

**WAYNE METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

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





# Dave Yost • Auditor of State

Board of Commissioners  
Wayne Metropolitan Housing Authority  
345 N. Market Street  
Wooster, Ohio 44691

We have reviewed the *Independent Auditors' Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 8, 2013

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**WAYNE METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Wayne Metropolitan Housing Authority  
Wooster, 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 Wayne Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in 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 principles 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayne Metropolitan Housing Authority, as of December 31, 2012, and the respective changes in financial position, and cash flows thereof for the year then 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 and budgetary comparison information on pages 4 and 9 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 Wayne Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2013, on our consideration of the Wayne Metropolitan Housing Authority'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 Wayne Metropolitan Housing Authority's internal control over financial reporting and compliance.



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

May 22, 2013

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

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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 2012 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 position decreased by \$73,782 or 1.0 percent during 2012, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by \$626,795 or 9.2 percent during 2012.
- The total expenses of all Authority programs decreased by \$518,760 or 7.1 percent.

**Overview of the Authority's Financial Statements**

The Authority's 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 Position*, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Position", 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 Position (the "*Unrestricted Net Position*") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position 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 Position: This component of Net Position consists of restricted net position, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

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The Authority's financial statements also include a *Statement of Revenues, Expenses and Changes in Fund Net Position* (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 Position is the "Change in Net Position", 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.

*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 percent 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 percent 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 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 Development 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

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

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.

**Condensed Financial Statements**

The following is a condensed **Statement of Net Position** compared to the prior year-end. Wayne Metropolitan Housing Authority is engaged only in business-type activities.

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

	2012	2011
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,705,956	\$ 2,176,457
Capital Assets	<u>8,579,737</u>	<u>7,235,750</u>
<b>Total Assets</b>	<b><u>\$10,285,693</u></b>	<b><u>\$ 9,412,207</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 473,188	\$ 393,670
Long-term Liabilities	<u>2,507,482</u>	<u>1,639,732</u>
<b>Total Liabilities</b>	<b><u>2,980,670</u></b>	<b><u>2,033,402</u></b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	6,056,369	5,598,915
Restricted	420,112	803,645
Unrestricted	<u>828,542</u>	<u>976,245</u>
<b>Total Net Position</b>	<b><u>7,305,023</u></b>	<b><u>7,378,805</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$10,285,693</u></b>	<b><u>\$ 9,412,207</u></b>

For more detail information, see Statement of Net Position presented on page 9.

**Major Factors Affecting the Statement of Net Position**

During 2012, current and other assets decreased by \$470,501, and current liabilities increased by \$79,518.

Net capital assets also changed, increasing from \$5,598,915 to \$6,056,369. The \$457,454 increase may be attributed primarily to the addition of several properties under two new State/Local projects, as well as current year depreciation and amortization. The long-term liabilities increase is a result of the acquisition of debt on the new properties during the year. For more detail see "Capital Assets" presented later in this report.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

The following table presents details on the change in Unrestricted Net Position.

**Table 2 - Change of Unrestricted Net Position**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Investment In Capital Assets</u>
Beginning Balance - January 1, 2012	\$ 976,245	\$ 803,645	\$ 5,598,915
Results of Operation	(73,782)	0	0
Adjustments:			
Current Year Depreciation Expense (1)	607,387	0	(607,387)
Capital Expenditure, Net of Disposal (2)	(1,951,374)	0	1,951,374
Current Year Debt Proceeds Net of Retirement	886,533	0	(886,533)
Transfer from Restricted Net Position	383,533	(383,533)	0
Ending Balance - December 31, 2012	<u>\$ 828,542</u>	<u>\$ 420,112</u>	<u>\$ 6,056,369</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position 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 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Total Tenant Revenues - Rents and Other	\$ 709,838	\$ 551,229
Operating Subsidies	5,180,024	5,751,669
Capital Grants	159,041	103,615
Investment Income	4,584	12,819
Other Revenues	143,748	404,698
<b>Total Revenues</b>	<u>6,197,235</u>	<u>6,824,030</u>
<b>Expenses</b>		
Administrative	1,056,145	1,176,874
Utilities	301,058	281,272
Maintenance	605,791	585,229
General and Interest Expenses	236,191	238,132
Housing Assistance Payments	4,027,119	4,291,221
Depreciation	607,387	779,723
<b>Total Expenses</b>	<u>6,833,691</u>	<u>7,352,451</u>
Capital Contributions	<u>562,674</u>	<u>0</u>
Net Increases (Decreases)	<u>\$ (73,782)</u>	<u>\$ (528,421)</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position**

Tenant revenue increased \$158,610 during 2012 in comparison to 2011. The increase was likely due to due to the addition of the two new projects, with similar occupancy levels in all other rental units for the year. Capital Grants show an increase of \$55,426 from 2011 due to a previous reporting error regarding the capital grant that finances the Authority's main office building. Overall, total revenue decreased by \$626,795 from 2011, due primarily to a decrease in grant funding for the Authority's Housing Choice Voucher program.

The expenses decreased by \$518,670 due to a reduction in payments for the Housing Choice Voucher program in 2012, and from a decrease in depreciation expense as a result of one of the Public Housing projects becoming fully depreciated at the previous year-end. All other expense categories experienced modest increases or decreases of 10 percent or less.

