

**WAYNE METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2015 through December 31, 2015. 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. 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 13, 2016

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WAYNE METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
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, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 Housing 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 Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2015, 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.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, 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 opinions 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 are 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is 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 27, 2016, on our consideration of the Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.



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

May 27, 2016

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

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

Since the MD&A is designed to focus on the 2015 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

Financial Highlights

- The Authority implemented GASB 68 which resulted in a prior period adjustment of (\$678,022) and a net pension liability at December 31, 2015 of \$785,421.
- The Authority's net position decreased by \$560,411 or 9.0 percent from what was reported at December 31, 2014. But when 2014 is adjusted for the prior period adjustment, net position increased \$117,611 or 2.00 percent. Since the Authority engages only in business-type activities, the change is all in the category of business-type net position.
- Revenues increased by \$650,025 or 10.5 percent during 2015.
- The total expenses of all Authority programs decreased by \$12,561.

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 and deferred outflow of resources, minus liabilities and deferred inflow of resources, 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.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”.

The Authority’s financial statements also include a *Statement of Revenues, Expenses and Changes in 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 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 a local non-profit entity under contract for management (Secret Village Apartments); Community Housing Impact and Preservation programs that the Authority administers and implements under contract with both Wayne County and the City of Wooster; and a multi-family project that is subsidized by USDA Rural Development (Shreve Manor Apartments). The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

The Authority's properties not subsidized by HUD or USDA Rural Development are generally dedicated to clients of the local Board of Development Disabilities (DD) or the local Mental Health and Recovery Board (MHRB). Some of these properties have debt attached to them, however most received a portion of their acquisition costs from either client-family contributions, from the State of Ohio Community Capital Assistance Funds applied for through the Board of DD, or from a forgivable loan from the Ohio Department of Mental Health.

The Authority's management contract is with a not-for-profit entity that depends on the Authority to handle all of its 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

	2015	2014 *
<u>Assets</u>		
Current and Other Assets	\$ 1,171,383	\$ 1,000,394
Capital and Non-Current Assets	7,768,188	7,892,243
Deferred Outflows of Resources	134,493	0
Total Assets and Deferred Outflow of Resources	<u>\$ 9,074,064</u>	<u>\$ 8,892,637</u>
<u>Liabilities</u>		
Current Liabilities	\$ 613,751	\$ 452,688
Long-term Liabilities	2,783,268	2,894,724
Total Liabilities	<u>3,397,019</u>	<u>3,347,412</u>
Deferred Inflow of Resources	14,209	0
<u>Net Position</u>		
Net Investment in Capital Assets	\$ 5,354,834	\$ 5,411,430
Restricted	105,688	77,967
Unrestricted	202,314	55,828
Total Net Position	<u>5,662,836</u>	<u>5,545,225</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 9,074,064</u>	<u>\$ 8,892,637</u>

* Restated

For more detail information, see Statement of Net Position presented on page 10.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Major Factors Affecting the Statement of Net Position

The 2014 numbers presented in the table have been restated to reflect the effect of the prior period adjustment related to the implementation of GASB 68 so that a more meaningful comparison of 2014 balances to 2015 balances can be made. The biggest changes to the 2014 numbers due to the restatement are to non-current liabilities and unrestricted net position. So while a net position liability of \$785,421 is being reported in 2015 that was not reported in 2014, after adjusting the 2014 numbers for the prior period adjustment, non-current liabilities changes only slightly, dropping by a modest amount.

During 2015, current assets increased by \$170,989, and current liabilities increased by \$161,063.

Net Investment in Capital Assets also decreased from \$5,411,430 to \$5,354,834. The \$56,596 decrease may be attributed primarily to the current year depreciation and amortization, as well as the addition and disposal of various building improvements and equipment purchases. For more detail see "Capital Assets" presented later in this report.

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

Table 2 - Change of Unrestricted Net Position

	Unrestricted	Restricted	Investment In Capital Assets
Beginning Balance - January 1, 2015	\$ 733,850	\$ 77,967	\$ 5,411,430
Results of Operation	117,611	0	0
Prior Period Adjustment	(678,022)	0	0
Adjustments:			
Current Year Depreciation Expense (1)	430,414	0	(430,414)
Capital Expenditure, Net of Disposal (2)	(307,412)	0	307,412
Current Year Debt Proceeds Net of Retirement	(66,406)	0	66,406
Transfer to Restricted Net Position	(27,721)	27,721	0
Ending Balance - December 31, 2015	<u>\$ 202,314</u>	<u>\$ 105,688</u>	<u>\$ 5,354,834</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.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

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>2015</u>	<u>2014</u>
<u>Revenues</u>		
Total Tenant Revenues - Rents and Other	\$ 990,200	\$ 922,201
Operating Subsidies	5,488,860	4,971,269
Capital Grants	88,435	105,758
Investment Income	790	646
Other Revenues	<u>279,469</u>	<u>197,855</u>
Total Revenues	<u>6,847,754</u>	<u>6,197,729</u>
<u>Expenses</u>		
Administrative	1,162,173	1,152,883
Utilities	345,898	357,816
Maintenance	610,449	621,528
General and Interest Expenses	248,598	233,825
Housing Assistance Payments	3,932,611	3,754,708
Depreciation	<u>430,414</u>	<u>621,944</u>
Total Expenses	<u>6,730,143</u>	<u>6,742,704</u>
Prior Period Adjustment	<u>(678,022)</u>	<u>0</u>
Net Increases (Decreases)	<u>\$ (560,411)</u>	<u>\$ (544,975)</u>

