

WAYNE METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

We have reviewed the Independent Auditor's Report of the Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 1999 to December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wayne Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

October 31, 2000

WAYNE METROPOLITAN HOUSING AUTHORITY
 AUDIT REPORT
 FOR THE YEAR ENDED DECEMBER 31, 1999

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying general purpose financial statements of Wayne Metropolitan Housing Authority, as of and for the year ended December 31, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Wayne Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Metropolitan Housing Authority, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 28, 2000 on our consideration of Wayne Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Wayne Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

August 28, 2000

James G. Zupka
Certified Public Accountant

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINED BALANCE SHEET
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

ASSETS

Cash and Cash Equivalents	\$	383,150
Investments		256,146
Receivables - Net of Allowance		306,295
Due from Other Funds		52,563
Inventories - Net of Allowance		45,073
Deferred Charges and Other Assets		10,417
Fixed Assets - Net of Accumulated Depreciation		9,318,847
Total Assets	\$	10,372,491

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts Payable	\$	25,499
Due to Other Funds		52,563
Intergovernmental Payable		93,229
Accrued Wages/Payroll Taxes		35,883
Accrued Compensated Absences		116,296
Tenant Security Deposits		26,068
Deferred Credits and Other Liabilities		219,143
Total Liabilities		568,681

RETAINED EARNINGS AND OTHER CREDITS

Project Notes (HUD Forgivable)		6,719,097
Contributed Capital		2,764,195
Retained Earnings		320,518
Total Retained Earnings and Other Credits		9,803,810

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	\$	10,372,491
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See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

OPERATING REVENUE

Tenant Revenue	\$ 373,992
Program Operating Grants/Subsidies	2,717,103
Other Income	121,010
Total Operating Revenue	3,212,105

OPERATING EXPENSES

Administrative	685,931
Tenant Services	517
Utilities	127,550
Maintenance	334,426
General	50,875
Bad Debts	5,258
Housing Assistance Payments	2,097,646
Depreciation	581,935
Total Operating Expenses	3,884,138

Net Operating Loss (672,033)

NON-OPERATING REVENUE

Interest Income	22,124
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Net Loss (649,909)

Retained Earnings and Other Credits, Beginning, As Restated 10,200,129

Equity Transfers 0

Comprehensive Grant Program Contributed Capital 253,590

RETAINED EARNINGS AND OTHER CREDITS, ENDING **\$ 9,803,810**

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from HUD	\$ 2,636,951
Cash Received From Tenants	378,349
Cash Payments for Housing Assistance Payments	(2,097,646)
Cash Payments for Administrative	(536,760)
Cash Payments for Other Operating Expenses	(342,232)
Cash Payments to HUD and Other Governments	(19,261)
Net Cash Provided by Operating Activities	19,401

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	22,124
Net Increase in Cash and Cash Equivalents	41,525
CASH AND CASH EQUIVALENTS, BEGINNING	341,625
CASH AND CASH EQUIVALENTS, ENDING	\$ 383,150

**RECONCILIATION OF OPERATING LOSS TO
 NET CASH USED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (649,909)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities - Depreciation Expense	581,935
(Increase) Decrease in:	
Receivables - Net of Allowance	225,769
Due From Other Funds	(52,563)
Deferred Charges and Other Assets	28,633
Increase (Decrease) in:	
Accounts Payable	(1,019)
Due to Other Funds	52,563
Intergovernmental Payable	(90,049)
Accrued Wages/Payroll Taxes and Compensated Absences	(80,564)
Tenants Security Deposits	735
Deferred Credits and Other Liabilities	3,870
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 19,401

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Reporting Entity (Continued)

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

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

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

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 1999 totaled \$22,124.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 1999.

Capital Contributions

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

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

Budgetary Accounting

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

Estimates

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

NOTE 2: **CASH AND INVESTMENTS**

HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

Direct Obligations of the Federal Government;
Obligations of Federal Government Agencies;
Securities of Government-Sponsored Agencies; and
Demand and Savings Deposits and Certificates of Deposit.

Deposits - The carrying amount of Wayne Metropolitan Housing Authority's deposits, totaled \$383,150. The corresponding bank balances totaled \$399,035.