**Capital Assets**

As of year-end, the Authority had \$8,579,737 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$1,343,987 or 19 percent from the end of 2011. This increase was mainly a net result of the addition of the two new projects and related properties and equipment, offset by the accumulated depreciation of all properties and other capital assets.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	2012	2011
Land and Land Rights	\$2,296,014	\$1,975,154
Buildings and Improvements/Additions	19,232,117	17,632,176
Furniture and Equipment	601,741	564,679
Construction in Progress	61,172	79,001
Accumulated Depreciation	(13,611,307)	(13,015,260)
<b>Total Capital Assets</b>	<u>\$ 8,579,737</u>	<u>\$ 7,235,750</u>

The following reconciliation identifies the change in Capital Assets.

**Table 5 - Change in Capital Assets**

Beginning Balance - January 1, 2012	\$7,235,750
Current Year Additions	1,951,374
Current Year Depreciation Expense	(607,387)
Ending Balance - December 31, 2012	<u>\$8,579,737</u>
Current Year Additions are summarized as follows:	
Land Additions	\$ 320,860
Building Improvements and Additions	1,599,944
Equipment Additions	48,396
Change in Construction in Progress	(17,829)
Total 2012 Additions	<u>\$ 1,951,374</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

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**Debt Outstanding**

As of year-end, the Authority has \$2,523,367 in debt (mortgages) outstanding compared to \$1,636,835 last year. The \$886,532 increase was a net result of new debt assumed and principal payments made on current debt during the year.

**Table 6 - Condensed Statement of Changes in Debt Outstanding  
(Values Rounded to Nearest Thousand)**

Beginning Balance - January 1, 2012	\$ 1,636,835
Current Year Loans	1,005,086
Current Year Loan Retirements	<u>(118,554)</u>
Ending Balance - December 31, 2012	<u>\$2,523,367</u>

**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, fax: (330) 263-1521, e-mail address [spopp@waynemha.org](mailto:spopp@waynemha.org).

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 597,699
Restricted Cash and Cash Equivalents	545,198
Receivables, Net	478,599
Inventory	14,856
Prepaid Expenses and Other Assets	<u>69,604</u>
<b>Total Current Assets</b>	<b><u>1,705,956</u></b>

**Noncurrent Assets**

Non-depreciable Capital Assets	2,357,186
Depreciable Capital Assets, Net	<u>6,222,551</u>
<b>Total Noncurrent Assets</b>	<b><u>8,579,737</u></b>

**TOTAL ASSETS** **\$ 10,285,693**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 25,593
Accrued Compensated Absences - Current	8,986
Tenant Security Deposits	57,860
Deferred Revenue	10,539
Accrued Wages and Payroll Taxes	71,280
Intergovernmental Payable	58,717
Other Current Liabilities	105,332
Current Portion of Long-Term Debt	<u>134,881</u>
<b>Total Current Liabilities</b>	<b><u>473,188</u></b>

**Noncurrent Liabilities**

Noncurrent Liabilities - Other	118,995
Long-Term Debt - Net of Current Portion	<u>2,388,487</u>
<b>Total Noncurrent Liabilities</b>	<b><u>2,507,482</u></b>
<b>Total Liabilities</b>	<b><u>2,980,670</u></b>

**NET POSITION**

Net Investment in Capital Assets	6,056,369
Unrestricted	828,542
Restricted	<u>420,112</u>
<b>Total Net Position</b>	<b><u>7,305,023</u></b>

**TOTAL LIABILITIES AND NET POSITION** **\$ 10,285,693**

See accompanying notes to the basic financial statements.



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<b><u>Operating Revenues</u></b>	
Government Grants	\$ 5,180,024
Tenant Revenue	709,838
Other Revenue	<u>142,548</u>
<b>Total Operating Revenues</b>	<b><u>6,032,410</u></b>
<b><u>Operating Expenses</u></b>	
Administrative	1,056,145
Utilities	301,058
Maintenance	605,791
General	162,277
Housing Assistance Payments	<u>4,027,119</u>
<b>Total Operating Expenses Before Depreciation</b>	<b><u>6,152,390</u></b>
Income (Loss) Before Depreciation	(119,980)
Depreciation	<u>607,387</u>
<b>Operating Income (Loss)</b>	<b><u>(727,367)</u></b>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Interest and Investment Revenue	4,584
Gain on Sale of Capital Assets	1,200
Interest Expense	<u>(73,914)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>(68,130)</u></b>
Income (Loss) Before Capital Grants and Contributions	(795,497)
Capital Contributions	562,674
Capital Grants	<u>159,041</u>
<b>Change in Net Position</b>	<b><u>(73,782)</u></b>
Total Net Position, Beginning of Year	<u>7,378,805</u>
<b>Net Position, End of Year</b>	<b><u>\$ 7,305,023</u></b>

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash Flows from Operating Activities**