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**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

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

Tenant revenue increased \$67,999 during 2015 in comparison to 2014. The increase was due to higher occupancy levels in most rental units for the year. Capital Grants show a decrease of \$17,323 from 2014 due to a slightly decreased amount of spending for capital expenditures from the grant in the year. Overall total revenue increased by \$650,025 from 2014, due primarily to a restoration of federal fund levels that had been reduced in the previous year.

All operating expense categories experienced modest increases or decreases of 10 percent or less.

The most significant balance on the statement however, is the prior period adjustment amount to reduce Net Position by about \$678,022. This was the result of the implementation of GASB 68. GASB 68 has been cited often in this MD&A because implementation of the new accounting standard has had a very big impact on the financial statements of the Authority. The implementation of GASB 68 will have a similar impact of the financial statements of almost all units of government in Ohio. Essentially what it requires of Wayne Metropolitan Housing Authority is for it to report on its financial statements what is determined to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Despite that the very large Net Pension Liability reported by Wayne Metropolitan Housing Authority (more than \$785,000) does not represent a true liability of the Agency in terms of if operations ceased today there is no invoice in that amount to be paid, the concept behind the standard is that ultimately for OPERS to resolve the unfunded pension liability it has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Wayne Metropolitan Housing Authority are participants in OPERS and that Wayne Metropolitan Housing Authority makes retirement contributions to OPERS on behalf of all of its employees.

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**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Capital Assets

As of year-end, the Authority had \$7,450,041 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$123,002 or about 1.6 percent from the end of 2014. This decrease was mainly a net result of the accumulated depreciation of all properties and other capital assets, as well as the addition and disposal of some properties, building improvements and equipment.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2015</u>	<u>2014</u>
Land and Land Rights	\$2,274,254	\$2,274,254
Buildings and Improvements/Additions	19,285,791	19,285,095
Furniture and Equipment	697,427	647,874
Construction in Progress	178,888	43,211
Accumulated Depreciation	<u>(14,986,319)</u>	<u>(14,677,391)</u>
Total Capital Assets	<u>\$ 7,450,041</u>	<u>\$ 7,573,043</u>

The following reconciliation identifies the change in Capital Assets.

Table 5 - Change in Capital Assets

Beginning Balance - January 1, 2015	\$7,573,043
Current Year Additions	307,412
Current Year Depreciation Expense	(430,414)
Adjustments to A/D to Properly State Assets	121,486
Disposal of Assets	<u>(121,486)</u>
Ending Balance - December 31, 2015	<u>\$7,450,041</u>
Current Year Additions are summarized as follows:	
Building Improvements and Additions	\$ 85,834
Equipment Additions	85,900
Change in Construction in Progress	<u>135,678</u>
Total 2015 Additions	<u>\$ 307,412</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Debt Outstanding

As of year-end, the Authority has \$2,095,207 in debt (mortgages) outstanding compared to \$2,161,613 in the previous year. The \$66,406 decrease was a net result of principal payments made on current debt during the year, as well as the addition of new debt for the rehabilitation of a property that was purchased during the year.

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - January 1, 2015	\$2,161,613
Current Year Loans	77,601
Current Year Loan Retirements	<u>(144,007)</u>
Ending Balance - December 31, 2015	<u>\$2,095,207</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.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 673,608
Restricted Cash and Cash Equivalents	298,340
Receivables, Net	77,867
Inventory	30,843
Prepaid Expenses and Other Assets	90,725
Total Current Assets	<u>1,171,383</u>

Noncurrent Assets

Non-depreciable Capital Assets	2,453,142
Depreciable Capital Assets, Net	4,996,899
Other Noncurrent Assets	318,147
Total Noncurrent Assets	<u>7,768,188</u>

Deferred Outflow of Resources	<u>134,493</u>
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TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 9,074,064</u>
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LIABILITIES

Current Liabilities

Accounts Payable	\$ 911
Accrued Compensated Absences - Current	11,224
Tenant Security Deposits	68,644
Unearned Revenue	12,194
Accrued Wages and Payroll Taxes	47,837
Intergovernmental Payable	114,188
Other Current Liabilities	143,912
Current Portion of Long-Term Debt	214,841
Total Current Liabilities	<u>613,751</u>

Noncurrent Liabilities

Noncurrent Liabilities - Other	117,481
Net Pension Liability	785,421
Long-Term Debt - Net of Current Portion	1,880,366
Total Noncurrent Liabilities	<u>2,783,268</u>
Total Liabilities	<u>3,397,019</u>

Deferred Inflow of Resources	<u>14,209</u>
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NET POSITION

Net Investment in Capital Assets	5,354,834
Unrestricted	202,314
Restricted	105,688
Total Net Position	<u>5,662,836</u>

TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,074,064</u>
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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, 2015

<u>Operating Revenues</u>	
Government Grants	\$ 5,488,860
Tenant Revenue	990,200
Other Revenue	267,969
Total Operating Revenues	<u>6,747,029</u>
<u>Operating Expenses</u>	
Administrative	1,162,028
Tenant Services	145
Utilities	345,898
Maintenance	610,449
General	182,984
Housing Assistance Payments	3,932,611
Total Operating Expenses Before Depreciation	<u>6,234,115</u>
Income (Loss) Before Depreciation	512,914
Depreciation	<u>430,414</u>
Operating Income (Loss)	<u>82,500</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	790
Interest Expense	(65,614)
Gain (Loss) on Sale of Capital Assets	11,500
Total Non-Operating Revenues (Expenses)	<u>(53,324)</u>
Income (Loss) Before Capital Grants and Contributions	29,176
Capital Grants	<u>88,435</u>
Change in Net Position	<u>117,611</u>
Total Net Position, Beginning of Year	<u>6,223,247</u>
Prior Period Adjustment	(678,022)
Net Position, End of Year	<u><u>\$ 5,662,836</u></u>

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities

Cash Received from Federal Operating Grants	\$ 5,508,828
Cash Received From Tenants	923,539
Cash Payments for Housing Assistance	(3,932,611)
Cash Payments for Administrative Expenses	(1,175,820)
Cash Payments for Other Operating Expenses	(1,029,730)
Cash Received - Other	<u>267,969</u>
Net Cash (Provided) by Operating Activities	<u>562,175</u>

Cash Flows from Capital and Related Financing Activities

Cash from Assets Sale	11,500
Acquisition of Capital Assets	(307,412)
Capital Grants and Contributions	88,435
Proceeds from Short-Term Loan	77,601
Debt Payments (Including Interest)	<u>(209,621)</u>
Net Cash Provided by Capital and Other Related Financing Activities	<u>(339,497)</u>

Cash Flows from Investing Activities

Payments on Notes Receivable	2,400
Interest and Investment Income Received	<u>790</u>
Net Cash Provided by Investing Activities	<u>3,190</u>
Net Increase (Decrease) in Cash and Cash Equivalents	225,868

Cash and Cash Equivalents, Beginning	<u>746,080</u>
Cash and Cash Equivalents, Ending	<u>\$ 971,948</u>

Reconciliation of Operating Loss to Net

Cash Provided by Operating Activities

Net Operating (Loss)	\$ 82,500
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	430,414
(Increase) Decrease in:	
Accounts Receivable - Tenant	2,570
Accounts Receivable - Other	61,890
Prepaid Expenses	(5,152)
Inventory	(4,429)
Net Pension Asset	(980)
Deferred Outflow of Resources	(45,202)
Increase (Decrease) in:	
Accounts Payable	(37,754)
Intergovernmental Payable - Unearned Revenue	13,227
Accrued Compensated Absences	1,853
Tenant Security Deposits	3,995
Accrued Wages and Payroll Taxes	(1,413)
Non-Current Liabilities	(75,597)
Net Pension Liability	17,741
Deferred Inflow of Resources	14,209
Other Current Liabilities	<u>104,303</u>
Net Cash Used by Operating Activities	<u>\$ 562,175</u>

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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. 61 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 position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

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 position. The statement of changes in net position 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, 2015
(CONTINUED)

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 are 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 9.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 7)

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT
(Continued)

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision of usefulness of the financial reporting by requiring that disclosures be made governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No.69 did not have an effect on the Authority’s financial statements.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by the Authority.

The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Prior Period Adjustments:	
Net Pension Liability	\$ (767,680)
Net Pension Asset	367
Deferred Outflow - Payments Subsequent to Measurement Date	<u>89,291</u>
Total Prior Period Adjustments	<u>\$ (678,022)</u>

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2015, the carrying amount of the Authority's deposits was \$971,948 (including \$298,340 of restricted funds, and \$200 of petty cash).

At December 31, 2015, the bank balance of the Authority's cash deposits was \$1,090,263. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2015, deposits totaling \$851,452 were covered by Federal Depository Insurance and deposits totaling \$238,811 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, 2015, 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, 2015
(CONTINUED)

NOTE 3: **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 credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

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.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represent 100 percent of its deposits.

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WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: RESTRICTED CASH

The restricted cash balance of \$298,340 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by	
HUD for Housing Assistance Payments	\$ 47,122
Tenant Security Deposits	68,644
FSS Escrow Funds	50,065
Reserve for Replacement and Mortgage Sinking Fund	58,566
Restricted for Payment of Current Liabilities	<u>73,943</u>
Total Restricted Cash	<u>\$ 298,340</u>

NOTE 5: CAPITAL ASSETS

A summary of capital assets at December 31, 2015 by class is as follows:

	Balance 12/31/2014	Reclasses	Additions	Deletions	Balance 12/31/2015
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 2,274,254	\$ 0	\$ 0	\$ 0	\$ 2,274,254
Construction in Progress	43,211	(44,953)	180,630	0	178,888
Total Capital Assets Not Being Depreciated	<u>2,317,465</u>	<u>(44,953)</u>	<u>180,630</u>	<u>0</u>	<u>2,453,142</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	19,285,095	44,953	40,881	(85,138)	19,285,791
Furniture, Equipment, and Machinery - Dwellings	166,131	0	1,252	(1,061)	166,322
Furniture, Equipment, and Machinery - Administrative	481,743	0	84,649	(35,287)	531,105
Subtotal Capital Assets Being Depreciated	<u>19,932,969</u>	<u>44,953</u>	<u>126,782</u>	<u>(121,486)</u>	<u>19,983,218</u>
<u>Accumulated Depreciation</u>					
Buildings & Improvements	(14,114,049)	0	(386,647)	85,137	(14,415,559)
Furniture & Equipment - Dwellings	(154,386)	0	(4,125)	1,061	(157,450)
Furniture & Equipment - Administrative	(408,956)	0	(39,642)	35,288	(413,310)
Total Accumulated Depreciation	<u>(14,677,391)</u>	<u>0</u>	<u>(430,414)</u>	<u>121,486</u>	<u>(14,986,319)</u>
Capital Assets Being Depreciated, Net	<u>5,255,578</u>	<u>44,953</u>	<u>(303,632)</u>	<u>0</u>	<u>4,996,899</u>
Total Capital Assets, Net	<u>\$ 7,573,043</u>	<u>\$ 0</u>	<u>\$ (123,002)</u>	<u>\$ 0</u>	<u>\$ 7,450,041</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

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	\$ 47,122
Reserve for Replacement & Mortgage Sinking Funds	<u>58,566</u>
Total	<u>\$ 105,688</u>

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**WAYNE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)**

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
 2015 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	<u>2.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$126,111 for 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$ 785,421	\$ (1,347)
Proportion of the Net Pension Liability/Asset	0.006512%	0.003501%
Pension Expense	\$ 85,753	\$ 896

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 41,990
Authority contributions subsequent to the measurement date	<u>92,503</u>
Total Deferred Outflows of Resources	<u>\$ 134,493</u>

Deferred Inflows of Resources

Differences between expected and actual experience	<u>\$ 14,209</u>
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\$92,503 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2016	\$ 4,082
2017	4,082
2018	9,383
2019	10,449
2020	(49)
Thereafter	<u>(166)</u>
Total	<u>\$ 27,781</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions - OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projections Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions - OPERS (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving the maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.28%

Discount Rate: The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all period of projected payments to determine the total pension liability.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Authority's proportionate share of the net pension liability/asset			
Traditional Plan	\$ 1,444,948	\$ 785,421	\$ 229,939
Combined Plan	175	(1,347)	(2,556)

NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description** (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide healthcare to its eligible benefit recipients. Authority to establish and amend healthcare coverage 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, 1-800-222-7377, or by visiting, www.opers.org/investments/cafr.shtml.

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the Authority contributed at a rate of 14.00 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.00 percent for the Traditional Plan. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of actual Authority contributions for the years ended December 31, 2015, 2014 and 2013, which were used by OPERS to fund post-employment benefits were \$18,016, \$17,174, and \$9,092, respectively.

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

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, 2015, based on the vesting method, \$74,829 was accrued by the Authority for unused vacation and sick leave. The current portion of \$11,224 and the long-term portion is \$63,605.

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	100,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/6,000,000
Law Enforcement	0	6,000,000
Public Officials	0	6,000,000
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, 2015
(CONTINUED)

NOTE 11: LONG-TERM DEBT

As of December 31, 2015 the Authority's long-term debt is as follows:

	<u>Balance at 12/31/15</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.	\$ 652,736
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 Housing Corporation. 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.	124,780
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.	36,400
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, West Salem.	26,300
The PHA entered into a contractual agreement with Ohio Department of 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, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients.	34,450

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

The PHA entered into a contractual agreement with the Ohio Department of Development Disabilities in November 2005, where the Authority received a grant in the amount of \$15,000 to be used for renovations to the property located at 34 Andrew Court, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients. 4,833

Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property located at 1701 Westwood Circle. 41,300

The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities on 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 DD 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 DD Clients. 7,161

The PHA entered into a contractual agreement with Ohio Department of 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 residential facility for DD 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 months used by DD clients. 5,573

Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate of 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. 36,300

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

The PHA entered into a contractual agreement with Ohio Department of 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 DD 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 DD clients. 4,146

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in February 2009, where the Authority received a grant for \$10,000 to be used for 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 DD 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 DD clients. 5,389

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in May 2004 where the Authority received a grant for \$4,700 to be used for the 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 DD 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 DD Clients. 1,044

The PHA entered into a contractual agreement with Ohio Department of 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 DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amounts equal to the grant amount less the prorated amount of number of months used by DD clients 3,499

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

The PHA entered into a contractual agreement with Ohio Department of 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 DD 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 DD clients. 5,668

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in June 2011 where the Authority received a grant for \$9,250 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 DD 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 DD clients. 6,424

The PHA entered into a contractual agreement with Ohio Department of 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 DD 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 DD clients. 904

