2006	$	1,581,146
Current Year Loans Proceeds		32,000
Current Year Loan Retirements		(57,236)
Ending Balance - December 31, 2006	$	1,555,910

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Stan W. Popp, Executive Director of the Wayne Metropolitan Housing Authority, at (330) 264-2727. Specific requests may be submitted to the Wayne Metropolitan Housing Authority at 345 N. Market Street, Wooster, Ohio 44691. Email: spopp@waynemha.org

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2006

ASSETS	
Current assets	
Cash and cash equivalents	$779,802
Receivables, net	277,194
Inventories, net	27,890
Prepaid expenses and other assets	58,184
Total current assets	**1,143,070**
Noncurrent assets	
Capital assets:	
Land	1,797,154
Building and equipment	16,353,361
Construction in Progress	271,110
Less accumulated depreciation	(9,439,271)
Total noncurrent assets	***8,982,354***
Total assets	**$10,125,424**
LIABILITIES	
Current liabilities	
Accounts payable	$42,680
Accrued liabilities	113,242
Intergovernmental payables	292,296
Tenant security deposits	33,216
Deferred revenue	11,460
Bonds, notes, and loans payable	60,394
Other current liabilities	28,217
Total current liabilities	***581,505***
Noncurrent liabilities	
Bonds, notes, and loans payable	1,495,516
Noncurrent liabilities - other	36,102
Total noncurrent liabilities	***1,531,618***
Total liabilities	**$2,113,123**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2006

NET ASSETS	
Invested in capital assets, net of related debt	7,426,444
Unrestricted net assets	585,857
Total net assets	**$8,012,301**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

OPERATING REVENUES	
Tenant Revenue	$514,844
Government operating grants	4,635,429
Other revenue	281,092
Total operating revenues	**5,431,365**
OPERATING EXPENSES	
Administrative	1,028,536
Utilities	226,682
Maintenance	409,871
General	108,625
Housing assistance payment	3,280,316
Depreciation	693,055
Total operating expenses	***5,747,085***
Operating income (loss)	**(315,720)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	25,976
Interest expense	(80,718)
Total nonoperating revenues (expenses)	***(54,742)***
Income (loss) before contributions and transfers	(370,462)
Capital grants	149,273
Change in net assets	(221,189)
Total net assets - beginning	8,236,001
Prior Period Adjustment	(2,511)
Total net assets - ending	**$8,012,301**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$4,635,429
Tenant revenue received	517,620
Other revenue received	286,321
General and administrative expenses paid	(1,700,030)
Housing assistance payments	(3,280,316)
Net cash provided (used) by operating activities	**459,024**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	25,976
Net cash provided (used) by investing activities	**25,976**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Loan proceeds received	32,000
Capital grant funds received	149,273
Debt principal payment	(57,236)
Interest paid on Debt	(80,718)
Property and equipment purchased	(251,042)
Net cash provided (used) by capital and related activities	**(207,723)**
Net increase (decrease) in cash	277,277
Cash and cash equivalents - Beginning of year	502,525
Cash and cash equivalents - End of year	**$779,802**

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

Statement of Cash Flows - Continued
Proprietary Fund Type
For the Year Ended December 31, 2006

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($315,720)
Activities	
- Depreciation	693,055
- (Increases) Decreases in Accounts Receivable	2,692
- (Increases) Decreases in Prepaid Assets	(33,282)
- (Increases) Decreases in Inventory	(4,214)
- Increases (Decreases) in Accounts Payable	15,051
- Increases (Decreases) in Accounts Payable - Intergovernmental	129,055
- Increases (Decreases) in Accrued Expenses Payable	(1,406)
- Increases (Decreases) in Deferred Revenue	6,660
- Increases (Decreases) in Other Current Liabilities	(25,433)
- Increases (Decreases) in Other Noncurrent Liabilities	(9,287)
- Increases (Decreases) in Accrued Compensated Absences	(208)
- Increases (Decreases) in Tenant Security Deposits	2,061
Net cash provided by operating activities	**$459,024**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wayne Metropolitan Housing Authority (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. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Wayne 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 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.