The amount of \$236,840 was covered by federal depository insurance in four banks and the remaining \$146,310 was covered by collateralization held by the banks for the Authority's deposits as required by HUD. The Authority had investments of certificates of deposit that exceeded three months in the amount of \$256,146 at December 31, 1999.

WAYNE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (CONTINUED)

NOTE 3: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrued basis of accounting.

NOTE 4: **INSURANCE AND RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

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

NOTE 5: **FIXED ASSETS**

The following is a summary:

Land	\$ 1,439,507
Buildings	11,301,949
Furniture and Equipment - Dwellings	1,301,781
Furniture and Equipment - Administrative	569,571
Totals	14,612,808
Accumulated Depreciation	(5,293,961)
NET FIXED ASSETS	\$ 9,318,847

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

NOTE 5: **FIXED ASSETS** (Continued)

The following is a summary of changes:

	<u>Balance</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Land	\$ 1,424,507	\$ 15,000	\$ 0	\$ 1,439,507
Buildings	11,069,138	232,811	0	11,301,949
Furniture & Equipment - Dwellings	1,301,781	0	0	1,301,781
Furniture & Equipment - Administrative	550,707	18,864	0	569,571
TOTAL FIXED ASSETS	<u>\$ 14,346,133</u>	<u>\$ 266,675</u>	<u>\$ 0</u>	<u>\$ 14,612,808</u>

The depreciation expense for the year ended December 31, 1999 was \$581,935.

NOTE 6: **NOTES PAYABLE**

In prior years, the Authority was granted development loans for the public housing projects by HUD. The interest rates on these loans ranged from 6.25 to 10.00 percent. As of December 31, 1999, the principal balance was \$4,980,542, with an accrued interest payable of \$1,738,555 for a total debt of \$6,719,097. No payments have been made on these notes and is pending on being forgiven by HUD.

NOTE 7: **CHANGES IN FINANCIAL STATEMENT PREPARATION AND BASIS OF ACCOUNTING**

For the year ended December 31, 1999, the Authority has presented for the first time general purpose financial statements by fund type. In conjunction with this presentation, the Authority has changed its basis of accounting from the HUD basis to the accrual basis for proprietary funds, including the valuation of fixed assets. These changes include recognition of revenue when earned for proprietary funds and expenditures/expenses when incurred. Fixed assets were valued at historical cost. Retained earnings as of December 31, 1998 have been restated for these changes to conform to generally accepted accounting principles (GAAP).

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

NOTE 7: **CHANGES IN FINANCIAL STATEMENT PREPARATION AND BASIS OF ACCOUNTING** (Continued)

These restatements had the following effect on retained earnings and other credits:

	Balance Prior to Change 12/31/98	Adjustments to Reflect Decrease Due to Changes in Basis of Accounting	Restated Balance 12/31/99
Proprietary Fund Type:			
Enterprise Fund	\$ 4,739,152	\$ 5,460,977	\$10,200,129

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

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$136,153, \$131,675, and \$115,080, respectively. The full amount has been contributed for 1998 and 1997. Eighty-six percent has been contributed for 1999, with the remainder being reported as a liability with the enterprise fund.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

NOTE 9: **POSTEMPLOYMENT BENEFITS - PUBLIC EMPLOYEES RETIREMENT SYSTEM** (Continued)

The Public Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care. For 1998, the percent used to fund health care was also 4.2 percent.