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010, where the Authority received a grant for \$6,043 to be used for renovation of property at 2610 Impala Street. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients. 3,693

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in July 2001, where the Authority received a grant for \$4,017 to be used for renovation of the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients. 134

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities on August 2002, where the Authority received a grant for \$8,528 to be used for renovations of the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients. 900

The PHA entered into a contractual agreement with Ohio Department of 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 DD 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 DD clients. 4,996

The PHA entered into a contractual agreement with Ohio Department of 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 DD 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 DD clients. 108

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in November 2004 where the Authority received a grant for \$4,770.89 to be used for renovations to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for DD 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 DD clients. 1,219

The PHA entered into a contractual agreement with the Ohio Department of 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 DD 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 DD clients. 13,600

The PHA entered into a contractual agreement with Ohio Department of 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 the DD 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 DD clients. 69,508

The PHA entered into a contractual agreement with Ohio Department of Mental Health Disabilities 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% 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. 209,611

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

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 an effective interest rate of 1 percent. 716,930

Note Payable to Monitor Bank to finance the purchase and rehabilitation of property located at 224 East South Street, Shreve. The total amount borrowed for this financing was \$77,601 at a fixed rate of 5.00 percent over 9 months, with a balloon payment of principal and interest due upon maturity. 77,601

Total Outstanding Debt	2,095,207
Less Current Portion	<u>(214,841)</u>
Total Long-Term Debt	<u>\$1,880,366</u>

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WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 11: LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

<u>Description</u>	<u>Balance</u> 12/31/14	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> 12/31/15	<u>Current</u> <u>Portion</u>
Loan Payable	\$2,161,613	\$ 77,601	\$ (144,007)	\$ 2,095,207	\$ 214,841
Compensated Absences	72,976	74,829	(72,976)	74,829	11,224
Net Pension Liability	767,680	17,741	0	785,421	0
Total	<u>\$ 3,002,269</u>	<u>\$ 170,171</u>	<u>\$ (216,983)</u>	<u>\$ 2,995,457</u>	<u>\$ 226,065</u>

Maturities of the loan payable 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>
2016	\$ 214,841	\$ 60,507	\$ 273,348
2017	135,179	54,892	190,071
2018	135,213	49,800	185,013
2019	136,955	44,439	181,394
2020	138,574	38,793	177,367
2021-2025	574,309	117,539	691,848
2026-2030	146,388	48,686	195,074
2031-2035	88,351	35,797	124,148
2036-2040	71,237	24,854	96,091
2041-2045	81,554	53,500	135,054
2046-2050	95,923	53,992	149,915
2051-2055	112,823	37,092	149,915
2056-2060	132,702	17,213	149,915
2061-2065	31,158	800	31,958
Totals	<u>\$ 2,095,207</u>	<u>\$ 637,904</u>	<u>\$ 2,733,111</u>

NOTE 12: CONSTRUCTION AND OTHER COMMITMENTS

The Authority had no material construction commitments at December 31, 2015.

NOTE 13: INTERPROGRAM RECEIVABLES/PAYABLES

The Authority had the following inter-program receivable or payable balances at December 31, 2015:

<u>Program/Project</u>	<u>Due From</u>	<u>Due To</u>
14.195 Section 8 HAP Special Program	\$ 65,809	\$ 0
State/Local	34,408	0
Business Activities	0	(105,067)
10.427 Rural Rental Assistance Program	0	(30,609)
Central Office Cost Center	35,459	0
Total	<u>\$ 135,676</u>	<u>\$ (135,676)</u>

These amounts represents funds that are owed from various programs to each other as a result of the movement of money between bank accounts, the timing of the payment of invoices, and other such purposes as permitted.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 14: OPERATING TRANSFER

The Authority had the following transfers in 2015:

<u>Program/Project</u>	<u>Transfer From</u>	<u>Transfer To</u>
Capital Fund	\$ 90,999	\$ 0
Public Housing	0	90,999
Total	<u>\$ 90,999</u>	<u>\$ 90,999</u>

This transfer represents the Capital fund Grant allocation to support operations as permitted.

NOTE 15: 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.

Wayne MHA
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Two Fiscal Years (1)

Traditional Plan	2014	2013
City's Proportion of the Net Pension Liability	0.006512%	0.006512%
City's Proportionate Share of the Net Pension Liability	\$785,421	\$767,680
City's Covered-Employee Payroll	\$798,433	\$863,231
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	98.37%	88.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Combined Plan	2014	2013
City's Proportion of the Net Pension (Asset)	0.003501%	0.003501%
City's Proportionate Share of the Net Pension (Asset)	(\$1,347)	(\$367)
City's Covered-Employee Payroll	\$12,800	\$0
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	10.52%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.33%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date
which is the prior year end.

Wayne MHA
Required Supplementary Information
Schedule of the Authority's Contributions
Ohio Public Employees Retirement System
Last Three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>			
Traditional Plan	\$99,119	\$95,812	\$112,220
Combined Plan	<u>\$2,930</u>	<u>\$1,536</u>	<u>\$0</u>
Total Required Contributions	\$102,049	\$97,348	\$112,220
Contributions in Relation to the Contractually Required Contribution	<u>(\$102,049)</u>	<u>(\$97,348)</u>	<u>(\$112,220)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll			
Traditional Plan	\$825,992	\$798,433	\$863,231
Combined Plan	\$24,417	\$12,800	\$0
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>			
Traditional Plan	12.00%	12.00%	13.00%
Combined Plan	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available.

**WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015**

Annual Contributions Contract C-5502

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

OH12P03650113

Funds Approved	\$ 218,957
Funds Expended	<u>218,957</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 218,957
Funds Expended	<u>218,957</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
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.195 Section 8 Housing Assistance Payments Program Special Allocations	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	405,877		169,459		9,206				89,066	673,608		673,608
112 Cash - Restricted - Modernization and Development				37,653						37,653		37,653
113 Cash - Other Restricted		50,065			47,122			20,913		118,100		118,100
114 Cash - Tenant Security Deposits	39,335		2,775	19,250			7,254	30		68,644		68,644
115 Cash - Restricted for Payment of Current Liabilities	29,766		10,815	11,121			13,904	8,337		73,943		73,943
100 Total Cash	474,978	50,065	183,049	68,024	56,328	-	21,158	29,280	89,066	971,948	-	971,948
124 Accounts Receivable - Other Government								7,581		7,581		7,581
125 Accounts Receivable - Miscellaneous	928			111			10,000	2,847	10,880	24,766		24,766
126 Accounts Receivable - Tenants	7,023		1,182	1,815			4,465	297		14,782		14,782
126.1 Allowance for Doubtful Accounts - Tenants	-4,777		-748	-1,164			-2,041	-253		-8,983		-8,983
127 Notes, Loans, & Mortgages Receivable - Current								2,400		2,400		2,400
128 Fraud Recovery	82,773		474	200	157,484	4,340	8,466			253,737		253,737
128.1 Allowance for Doubtful Accounts - Fraud	-58,759		-117	-190	-146,350	-4,340	-6,660			-216,416		-216,416
120 Total Receivables, Net of Allowances for Doubtful Accounts	27,188	-	791	772	11,134	-	14,230	12,872	10,880	77,867	-	77,867
142 Prepaid Expenses and Other Assets	51,914		4,060	7,469	3,862		6,788	5,095	11,537	90,725		90,725
143 Inventories								1,672	29,171	30,843		30,843
144 Inter Program Due From			65,809				34,408		35,459	135,676	-135,676	-
150 Total Current Assets	554,080	50,065	253,709	76,265	71,324	-	76,584	48,919	176,113	1,307,059	-135,676	1,171,383
161 Land	1,394,687		152,870	65,690			255,170	268,367	137,470	2,274,254		2,274,254
162 Buildings	14,190,801		769,959	756,634			727,788	1,189,112	1,651,497	19,285,791		19,285,791
163 Furniture, Equipment & Machinery - Dwellings	143,237			16,114			6,971			166,322		166,322
164 Furniture, Equipment & Machinery - Administration	218,212			1,371	25,291			44,908	241,323	531,105		531,105
166 Accumulated Depreciation	-13,123,949		-169,247	-112,354	-21,177		-90,531	-509,041	-960,020	-14,986,319		-14,986,319
167 Construction in Progress	35,036						34,308	109,544		178,888		178,888
160 Total Capital Assets, Net of Accumulated Depreciation	2,858,024	-	753,582	727,455	4,114	-	933,706	1,102,890	1,070,270	7,450,041	-	7,450,041
171 Notes, Loans and Mortgages Receivable - Non-Current								316,800		316,800		316,800
174 Other Assets									1,347	1,347		1,347
180 Total Non-Current Assets	2,858,024	-	753,582	727,455	4,114	-	933,706	1,419,690	1,071,617	7,768,188	-	7,768,188
200 Deferred Outflow of Resources									134,493	134,493		134,493
290 Total Assets and Deferred Outflow of Resources	3,412,104	50,065	1,007,291	803,720	75,438	-	1,010,290	1,468,609	1,382,223	9,209,740	-135,676	9,074,064
312 Accounts Payable <= 90 Days	97		173		641					911		911
321 Accrued Wage/Payroll Taxes Payable									47,837	47,837		47,837
322 Accrued Compensated Absences - Current Portion									11,224	11,224		11,224
333 Accounts Payable - Other Government	29,766		10,815	21,581			23,904	28,122		114,188		114,188
341 Tenant Security Deposits	39,335		2,775	19,250			7,254	30		68,644		68,644
342 Unearned Revenue	7,167		124	1,076	10		1,665	2,152		12,194		12,194
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				6,783			15,850	134,133	58,075	214,841		214,841
345 Other Current Liabilities	2,600	50,065								52,665		52,665
346 Accrued Liabilities - Other	22,206		2,442	2,881	2,272		6,909	51,012	3,525	91,247		91,247
347 Inter Program - Due To				30,609				105,067		135,676	-135,676	-
310 Total Current Liabilities	101,171	50,065	16,329	82,180	2,923	-	55,582	320,516	120,661	749,427	-135,676	613,751