Cash Received from Federal Operating Grants	\$ 5,218,915
Cash Received From Tenants	705,155
Cash Payments for Housing Assistance	(4,027,119)
Cash Payments for Administrative Expenses	(1,044,317)
Cash Payments for Other Operating Expenses	(1,063,122)
Cash Received - Other	222,903
<b>Net Cash (Provided) by Operating Activities</b>	<b><u>12,415</u></b>

**Cash Flows from Capital and Related Financing Activities**

Acquisition of Capital Assets	(1,123,614)
Capital Grants and Contributions	159,041
Debt Payments (Including Interest)	(192,467)
Debt Proceeds	740,000
Proceeds from Capital Asset Sale	1,200
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b><u>(415,840)</u></b>

**Cash Flows from Investing Activities**

Interest and Investment Income Received	4,584
<b>Net Cash Provided by Investing Activities</b>	<b><u>4,584</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(398,841)

Cash and Cash Equivalents, Beginning	1,541,738
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 1,142,897</u></b>

**Reconciliation of Operating Loss to Net Cash Provided by Operating Activities**

Net Operating (Loss)	\$ (727,367)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	607,387
(Increase) Decrease in:	
Accounts Receivable - Tenant	(7,027)
Accounts Receivable - Other	80,000
Prepaid Expenses	(7,284)
Inventory	5,971
Increase (Decrease) in:	
Accounts Payable	1,287
Intergovernmental Payable - Deferred Revenue	41,235
Accrued Compensated Absences	(2,682)
Tenant Security Deposits	20,043
Accrued Wages and Payroll Taxes	14,510
Non-Current Liabilities	6,030
Other Current Liabilities	(19,688)
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ 12,415</u></b>

**Schedule of Non-Cash Capital and Financing Activities**

During 2012, the Authority acquired capital assets from a non-profit organization through an assumed loan of \$265,086 and a capital contribution of \$562,674.

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Reporting Entity**

The Wayne Metropolitan Housing Authority ( the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

**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 assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

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 change in net assets, 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.

**Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, and certificate of deposits regardless of maturity, to be cash equivalents.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	30 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	5 years
Autos	5 years
Computers	5 years

**Capitalization of Interest**

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

**Investments**

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

**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; 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 liability. Information regarding compensated absences is detailed in Note 8.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

**Cash on Hand**

At December 31, 2012, the carrying amount of the Authority's deposits was \$1,142,897 (including \$545,198 of restricted funds, and \$200 of petty cash).

At December 31, 2012, the bank balance of the Authority's cash deposits was \$1,179,930. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2012, deposits totaling \$973,675 were covered by Federal Depository Insurance and deposits totaling \$206,255 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2012, the Authority had no investments.

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**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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

**Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk**

The Authority had no investments and is not subject to credit risk during 2012.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$545,198 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by:	
HUD for Housing Assistance Payments	\$ 397,691
Tenant Security Deposits	57,860
FSS Escrow Funds	67,226
Reserve for Replacement and Mortgage Sinking Fund	<u>22,421</u>
Total Restricted Cash	<u>\$ 545,198</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at December 31, 2012 by class is as follows:

	Balance 01/12/2012	Reclasses	Additions	Deletions	Balance 12/31/2012
<b><u>Capital Assets Not Being Depreciated</u></b>					
Land	\$ 1,975,154	\$ 0	\$ 320,860	\$ 0	\$ 2,296,014
Construction in Progress	79,001	(133,585)	115,756	0	61,172
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,054,155</u>	<u>(133,585)</u>	<u>436,616</u>	<u>0</u>	<u>2,357,186</u>
<b><u>Capital Assets Being Depreciated</u></b>					
Buildings and Improvements	17,632,173	133,585	1,466,359	0	19,232,117
Furniture, Equipment, and Machinery - Dwellings	141,311	0	8,371	0	149,682
Furniture, Equipment, and Machinery - Administrative	423,369	0	40,028	(11,338)	452,059
<b>Subtotal Capital Assets Being Depreciated</b>	<u>18,196,853</u>	<u>133,585</u>	<u>1,514,758</u>	<u>(11,338)</u>	<u>19,833,858</u>
<b><u>Accumulated Depreciation</u></b>					
Buildings & Improvements	(12,504,079)	(259)	(575,949)	0	(13,080,287)
Furniture & Equipment - Dwellings	(141,311)	0	(7,319)	0	(148,630)
Furniture & Equipment - Administrative	(369,868)	259	(24,119)	11,338	(382,390)
<b>Total Accumulated Depreciation</b>	<u>(13,015,258)</u>	<u>0</u>	<u>(607,387)</u>	<u>11,338</u>	<u>(13,611,307)</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>5,181,595</u>	<u>133,585</u>	<u>907,371</u>	<u>0</u>	<u>6,222,551</u>
<b>Total Capital Assets, Net</b>	<u>\$ 7,235,750</u>	<u>\$ 0</u>	<u>\$ 1,343,987</u>	<u>\$ 0</u>	<u>\$ 8,579,737</u>

**NOTE 5: CAPITAL CONTRIBUTIONS**

On June 13, 2012, Home Place Housing (a non-profit organization) transferred all its assets and related liabilities to the Authority. The primary assets were 11 residential housing structures that are residences for mentally disabled clients of the Community Mental Health Board of Wayne and Holmes Counties. The Authority assumed the forgivable loan balance with the Ohio Department of Mental Health which at December 31, 2012 has a balance of \$257,161. The Authority recorded the capital assets at their fair market value as determined by the Wayne County Auditor's Office real estate tax appraisal. As a result of this transfer, the Authority recognized a capital contribution in the amount of \$562,674.