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

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

Reporting Entity (Continued)

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 financial statements consist of a statement of net assets, a statement of revenue, expenses and changes 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.

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 Pubic Housing Program is designed to provide low-cost housing within the Wayne 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. **State / Local**
State / Local represents Authority owned housing properties that are not subsidized by HUD, management services that the Authority provides to local non-profit entities under contract for management (Secrest Village Apartments and Home Place Housing), and Community Housing Improvement Programs that the Authority administers and implements under contract with both Wayne County and the City of Wooster. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2005 totaled $25,976.

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. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

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.

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 absences 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.

Inventories

Inventory valued of $27,890 in the financial statements is stated at cost. The allowance for obsolete inventory was $0 at December 31, 2006.

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

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.

NOTE 2: <u>DEPOSITS AND INVESTMENTS</u> (Continued)

At fiscal year end December 31, 2006, the carrying amount of the Authority's deposits totaled $779,802 and its bank balance was $903,631. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2006, $667,255 was exposed to custodial risk as discussed below, while $235,376 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: <u>INSURANCE AND RISK MANAGEMENT</u>

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. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 4: <u>SCHEDULE OF EXPENDITURE OF FEDERAL AWARD</u>

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/05	Adjust.	Additions	Deletion	Balance 12/31/06
Capital Assets Not Depreciated:					
Land	$1,797,154	$0	$0	$0	$1,797,154
Construction in Progress	121,837	0	149,273	0	271,110
Total Capital Assets Not Being Depreciated	**1,918,991**	**0**	**149,273**	**0**	**2,068,264**
Capital Assets Being Depreciated:					
Buildings	15,744,600	0	93,869	0	15,838,469
Furnt, Mach. & Equip. - Dwelling	141,311	0	0	0	141,311
Furnt, Mach. & Equip. - Admin	387,854	0	7,900	(22,173)	373,581
Total Capital Assets Being Depreciated	16,273,765	0	101,769	(22,173)	16,353,361
Accumulated Depreciation:					
Buildings	(8,293,746)	0	(672,993)	0	(8,966,739)
Furnt, Mach. & Equip. - Dwelling	(141,311)	0	0	0	(141,311)
Furnt, Mach. & Equip. - Admin	(333,334)	0	(20,062)	22,173	(331,223)
Accumulated Depreciation	(8,768,391)	0	(693,055)	22,173	(9,439,273)
Total Capital Assets Being Depreciated, Net	**7,505,374**	**0**	**(591,286)**	**0**	**6,914,088**
Total Capital Assets, Net	**$9,424,365**	**$0**	**($442,013)**	**$0**	**$8,982,352**

NOTE 6: LONG-TERM DEBT

Long-term debt for the Wayne Metropolitan Housing Authority's state/local activities consists of the following:

NOTE 6: LONG-TERM DEBT (Continued)

• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property on Moreland Road.	$46,600
• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000 due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1 of each year. Proceeds of the bond were used to purchase a property on Jefferson Road.	46,600
• Mortgage Revenue Bond dated February 24, 2003 in the amount of $55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property on Westwood Circle.	52,200
• Loan payable to Bank One to consolidate the existing loans for the purchase of Northview Property and to finance the purchase and rehabilitation of the administration building at 345 N Market Street. Total borrowing was $1,375,00,	1,275,163
• The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities were the Authority received a grant for $112,743 to be used for the purchase of property located at 34 Andrew Court. The grant has a restriction that the property shall be use as a residential facility for MRDD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients.	103,347
• Mortgage Revenue Bond dated August 30, 2006 in the amount of $32,000, due in September 2036; interest rate 4.375% with an annual payment of principal and interest due September 1. Proceeds of the bond were used to pay part of the cost of the construction of Andrew Court Project.	32,000
Total Outstanding Debt	1,555,910
Less Current Portion	57,235
Total Long-Term Debt	$1,1,498,675

NOTE 6: LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

DESCRIPTION	BALANCE 12/31/05	ISSUED	RETIRED	BALANCE 12/31/06
Loan Payable	$1,581,146	$32,000	$57,236	$1,555,910
TOTAL	$1,581,146	$32,000	$57,236	$1,555,910