**WAYNE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.195 Section 8 Housing Assistance Payments Program Special Allocations	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				710,147			193,761	381,797	594,661	1,880,366		1,880,366
353 Non-current Liabilities - Other								53,876		53,876		53,876
354 Accrued Compensated Absences - Non Current									63,605	63,605		63,605
357 Accrued Pension and OPEB Liabilities									785,421	785,421		785,421
350 Total Non-Current Liabilities	-	-	-	710,147	-	-	193,761	435,673	1,443,687	2,783,268	-	2,783,268
300 Total Liabilities	101,171	50,065	16,329	792,327	2,923	-	249,343	756,189	1,564,348	3,532,695	-135,676	3,397,019
400 Deferred Inflow of Resources									14,209	14,209		14,209
508.4 Net Investment in Capital Assets	2,858,024		753,582	10,525	4,114		724,095	586,960	417,534	5,354,834		5,354,834
511.4 Restricted Net Position				37,653	47,122			20,913		105,688		105,688
512.4 Unrestricted Net Position	452,909		237,380	-36,785	21,279		36,852	104,547	-613,868	202,314		202,314
513 Total Equity - Net Assets / Position	3,310,933	-	990,962	11,393	72,515	-	760,947	712,420	-196,334	5,662,836	-	5,662,836
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,412,104	50,065	1,007,291	803,720	75,438	-	1,010,290	1,468,609	1,382,223	9,209,740	-135,676	9,074,064

**WAYNE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.195 Section 8 Housing Assistance Payments Program Special Allocations	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	529,986		14,228	141,560			68,074	132,727		886,575		886,575
70400 Tenant Revenue - Other	2,229		80	130			97,093	4,093		103,625		103,625
70500 Total Tenant Revenue	532,215	-	14,308	141,690	-	-	165,167	136,820	-	990,200	-	990,200
70600 HUD PHA Operating Grants	673,919	43,165	103,461		4,383,398	37,395			38,344	5,279,682		5,279,682
70610 Capital Grants	36,779								51,656	88,435		88,435
70710 Management Fee									319,687	319,687	-319,687	-
70720 Asset Management Fee									28,440	28,440	-28,440	-
70730 Book Keeping Fee									113,100	113,100	-113,100	-
70740 Front Line Service Fee									411,865	411,865	-411,865	-
70750 Other Fees								169,141	51,881	221,022		221,022
70700 Total Fee Revenue	-	-	-	-	-	-	-	169,141	924,973	1,094,114	-873,092	221,022
70800 Other Government Grants				112,718			60,006	36,454		209,178		209,178
71100 Investment Income - Unrestricted	503		206	9	15			40		773		773
71400 Fraud Recovery					3,545					3,545		3,545
71500 Other Revenue	13,234			1,581	2,110			24,955	1,522	43,402		43,402
71600 Gain or Loss on Sale of Capital Assets					500				11,000	11,500		11,500
72000 Investment Income - Restricted				11				6		17		17
70000 Total Revenue	1,256,650	43,165	117,975	256,009	4,389,568	37,395	225,173	367,416	1,027,495	7,720,846	-873,092	6,847,754
91100 Administrative Salaries	98,156	25,899	2,228	15,022	138,902	506	5,952	55,000	338,963	680,628		680,628
91200 Auditing Fees	3,589		669	1,271	2,556		687	2,057	2,747	13,576		13,576
91300 Management Fee	138,969		8,813	24,910	128,964	1,128	8,700	8,203		319,687	-319,687	-
91310 Book-keeping Fee	19,823		3,600	3,600	80,602	705	3,600	1,170		113,100	-113,100	-
91400 Advertising and Marketing				33						33		33
91500 Employee Benefit contributions - Administrative	50,658	17,266	1,110	5,979	86,974	338	2,441	41,784	176,836	383,386		383,386
91600 Office Expenses	12,024			2,936	4,243		491	4,031	12,858	36,583		36,583
91700 Legal Expense	1,805		195	901	616		643		455	4,615		4,615
91800 Travel	3,139		82	209	1,123		31	1,903	153	6,640		6,640
91900 Other	5,868		157	645	12,709	5	473	4,948	11,762	36,567		36,567
91000 Total Operating - Administrative	334,031	43,165	16,854	55,506	456,689	2,682	23,018	119,096	543,774	1,594,815	-432,787	1,162,028
92000 Asset Management Fee	26,880							1,560		28,440	-28,440	-
92400 Tenant Services - Other					145					145		145
92500 Total Tenant Services	-	-	-	-	145	-	-	-	-	145	-	145
93100 Water	96,277			21,656			9,792	12,101	3,037	142,863		142,863
93200 Electricity	90,254		83	14,451			9,710	28,415	16,313	159,226		159,226
93300 Gas	16,865		296	1,760			5,949	10,978	5,658	41,506		41,506
93600 Sewer	1,308							995		2,303		2,303
93000 Total Utilities	204,704	-	379	37,867	-	-	25,451	52,489	25,008	345,898	-	345,898
94100 Ordinary Maintenance and Operations - Labor	40,129		911	6,142			2,434	22,487	138,584	210,687		210,687
94200 Ordinary Maintenance and Operations - Materials and Other	76,259		4,632	8,388	1,373		4,758	6,175	26,832	128,417		128,417
94300 Ordinary Maintenance and Operations Contracts	361,694		22,006	58,206	10,497		48,844	38,822	29,151	569,220	-411,865	157,355
94500 Employee Benefit Contributions - Ordinary Maintenance	20,711		454	2,445			998	17,083	72,299	113,990		113,990
94000 Total Maintenance	498,793	-	28,003	75,181	11,870	-	57,034	84,567	266,866	1,022,314	-411,865	610,449