**NOTE 6: RESTRICTED NET ASSETS**

The Authority's restricted net assets are as follows:

Section 8 Housing Choice Voucher funds provided for Housing Assistance Payments in excess of the amounts used	\$ 397,691
Reserve for Replacement & Mortgage Sinking Funds	<u>22,421</u>
<b>Total</b>	<b><u>\$ 420,112</u></b>



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 7: **RETIREMENT AND OTHER BENEFIT PLANS**

**Ohio Public Employees Retirement System**

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 defined 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, 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 and 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, by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to the Traditional Plan for the years ended December 31, 2012, 2011, and 2010, were \$123,339, \$115,888, and \$119,240, respectively. The Authority's required contributions to the Member-Directed Plan for the years ended December 31, 2012, 2011, and 2010, were \$4,453, \$0, and \$0, respectively. The full amount has been contributed for 2012, 2011, and 2010. The Authority had no employees participating in the Combined Plan for the years ended December 31, 2012, 2011, and 2010.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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 pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

**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 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contributions to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

**Ohio Public Employees Retirement System** (Continued)

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contributions 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 4.0 percent for the year ended December 31, 2012. 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, 2012, 2011, and 2010 which were used to fund post-employment benefits were \$37,105, \$33,111, and \$43,292, 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.

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**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

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**NOTE 9: COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) year shall be forfeited.

At December 31, 2011, based on the vesting method, \$60,755 was accrued by the Authority for unused vacation and sick leave. The current portion of \$8,986 and the long-term portion is \$51,769.

**NOTE 10: INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-six (36) Ohio housing authorities, of which Wayne is one. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,500	\$250,000,000 (Per Occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/2,000,000
Law Enforcement	0	2,000,000
Public Officials	0	2,000,000
Crime	500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Aetna Health Inc. for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

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**NOTE 11: LONG-TERM DEBT**

As of December 31, 2012 the Authority's long-term debt is as follows:

	<u>Balance at 12/31/12</u>
Loan Payable to JP Morgan Chase Bank to finance the purchase and rehabilitation of the administration building at 345 North Market Street. The total amount borrowed for this financing was \$1,125,000 at a fixed rate of 5.75% for 15 years.	\$ 816,611
Loan Payable to JP Morgan Chase Bank to consolidate an existing loan for the purchase of the property located at 850 Northview Drive and for the acquisition of 5 additional properties from Home Place Inc. The interest rate on this debt is at a fixed rate of 5% for 15 years. Total amount borrowed for this financing was \$234,363.	169,405
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 located at 1401 Moreland Road.	40,300
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 renovations of the property located at 34 Andrew Court.	28,400
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on February 2005, where 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 used 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.	56,998

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with the Ohio Department of Mental Retardation and Development Disabilities in November 2005, where the Authority received a grant in the amount of \$5,000 to be used for renovations to the property located at 34 Andrew Court. The grant has a restriction that the property shall be used 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 the number of months used by MRDD clients.

2,611

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in November 2005, where the Authority received a grant in the amount of \$10,000 to be used for renovations to the property located at 34 Andrew Court. The grant has a restriction that the property shall be used 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 a prorated amount of number of months used by MRDD clients.

5,222

Mortgage Revenue Bond dated October 29, 2007 in the amount of \$54,000, due in October 2037; interest rate 4.25% with an annual payment of principal and interest due October 1. Proceeds of the bond were used to purchase a property located at 2574 Earl Street.

49,000

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on July 2007, where the Authority received a grant for \$85,412 to be used for the purchase of property located at 2574 Earl Street. The grant has a restriction that the property shall be used 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.

53,620

Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate of 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property at 1701 Westwood Circle.

45,400

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in August 2002, where the Authority received a grant for \$67,841 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used 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. 20,729

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in April 2010, where the Authority received a grant for \$9,038 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used 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. 7,381

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 located at 617-619 Jefferson Avenue. 40,200

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in December 2001 where the Authority received a grant for \$67,841 to be used for the purchase of property located at 617-619 Jefferson Avenue. The grant has a restriction that the property shall be used 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. 17,714

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in February 2009 where the Authority received a grant for \$10,000 to be used for the renovations to the property located at 617-619 Jefferson Avenue. The grant has a restriction that the property shall be used 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. 7,389

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in April 2000 where the Authority received a grant for \$46,517 to be used for the purchase of property located at 138 North Millborne Road. The grant has a restriction that the property shall be used 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. 6,977

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in May 2004 where the Authority received a grant for \$4,700 to be used for renovations of the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used 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. 1,984

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in March 2010 where the Authority received a grant for \$5,725 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used 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. 4,644

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in July 2010 where the Authority received a grant for \$8,950 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used 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. 7,458



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in June 2011 where the Authority received a grant for \$9,250 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used 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. 8,274