Maturities of the debt over the next five years are as follows:

Years	Principal	Interest	Total
2007	60,394	76,730	137,124
2008	63,755	73,369	137,124
2009	238,240	66,033	304,273
2010	54,267	61,040	115,307
2011	56,324	58,983	115,307
2012-2016	326,056	250,480	576,536
2017-2021	410,171	156,970	567,141
2022-2026	278,803	41,172	319,975
2027-2031	47,000	11,545	58,545
2032-2036	20,900	1,961	22,861
Total	$1,555,910	$798,283	$2,354,193

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2006 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $18,354
- Tenant Prepaid rent in the Low Rent Public Housing Program of $1,485
- Deferred Revenue from CHIP Contract of $16,263

NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9 percent of their annual covered salary to fund pension obligations. The 2006 employer pension contribution rate for Authority was 13.7 percent. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2006, 2005 and 2004 amounted to $113,980, $110,505 and $107,920 respectively. Ninety-four percent has been contributed for 2006. All required contributions for the two previous years have been paid.

NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2006 was 4.0 percent of covered payroll, which amounted to $33,279. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

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

NOTE 10: PRIOR PERIOD ADJUSTMENT

The prior period adjustment of $2,511 was necessary to properly state net assets. The adjustments were as follows:

- Adjustment made in the Housing Choice Voucher Program for fiscal year 2005 settlement with HUD	$2,511
Total Prior Period Adjustment	$2,511

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2006							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
111	Cash - Unrestricted	$4,383	$321,220	$0	$0	$151,940	$477,543
115	Cash - Restricted for Payment of Current Liabilities	$0	$28,217	$0	$0	$19,312	$47,529
113	Cash - Other Restricted	$0	$18,354	$0	$0	$0	$18,354
114	Cash - Tenant Security Deposits	$36,376	$0	$0	$0	$0	$36,376
100	Total Cash	$40,759	$367,791	$0	$0	$171,252	$579,802
125	Accounts Receivable - Miscellaneous	$116,453	$0	$0	$0	$158,543	$274,996
126	Accounts Receivable - Tenants - Dwelling Rents	$8,860	$0	$0	$0	$426	$9,286
126.1	Allowance for Doubtful Accounts - Dwelling Rents	($7,088)	$0	$0	$0	$0	($7,088)
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0	$0
120	Total Receivables, net of allowances for doubtful accounts	$118,225	$0	$0	$0	$158,969	$277,194
131	Investments - Unrestricted	$200,000	$0	$0	$0	$0	$200,000
142	Prepaid Expenses and Other Assets	$39,704	$16,672	$0	$0	$1,808	$58,184
143	Inventories	$27,136	$0	$0	$0	$754	$27,890
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0
144	Interprogram Due From	$120,525	$45,505	$0	$0	$0	$166,030
150	Total Current Assets	$546,349	$429,968	$0	$0	$332,783	$1,309,100
161	Land	$1,532,157	$0	$0	$0	$264,997	$1,797,154
162	Buildings	$14,646,514	$0	$0	$0	$1,191,955	$15,838,469
163	Furniture, Equipment & Machinery - Dwellings	$141,311	$0	$0	$0	$0	$141,311