**WAYNE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.195 Section 8 Housing Assistance Payments Program Special Allocations	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
96110 Property Insurance	41,339		4,105	7,410			5,966	4,357	6,206	69,383		69,383
96120 Liability Insurance					546					546		546
96130 Workmen's Compensation	997		31	367	1,248		40	594	2,909	6,186		6,186
96140 All Other Insurance	1,179			259	5			200		1,643		1,643
96100 Total insurance Premiums	43,515	-	4,136	8,036	1,799	-	6,006	5,151	9,115	77,758	-	77,758
96300 Payments in Lieu of Taxes	30,679		12,138	21,641			13,964	8,124	78	86,624		86,624
96400 Bad debt - Tenant Rents	13,789		1,452	473			2,550	338		18,602		18,602
96000 Total Other General Expenses	44,468	-	13,590	22,114	-	-	16,514	8,462	78	105,226	-	105,226
96710 Interest of Mortgage (or Bonds) Payable				12,271				14,999	38,344	65,614		65,614
96700 Total Interest Expense and Amortization Cost	-	-	-	12,271	-	-	-	14,999	38,344	65,614	-	65,614
96900 Total Operating Expenses	1,152,391	43,165	62,962	210,975	470,503	2,682	128,023	286,324	883,185	3,240,210	-873,092	2,367,118
97000 Excess of Operating Revenue over Operating Expenses	104,259	-	55,013	45,034	3,919,065	34,713	97,150	81,092	144,310	4,480,636	-	4,480,636
97300 Housing Assistance Payments					3,897,898	34,713				3,932,611		3,932,611
97400 Depreciation Expense	231,904		28,694	30,733	1,371		25,117	44,213	68,382	430,414		430,414
90000 Total Expenses	1,384,295	43,165	91,656	241,708	4,369,772	37,395	153,140	330,537	951,567	7,603,235	-873,092	6,730,143
10010 Operating Transfer In	39,343								51,656	90,999	-90,999	-
10020 Operating transfer Out	-39,343								-51,656	-90,999	90,999	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-127,645	-	26,319	14,301	19,796	-	72,033	36,879	75,928	117,611	-	117,611
11020 Required Annual Debt Principal Payments				6,566			15,850	7,364	51,656	81,436		81,436
11030 Beginning Equity	3,438,578		964,643	-2,908	52,719		688,914	675,541	405,760	6,223,247		6,223,247
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									-678,022	-678,022		-678,022
11170 Administrative Fee Equity					25,393					25,393		25,393
11180 Housing Assistance Payments Equity					47,122					47,122		47,122
11190 Unit Months Available	2,688		192	540	11,448	120	348	156		15,492		15,492
11210 Number of Unit Months Leased	2,643		186	530	10,747	94	316	156		14,672		14,672

**WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Loan Balance
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
Low Rent Public Housing Program	14.850	\$ 595,903	\$ 0
Capital Fund Program	14.872	204,795	0
Project Based Rental Assistance Program	14.195	103,461	0
Section 8 Housing Choice Voucher Program	14.871	4,383,398	0
Shelter Plus Care	14.238	37,395	0
PIH Family Self-Sufficiency Program	14.896	<u>43,165</u>	<u>0</u>
Total Direct Awards		<u>5,368,117</u>	<u>0</u>
<u>U.S. Department of Agriculture</u>			
<i>Direct Programs:</i>			
Rural Rental Assistance Payments	10.427	112,718	0
Rural Rental Housing Loan	10.415	<u>0</u>	<u>716,930</u>
Total U.S. Department of Agriculture		<u>112,718</u>	<u>716,930</u>
Total Federal Expenditures		<u>\$ 5,480,835</u>	<u>\$ 716,930</u>

This schedule is prepared on the accrual basis of accounting.

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

*Certified Public Accountants
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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**

To the Members of the Board of
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of 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 Wayne Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated May 27, 2016, wherein we noted that the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Wayne Metropolitan Housing Authority, Ohio'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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wayne Metropolitan Housing Authority, Ohio'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 Wayne Metropolitan Housing Authority, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 27, 2016

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

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of the Board of
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 (Housing Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Wayne Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2015. The Wayne Metropolitan Housing Authority, Ohio's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Wayne Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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 its major federal program for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Wayne Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 Uniform Guidance, 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 Wayne Metropolitan Housing Authority, Ohio'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

May 27, 2016

**WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weakness reported for major Federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510(a)?	No
2015(vii)	Major Programs (list): Housing Choice Voucher - CFDA #14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$750,000 Type B: all others
2015(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, 2015**

All prior year management comments were corrected.



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 26, 2016**