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in August 2002 where the Authority received a grant for \$8,565 to be used for renovations to the property located at 2610 Impala Street. The grant has a restriction that the property shall be used 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. 2,617

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on March 2010 where the Authority received a grant for \$6,043 to be used for renovations of the property located at 2610 Impala Street. The grant has a restriction that the property shall be used 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. 4,902

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in July 2001 where the Authority received a grant for \$4,017 to be used for renovations to the property located at 571 North Grant Street. The grant has a restriction that the property shall be used 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. 937

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in August 2002 where the Authority received a grant for \$8,528 to be used for renovations to the property located at 571 North Grant Street. The grant has a restriction that the property shall be used 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. 2,606

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in March 2010 where the Authority received a grant for \$8,176 to be used for renovations to the property located at 571 North Grant Street. The grant has a restriction that the property shall be used 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. 6,632

The PHA entered into a contractual agreement with the Ohio Department of Mental Retardation and Development Disabilities in November 2004 where the Authority received a grant for \$4,770.89 to be used for renovation to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used 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. 2,173

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in July 2001 where the Authority received a grant for \$3,233 to be used for the purchase of property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for the 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. 754

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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NOTE 11: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in September 2003 where the Authority received a grant for \$76,500 to be used for the purchase of property located at 850 Northview Drive. The grant has a restriction that the property shall be used 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 less the prorated amount of number of months used by MRDD clients. 28,900

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in January 2011, where the Authority received a grant for \$104,262 to be used for the purchase of property located at 1688 Barnes Drive. The grant has a restriction that the property shall be used 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. 90,361

The PHA entered into a contractual agreement with Ohio Department of Mental Health in June 2012, where the Authority assumed the remaining forgivable loan balance from the former Home Place Housing Corporation. The original loan was dated April 1989 in the amount of \$634,000 at 0 percent interest. The loan has a restriction that the properties shall be used for approved mental health purposes for a period of 40 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. 257,161

Loan Payable to USDA Rural Development to finance the purchase of property located at 208 East South Street. The total amount borrowed for this financing was \$740,000 at a fixed rate of 3.25 percent over 50 years. USDA Rural Development subsidizes a portion of the interest for the first 30 years and the Authority pays and effective interest rate of 1 percent. 736,007

Total Outstanding Debt	2,523,367
Less Current Portion	<u>(134,881)</u>
Total Long-Term Debt	<u>\$ 2,388,486</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

**NOTE 11: LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2012:

<u>Description</u>	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/12</u>	<u>Current</u> <u>Portion</u>
Loan Payable	\$ 1,636,835	\$ 1,005,086	\$ (118,554)	\$ 2,523,367	\$ 134,881
Compensated Absences	63,437	93,557	(96,240)	60,754	8,986
Total	<u>\$ 1,700,272</u>	<u>\$ 1,098,643</u>	<u>\$ (214,794)</u>	<u>\$ 2,584,121</u>	<u>\$ 143,867</u>

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

<u>For the Year</u> <u>Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2013	\$ 134,881	\$ 84,340	\$ 219,221
2014	139,088	79,835	218,923
2015	141,082	75,102	216,184
2016	144,234	70,132	214,366
2017	143,680	64,915	208,595
2018-2022	721,742	236,797	958,539
2023-2027	381,195	102,663	483,858
2028-2032	134,094	66,895	200,989
2033-2037	87,404	44,820	132,224
2038-2042	77,087	31,265	108,352
2043-2047	87,023	62,892	149,915
2048-2052	102,356	47,559	149,915
2053-2057	120,390	29,525	149,915
2058-2062	109,111	8,559	117,670
Totals	<u>\$ 2,523,367</u>	<u>\$ 1,005,299</u>	<u>\$ 3,528,666</u>

**NOTE 12: CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2012.

**NOTE 13: OPERATING TRANSFER**

The Authority had the following operating transfers in 2011:

<u>Project</u>	<u>Transfer From</u>	<u>Transfer To</u>
Capital Fund Program	\$ 73,286	\$ 0
COCC	0	73,286
Total	<u>\$ 73,286</u>	<u>\$ 73,286</u>

This operating transfer is to pay debt service on the Authority's Central Administrative Office building as approved by HUD.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(CONTINUED)**

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**NOTE 14: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

**NOTE 15: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2012, the Authority has implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are type of public-private or public- public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Authority.

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 changed the presentation of the Authority's financial statements to incorporate the concept of net position.