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2006								
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
164	Furniture, Equipment & Machinery - Administration	$296,113	$46,563	$0	$0	$30,905	$373,581
165	Leasehold Improvements	$0	$0	$0	$0	$0	$0
166	Accumulated Depreciation	($9,238,647)	($24,514)	$0	$0	($176,110)	($9,439,271)
167	Construction In Progress	$0	$0	$271,110	$0	$0	$271,110
160	Total Fixed Assets, Net of Accumulated Depreciation	$7,377,448	$22,049	$271,110	$0	$1,311,747	$8,982,354
180	Total Non-Current Assets	$7,377,448	$22,049	$271,110	$0	$1,311,747	$8,982,354
190	Total Assets	$7,923,797	$452,017	$271,110	$0	$1,644,530	$10,291,454
312	Accounts Payable <= 90 Days	$38,660	$0	$0	$0	$4,020	$42,680
321	Accrued Wage/Payroll Taxes Payable	$48,742	$0	$0	$0	$0	$48,742
322	Accrued Compensated Absences - Current Portion	$64,500	$0	$0	$0	$0	$64,500
333	Accounts Payable - Other Government	$37,388	$0	$0	$0	$254,908	$292,296
341	Tenant Security Deposits	$32,791	$0	$0	$0	$425	$33,216
342	Deferred Revenues	$3,425	$0	$0	$0	$8,035	$11,460
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$33,445	$0	$0	$0	$26,949	$60,394
345	Other Current Liabilities	$0	$28,217	$0	$0	$0	$28,217
347	Interprogram Due To	$45,506	$0	$0	$0	$120,524	$166,030
310	Total Current Liabilities	$304,457	$28,217	$0	$0	$414,861	$747,535
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$1,026,554	$0	$0	$0	$468,962	$1,495,516

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2006							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
353	Noncurrent Liabilities - Other	$1,485	$18,354	$0	$0	$16,263	$36,102
350	Total Noncurrent Liabilities	$1,028,039	$18,354	$0	$0	$485,225	$1,531,618
300	Total Liabilities	$1,332,496	$46,571	$0	$0	$900,086	$2,279,153
508.1	Invested in Capital Assets, Net of Related Debt	$6,317,449	$22,049	$271,110	$0	$815,836	$7,426,444
512.1	Unrestricted Net Assets	$273,852	$383,397	$0	$0	($71,392)	$585,857
513	Total Equity/Net Assets	$6,591,301	$405,446	$271,110	$0	$744,444	$8,012,301
600	Total Liabilities and Equity/Net Assets	$7,923,797	$452,017	$271,110	$0	$1,644,530	$10,291,454
703	Net Tenant Rental Revenue	$394,706	$0	$0	$0	$120,138	$514,844
705	Total Tenant Revenue	$394,706	$0	$0	$0	$120,138	$514,844
706	HUD PHA Operating Grants	$462,751	$3,916,475	$163,703	$0	$0	$4,542,929
706.1	Capital Grants	$0	$0	$149,273	$0	$0	$149,273
708	Other Government Grants	$0	$0	$0	$92,500	$0	$92,500
711	Investment Income - Unrestricted	$12,729	$7,138	$0	$0	$6,109	$25,976
713.1	Cost of Sale of Assets	$0	$0	$0	$0	$0	$0
714	Fraud Recovery	$0	$3,176	$0	$0	$0	$3,176
715	Other Revenue	$37,481	$300	$0	$0	$240,135	$277,916
720	Investment Income - Restricted	$0	$0	$0	$0	$0	$0
700	Total Revenue	$907,667	$3,927,089	$312,976	$92,500	$366,382	$5,606,614

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2006							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
911	Administrative Salaries	$165,711	$261,545	$18,553	$0	$152,235	$598,044
912	Auditing Fees	$1,933	$7,214	$0	$0	$0	$9,147
914	Compensated Absences	$58	$173	$0	$0	$0	$231
915	Employee Benefit Contributions - Administrative	$81,658	$114,973	$8,349	$0	$66,807	$271,787
916	Other Operating - Administrative	$50,908	$50,976	$16,801	$0	$30,642	$149,327
931	Water	$56,670	$0	$0	$0	$8,011	$64,681
932	Electricity	$73,341	$0	$0	$0	$16,598	$89,939
933	Gas	$50,320	$0	$0	$0	$21,742	$72,062
941	Ordinary Maintenance and Operations - Labor	$173,298	$0	$0	$0	$0	$173,298
942	Ordinary Maintenance and Operations - Materials and Other	$48,529	$1,121	$0	$0	$2,181	$51,831
943	Ordinary Maintenance and Operations - Contract Costs	$64,719	$15,491	$0	$0	$21,449	$101,659
945	Employee Benefit Contributions - Ordinary Maintenance	$83,083	$0	$0	$0	$0	$83,083
961	Insurance Premiums	$37,147	$18,629	$0	$0	$2,597	$58,373
963	Payments in Lieu of Taxes	$21,437	$0	$0	$0	$7,942	$29,379
964	Bad Debt - Tenant Rents	$15,423	$0	$0	$0	$5,450	$20,873
967	Interest Expense	$62,869	$0	$0	$0	$17,849	$80,718
969	Total Operating Expenses	$987,104	$470,122	$43,703	$0	$353,503	$1,854,432
970	Excess Operating Revenue over Operating Expenses	($79,437)	$3,456,967	$269,273	$92,500	$12,879	$3,752,182
973	Housing Assistance Payments	$0	$3,280,316	$0	$0	$0	$3,280,316
974	Depreciation Expense	$645,162	$7,124	$0	$0	$40,769	$693,055