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The Authority's actual contributions for 1999 which were used to fund OPEB were \$25,934.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	14.852 CIAP Program	WHMA Mgmt	Total
ASSETS								
111	Cash - Unrestricted	\$ 21,627	\$ 218,236	\$ 0	\$ 44,947	\$ 0	\$ 68,420	\$ 353,230
112	Cash - Restricted Modernization & Development	0	0	0	0	0	0	0
114	Cash - Tenant Security Deposit	29,920	0	0	0	0	0	29,920
100	Total Cash	<u>51,547</u>	<u>218,236</u>	<u>0</u>	<u>44,947</u>	<u>0</u>	<u>68,420</u>	<u>383,150</u>
122	A/R - HUD	0	5,190	11,487	95,451	0	0	112,128
125	A/R - Miscellaneous	79,361	0	0	0	0	114,734	194,095
126	A/R Tenants - Dwelling	5,072	0	0	0	0	0	5,072
126.1	Allowance for Doubtful Accounts	(5,000)	0	0	0	0	0	(5,000)
129	Accrued Interest Receivable	0	0	0	0	0	0	0
120	Total Accounts Receivable	<u>79,433</u>	<u>5,190</u>	<u>11,487</u>	<u>95,451</u>	<u>0</u>	<u>114,734</u>	<u>306,295</u>
131	Investments - Unrestricted	100,000	0	0	0	0	155,022	255,022
132	Investments - Restricted	0	1,124	0	0	0	0	1,124
142	Prepaid Expenses & Other Assets	9,453	964	0	0	0	0	10,417
143	Inventories	44,506	0	0	0	0	567	45,073
143.1	Allowance for Obsolete Inventory	0	0	0	0	0	0	0
144	Interprogram Due From	44,876	3,817	0	0	0	3,870	52,563
150	Total Other Current Assets	<u>198,835</u>	<u>5,905</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>159,459</u>	<u>364,199</u>
	Total Assets	<u>329,815</u>	<u>229,331</u>	<u>11,487</u>	<u>140,398</u>	<u>0</u>	<u>342,613</u>	<u>1,053,644</u>
161	Land	1,394,687	0	0	0	44,820	0	1,439,507
162	Buildings	11,041,807	0	0	0	260,142	0	11,301,949
163	Furniture & Equipment - Dwellings	1,263,843	0	0	0	37,938	0	1,301,781
164	Furniture & Equipment - Administrative	381,647	53,050	0	0	66,936	67,938	569,571
165	Leasehold Improvements	0	0	0	0	0	0	0
166	Accumulated Depreciation	(5,137,107)	(52,381)	0	0	(40,413)	(64,060)	(5,293,961)
160	Total Fixed Assets Net	<u>8,944,877</u>	<u>669</u>	<u>0</u>	<u>0</u>	<u>369,423</u>	<u>3,878</u>	<u>9,318,847</u>
180	Total Non-Current Assets	<u>8,944,877</u>	<u>669</u>	<u>0</u>	<u>0</u>	<u>369,423</u>	<u>3,878</u>	<u>9,318,847</u>
190	TOTAL ASSETS	<u><u>\$ 9,274,692</u></u>	<u><u>\$ 230,000</u></u>	<u><u>\$ 11,487</u></u>	<u><u>\$ 140,398</u></u>	<u><u>\$ 369,423</u></u>	<u><u>\$ 346,491</u></u>	<u><u>\$ 10,372,491</u></u>

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.157 Section 8 Rent CE Program	14.852 CIAP Program	WMHA Mgmt	Total
LIABILITIES								
312	Accounts Payable, <= 90 Days	\$ 25,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,499
321	Accrued Wages/Payroll Taxes	35,883	0	0	0	0	0	35,883
322	Accrued Compensated Absences	116,296	0	0	0	0	0	116,296
331	Accounts Payable - HUD PHA Prog.	0	0	7,111	0	0	0	7,111
333	Accounts Payable - Other Governments	24,644	0	0	0	0	61,474	86,118
341	Tenant Security Deposits	26,068	0	0	0	0	0	26,068
342	Deferred Revenues	1,871	142,895	0	73,253	0	0	218,019
347	Interprogram Due To	3,817	3,870	0	0	0	44,876	52,563
310	Total Current Liabilities	<u>234,078</u>	<u>146,765</u>	<u>7,111</u>	<u>73,253</u>	<u>0</u>	<u>106,350</u>	<u>567,557</u>
353	Non-Current Liabilities - Other	0	1,124	0	0	0	0	1,124
300	TOTAL LIABILITIES	<u>234,078</u>	<u>147,889</u>	<u>7,111</u>	<u>73,253</u>	<u>0</u>	<u>106,350</u>	<u>568,681</u>
502	Project Notes (HUD)	6,719,097	0	0	0	0	0	6,719,097
504	Net PHA HUD Contributions	2,394,772	0	0	0	369,423	0	2,764,195
508	Total Contributed Capital	<u>9,113,869</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>369,423</u>	<u>0</u>	<u>9,483,292</u>
512	Retained Earnings	(73,255)	82,111	4,376	67,145	0	240,141	320,518
513	Total Equity	<u>9,040,614</u>	<u>82,111</u>	<u>4,376</u>	<u>67,145</u>	<u>369,423</u>	<u>240,141</u>	<u>9,803,810</u>
600	TOTAL LIABILITIES & EQUITY	<u><u>\$ 9,274,692</u></u>	<u><u>\$ 230,000</u></u>	<u><u>\$ 11,487</u></u>	<u><u>\$ 140,398</u></u>	<u><u>\$ 369,423</u></u>	<u><u>\$ 346,491</u></u>	<u><u>\$ 10,372,491</u></u>