GASB Statement No. 65 established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources and deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Authority.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012**

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**Annual Contributions Contract C-5502**

1. The total amount of modernization costs of the Capital Fund Program grant is shown below:

**OH12P03650110**

Funds Approved	\$ 315,480
Funds Expended	<u>315,480</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 315,480
Funds Expended	<u>315,480</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**ENTITY-WIDE BALANCE SHEET**  
**DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	14.238 Shelter Plus Care	Other Federal Program	State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	437,375	92,760	16,392			44,133	7,039	597,699		597,699
113 Cash - Other Restricted		464,917				22,421		487,338		487,338
114 Cash - Tenant Security Deposits	37,013					20,847		57,860		57,860
<b>100 Total Cash</b>	<b>474,388</b>	<b>557,677</b>	<b>16,392</b>	<b>0</b>	<b>0</b>	<b>87,401</b>	<b>7,039</b>	<b>1,142,897</b>	<b>0</b>	<b>1,142,897</b>
124 Accounts Receivable - Other Government			2,463			8,569		11,032		11,032
125 Accounts Receivable - Miscellaneous	1,749	4,259				200,468	227,592	434,068		434,068
126 Accounts Receivable - Tenants	12,356					10,521		22,877		22,877
126.1 Allowance for Doubtful Accounts - Tenants	-3,319					-7,355		-10,674		-10,674
128 Fraud Recovery	68,551	126,802				8,883		204,236		204,236
128.1 Allowance for Doubtful Accounts - Fraud	-60,575	-116,115				-6,250		-182,940		-182,940
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>18,762</b>	<b>14,946</b>	<b>2,463</b>	<b>0</b>	<b>0</b>	<b>214,836</b>	<b>227,592</b>	<b>478,599</b>	<b>0</b>	<b>478,599</b>
142 Prepaid Expenses and Other Assets	39,313	4,080				17,186	9,025	69,604		69,604
143 Inventories						1,403	13,453	14,856		14,856
<b>150 Total Current Assets</b>	<b>532,463</b>	<b>576,703</b>	<b>18,855</b>	<b>0</b>	<b>0</b>	<b>320,826</b>	<b>257,109</b>	<b>1,705,956</b>	<b>0</b>	<b>1,705,956</b>
161 Land	1,394,687					763,857	137,470	2,296,014		2,296,014
162 Buildings	14,181,904					3,416,200	1,634,013	19,232,117		19,232,117
163 Furniture, Equipment & Machinery - Dwellings	141,311					8,371		149,682		149,682
164 Furniture, Equipment & Machinery - Administration	148,339	27,992				21,886	253,842	452,059		452,059
166 Accumulated Depreciation	-12,241,261	-27,992				-535,087	-806,967	-13,611,307		-13,611,307
167 Construction in Progress	61,172							61,172		61,172
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>3,686,152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,675,227</b>	<b>1,218,358</b>	<b>8,579,737</b>	<b>0</b>	<b>8,579,737</b>
<b>180 Total Non-Current Assets</b>	<b>3,686,152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,675,227</b>	<b>1,218,358</b>	<b>8,579,737</b>	<b>0</b>	<b>8,579,737</b>
<b>190 Total Assets</b>	<b>4,218,615</b>	<b>576,703</b>	<b>18,855</b>	<b>0</b>	<b>0</b>	<b>3,996,053</b>	<b>1,475,467</b>	<b>10,285,693</b>	<b>0</b>	<b>10,285,693</b>

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**ENTITY-WIDE BALANCE SHEET**  
**DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	14.238 Shelter Plus Care	Other Federal Program	State/Local	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	18,618					6,975		25,593		25,593
321 Accrued Wage Payroll Taxes Payable							71,280	71,280		71,280
322 Accrued Compensated Absences - Current Portion							8,986	8,986		8,986
325 Accrued Interest Payable						266		266		266
333 Accounts Payable - Other Government						58,717		58,717		58,717
341 Tenant Security Deposits	37,013					20,847		57,860		57,860
342 Deferred Revenues	6,129					4,410		10,539		10,539
343 Current Portion of Long-term Debt - Capital Projects/Mortgage						85,987	48,894	134,881		134,881
345 Other Current Liabilities	2,545							2,545		2,545
346 Accrued Liabilities - Other	38,643		18,855			41,839	3,184	102,521		102,521
<b>310 Total Current Liabilities</b>	<b>102,948</b>	<b>0</b>	<b>18,855</b>	<b>0</b>	<b>0</b>	<b>219,041</b>	<b>132,344</b>	<b>473,188</b>	<b>0</b>	<b>473,188</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage						1,620,770	767,717	2,388,487		2,388,486
353 Non-current Liabilities - Other		67,226						67,226		67,227
354 Accrued Compensated Absences - Non Current							51,769	51,769		51,769
<b>350 Total Non-Current Liabilities</b>	<b>0</b>	<b>67,226</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,620,770</b>	<b>819,486</b>	<b>2,507,482</b>	<b>0</b>	<b>2,507,482</b>
<b>300 Total Liabilities</b>	<b>102,948</b>	<b>67,226</b>	<b>18,855</b>	<b>0</b>	<b>0</b>	<b>1,839,811</b>	<b>951,830</b>	<b>2,980,670</b>	<b>0</b>	<b>2,980,670</b>
508.1 Invested In Capital Assets, Net of Related Debt	3,686,152					1,968,470	401,747	6,056,369		6,056,369
511.1 Restricted Net Assets		397,691				22,421		420,112		420,112
512.1 Unrestricted Net Assets	429,515	111,786	0	0	0	165,351	121,890	828,542		828,542
<b>513 Total Equity/Net Assets</b>	<b>4,115,667</b>	<b>509,477</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,156,242</b>	<b>523,637</b>	<b>7,305,023</b>	<b>0</b>	<b>7,305,023</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>4,218,615</b>	<b>576,703</b>	<b>18,855</b>	<b>0</b>	<b>0</b>	<b>3,996,053</b>	<b>1,475,467</b>	<b>10,285,693</b>	<b>0</b>	<b>10,285,693</b>