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2006							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
900	Total Expenses	$1,632,266	$3,757,562	$43,703	$0	$394,272	$5,827,803
1001	Operating Transfers In	$218,814	$0	$0	$0	$0	$218,814
1002	Operating Transfers Out	$0	$0	($120,000)	($92,500)	($6,314)	($218,814)
1010	Total Other Financing Sources (Uses)	$218,814	$0	($120,000)	($92,500)	($6,314)	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($505,785)	$169,527	$149,273	$0	($34,204)	($221,189)
1103	Beginning Equity	$7,097,086	$238,430	$121,837	$0	$778,648	$8,236,001
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	($2,511)	$0	$0	$0	($2,511)
	Ending Equity	$6,591,301	$405,446	$271,110	$0	$744,444	$8,012,301
1113	Maximum Annual Contributions Commitment (Per ACC)	$0	$0	$0	$0	$0	$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$0	$0	$0	$0	$0	$0
1116	Total Annual Contributions Available	$0	$0	$0	$0	$0	$0
1120	Unit Months Available	2,688	9,823	0	0	168	12,679
1121	Number of Unit Months Leased	2,644	9,823	0	0	168	12,635
1117	Administrative Fee Equity	$0	$188,098	$0	$0	$0	$188,098
1118	Housing Assistance Payments Equity	$0	$217,347	$0	$0	$0	$217,347

Wayne Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 2006

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850	$462,751
Housing Choice Voucher Program	14.871	3,916,475
Public Housing Capital Fund Program	14.872	312,976
Total Director Programs		4,692,202
Pass-Through Program From		
City of Wooster		
Community Development Block Grant	14.218	92,500
Total Pass-Through Program		92,500
Total Expenditure of Federal Award		**$4,784,702**

Wayne Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2006

Capital Fund Program Number OH12P03650104

1. The Program Costs are as follows:

Funds Approved	$342,260
Funds Expended	342,260
Excess (Deficiency) of Funds Approved	$ -0-
Funds Advanced	$342,260
Funds Expended	342,260
Excess (Deficiency) of Funds Advanced	$ -0-

2. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on July 13, 2006.

4. The final costs on the certification agree to the Authority's records.

SALVATORE CONSIGLIO, CPA, INC.

6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsilgio@aol.com

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
Wayne Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the Wayne Metropolitan Housing Authority basic financial statements and have issued my report thereon dated July 10, 2007. 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 Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne 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.

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

Salvatore Consiglio, CPA, Inc.

July 10, 2007

SALVATORE CONSIGLIO, CPA, INC.

6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsilgio@aol.com

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

Board of Directors
Wayne Metropolitan Housing Authority

Compliance

I have audited the compliance of the Wayne 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, 2006. Wayne 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 Wayne Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Wayne 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 Wayne 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 Wayne Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Wayne 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, 2006.

Internal Control Over Compliance

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

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

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

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

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

Salvatore Consiglio, CPA, Inc.

July 10, 2007

Wayne Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

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

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

There are no Findings or questioned costs for the year ended December 31, 2006.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2006.

Wayne Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2006

The audit report for the fiscal year ending December 31, 2005 contained no audit finding.

Mary Taylor, CPA
Auditor of State

WAYNE METROPOLITAN HOUSING AUTHORITY

WAYNE 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 8, 2007

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us