**WAYNE METROPOLITAN HOUSING AUTHORITY  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	14.238 Shelter Plus Care	Other Federal Program	State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	443,909					222,350		666,259		666,259
70400 Tenant Revenue - Other	2,625					40,954		43,579		43,579
<b>70500 Total Tenant Revenue</b>	<b>446,534</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>263,304</b>	<b>0</b>	<b>709,838</b>	<b>0</b>	<b>709,838</b>
70600 HUD PHA Operating Grants	742,603	4,087,399	11,187	41,532	1,117,768		46,714	5,041,203		5,041,203
70610 Capital Grants	115,755						43,286	159,041		159,041
70710 Management Fee							250,632	250,632	-250,632	0
70720 Asset Management Fee							28,560	28,560	-28,560	0
70730 Book Keeping Fee							91,491	91,491	-91,491	0
70740 Front Line Service Fee							461,117	461,117	-417,033	44,084
70750 Other Fees							22,149	22,149		22,149
<b>70700 Total Fee Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>853,949</b>	<b>853,949</b>	<b>-787,716</b>	<b>66,233</b>
70800 Other Government Grants						138,821		138,821		138,821
71100 Investment Income - Unrestricted	1,152	0				511		1,663		1,663
71400 Fraud Recovery		6,330						6,330		6,330
71500 Other Revenue	9,912					621,428	1,319	632,659		632,659
71600 Gain or Loss on Sale of Capital Assets							1,200	1,200		1,200
72000 Investment Income - Restricted		2,910				11		2,921		2,921
<b>70000 Total Revenue</b>	<b>1,315,956</b>	<b>4,096,639</b>	<b>11,187</b>	<b>41,532</b>	<b>111,768</b>	<b>1,024,075</b>	<b>946,468</b>	<b>7,547,625</b>	<b>-787,716</b>	<b>6,759,909</b>
91100 Administrative Salaries	130,916	183,911	7,736	995		52,535	252,024	628,117		628,117
91200 Auditing Fees	4,365	3,573				3,312	2,558	13,808		13,808
91300 Management Fee	130,123	111,892				8,617		250,632	-250,632	0
91310 Book-keeping Fee	19,027	71,204				1,260		91,491	-91,491	0
91400 Advertising and Marketing	369					229		598		598
91500 Employee Benefit contributions - Administrative	52,485	79,987	3,315	426		31,412	133,932	301,557		301,557
91600 Office Expenses	11,711	4,822				2,071	15,177	33,781		33,781
91700 Legal Expense	1,649	60				453	785	2,947		2,947
91800 Travel	9,721					94	1,565	11,380		11,380
91900 Other	9,165	3,707				20,223	30,862	63,957		63,957
<b>91000 Total Operating - Administrative</b>	<b>369,531</b>	<b>459,156</b>	<b>11,051</b>	<b>1,421</b>	<b>0</b>	<b>120,206</b>	<b>436,903</b>	<b>1,398,268</b>	<b>-342,123</b>	<b>1,056,145</b>
92000 Asset Management Fee	26,880					1,680		28,560	-28,560	0
93100 Water	82,561					33,405	2,614	118,580		118,580
93200 Electricity	76,367					43,471	17,953	137,791		137,791
93300 Gas	21,074					16,079	5,124	42,277		42,277
93600 Sewer	1,346					1,064		2,410		2,410
<b>93000 Total Utilities</b>	<b>181,348</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>94,019</b>	<b>25,691</b>	<b>301,058</b>	<b>0</b>	<b>301,058</b>

**WAYNE METROPOLITAN HOUSING AUTHORITY  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	14.238 Shelter Plus Care	Other Federal Program	State/Local	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor							218,078	218,078		218,078
94200 Ordinary Maintenance and Operations - Materials and Other	92,815					35,326	33,713	161,854		161,854
94300 Ordinary Maintenance and Operations Contracts	340,846	26,305				117,665	39,948	524,764	-417,033	107,731
94500 Employee Benefit Contributions - Ordinary Maintenance							118,128	118,128		118,128
<b>94000 Total Maintenance</b>	<b>433,661</b>	<b>26,305</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152,991</b>	<b>409,867</b>	<b>1,022,824</b>	<b>-417,033</b>	<b>605,791</b>
96110 Property Insurance	32,623					9,041	4,647	46,311		46,311
96120 Liability Insurance		505						505		505
96130 Workmen's Compensation	3,186	6,159				3,535	11,823	24,703		24,703
96140 All Other Insurance						200	156	356		356
<b>96100 Total Insurance Premiums</b>	<b>35,809</b>	<b>6,664</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,776</b>	<b>16,626</b>	<b>71,875</b>	<b>0</b>	<b>71,875</b>
96200 Other General Expenses			136	2,047				2,183		2,183
96300 Payments in Lieu of Taxes	24,319					44,154		68,473		68,473
96400 Bad debt - Tenant Rents	12,196					7,550		19,746		19,746
<b>96000 Total Other General Expenses</b>	<b>36,515</b>	<b>0</b>	<b>136</b>	<b>2,047</b>	<b>0</b>	<b>51,704</b>	<b>0</b>	<b>90,402</b>	<b>0</b>	<b>90,402</b>
96710 Interest of Mortgage (or Bonds) Payable						27,200	46,714	73,914		73,914
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,200</b>	<b>46,714</b>	<b>73,914</b>	<b>0</b>	<b>73,914</b>
<b>96900 Total Operating Expenses</b>	<b>1,083,744</b>	<b>492,125</b>	<b>11,187</b>	<b>3,468</b>	<b>0</b>	<b>460,576</b>	<b>935,801</b>	<b>2,986,901</b>	<b>-787,716</b>	<b>2,199,185</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>232,212</b>	<b>3,604,514</b>	<b>0</b>	<b>38,064</b>	<b>111,768</b>	<b>563,499</b>	<b>10,667</b>	<b>4,560,724</b>	<b>0</b>	<b>4,560,724</b>
97300 Housing Assistance Payments		3,989,055		38,064				4,027,119		4,027,119
97400 Depreciation Expense	425,608					109,875	71,904	607,387		607,387
<b>90000 Total Expenses</b>	<b>1,509,352</b>	<b>4,481,180</b>	<b>11,187</b>	<b>41,532</b>	<b>0</b>	<b>570,451</b>	<b>1,007,705</b>	<b>7,621,407</b>	<b>-787,716</b>	<b>6,833,691</b>
10010 Operating Transfer In	30,000					111,768		141,768	-141,768	0
10020 Operating transfer Out	-30,000				-111,768			-141,768	141,768	0
<b>10100 Total Other financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-111,768</b>	<b>111,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-193,396</b>	<b>-384,541</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>565,392</b>	<b>-61,237</b>	<b>-73,782</b>	<b>0</b>	<b>-73,782</b>
11030 Beginning Equity	4,309,063	894,018	0	0	0	1,590,850	584,874	7,378,805		7,378,805
11170 Administrative Fee Equity		111,786						111,786		111,786
11180 Housing Assistance Payments Equity		397,691						397,691		397,691
11190 Unit Months Available	2,688	11,076		120		1,335		15,219		15,219
11210 Number of Unit Months Leased	2,537	10,172		105		1,154		13,968		13,968

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Loan Balance</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct Programs:</i>			
Low Rent Public Housing Program	14.850	\$ 689,081	\$ 0
Capital Fund Program	14.872	259,277	0
Project Based Rental Assistance Program	14.UNKNOWN *	111,768	0
Section 8 Housing Choice Voucher Program	14.871	4,087,399	0
Shelter Plus Care	14.238	<u>41,532</u>	<u>0</u>
<b>Total Direct Awards</b>		<u>5,189,057</u>	<u>0</u>
<i>Passed through Awards:</i>			
Ohio Department of Development Passed through from Medina County, Ohio			
<i><u>Community Development Block Grants</u></i>			
Non-Entitlement Grants - Neighborhood Stabilization Program	14.228	<u>11,187</u>	<u>0</u>
<b>Total Passed through Awards</b>		<u>11,187</u>	<u>0</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>5,200,244</u>	<u>0</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct Programs:</i>			
Rural Rental Assistance Payments	10.427	74,433	0
Rural Rental Housing Loan	10.415	<u>0</u>	<u>736,007</u>
<b>Total U.S. Department of Agriculture</b>		<u>74,433</u>	<u>736,007</u>
<b>Total Federal Expenditures</b>		<u>\$ 5,274,677</u>	<u>\$ 736,007</u>

\* The CFDA Number for this project was unavailable.

This schedule is prepared on the accrual basis of accounting.

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

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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  
Wayne Metropolitan Housing Authority  
Wooster, 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 business-type activities of the Wayne Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended December 31, 2012, 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 22, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Wayne Metropolitan Housing Authority'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 Authority's internal control.

*A deficiency in internal control* exists when the design or operation of 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 Wayne Metropolitan Housing Authority, Ohio's financial statements are free of 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**

This 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, Inc.  
Certified Public Accountants

May 22, 2013

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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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  
Wayne Metropolitan Housing Authority  
Wooster, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on Compliance for Each Major Federal Program**

We have audited the Wayne 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 each of the Wayne Metropolitan Housing Authority, Ohio's major federal programs for the year ended December 31, 2012. Wayne Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Wayne Metropolitan Housing Authority, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Wayne Metropolitan Housing Authority, Ohio 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, 2012.

## **Report on Internal Control Over Compliance**

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

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

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

May 22, 2013

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
DECEMBER 31, 2012**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2012(i)	Type of Financial Statement Opinion	Unmodified
2012(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2012(iv)	Were there any other significant deficiencies in internal control reported for major Federal programs?	No
2012(v)	Type of Major Programs' Compliance Opinion	Unmodified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list):  Housing Choice Voucher - CFDA #14.871 Rural Rental Housing Loan Program - CFDA #10.415	
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



**WAYNE METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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There were no prior year findings or management comments.

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# Dave Yost • 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  
JULY 18, 2013**