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Program	14.857 Section 8 Rent CE Program	14.852 CIAP Program	WMHA Mgmt	Total
REVENUE								
703	Net Tenant Rental Revenue	\$ 373,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 373,992
704	Tenant Revenue - Other	0	0	0	0	0	0	0
705	Total Tenant Revenue	<u>373,992</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>373,992</u>
706	HUD PHA Grants	248,827	655,815	15,974	1,727,180	69,307	0	2,717,103
711	Investment Income - Unrestricted	8,518	210	39	513	0	12,817	22,097
714	Fraud Recovery	0	0	0	925	0	0	925
715	Other Revenue	22,594	0	0	0	0	97,491	120,085
716	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0	0	0
720	Investment Income Restricted	0	27	0	0	0	0	27
700	Total Revenue	<u>653,931</u>	<u>656,052</u>	<u>16,013</u>	<u>1,728,618</u>	<u>69,307</u>	<u>110,308</u>	<u>3,234,229</u>
EXPENSES								
911	Administrative Salaries	139,982	50,150	1,177	126,797	20,830	71,437	410,373
912	Auditing Fees	1,605	2,355	181	3,502	0	0	7,643
914	Compensated Absences	991	1,656	39	4,188	0	442	7,316
915	Employee Benefit Contributions - Administrative	50,968	18,975	445	47,976	9,582	27,913	155,859
916	Other Operating - Administrative	15,354	11,585	272	29,290	36,940	11,299	104,740
924	Tenant Services - Other	517	0	0	0	0	0	517
931	Water	51,630	0	0	0	0	0	51,630
932	Electricity	59,177	0	0	0	0	0	59,177
933	Gas	16,743	0	0	0	0	0	16,743
938	Other Utilities Expense	0	0	0	0	0	0	0
941	Ordinary Maintenance and Operations-Labor	134,736	0	0	0	0	0	134,736
942	Ordinary Maintenance and Operations-Materials	46,144	854	20	2,160	1,956	59	51,193
943	Ordinary Maintenance and Operations-Construction Cost	43,613	0	0	0	0	40,139	83,752
945	Employee Benefit Contributions - Ordinary Maintenance	64,745	0	0	0	0	0	64,745
961	Insurance Premiums	20,384	858	20	2,168	0	0	23,430
962	Other General Expenses	0	190	0	0	0	0	190
963	PILOT	27,255	0	0	0	0	0	27,255
964	Bad Debts - Tenant Rents	5,258	0	0	0	0	0	5,258
	Total Operating Expenses	<u>679,102</u>	<u>86,623</u>	<u>2,154</u>	<u>216,081</u>	<u>69,308</u>	<u>151,289</u>	<u>1,204,557</u>
970	Excess Operating Revenues Over Expenses	(25,171)	569,429	13,859	1,512,537	(1)	(40,981)	2,029,672

WAYNE METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (CONTINUED)

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	14.852 CIAP Program	WMHA Mgmt	Total
<u>OTHER EXPENSES</u>								
973	Housing Assistance Payments	0	569,659	13,857	1,514,130	0	0	2,097,646
974	Depreciation Expense	551,828	334	0	0	26,271	3,502	581,935
900	Total Expenses	<u>1,230,930</u>	<u>656,616</u>	<u>16,011</u>	<u>1,730,211</u>	<u>95,579</u>	<u>154,791</u>	<u>3,884,138</u>
1000	Excess of Revenue Over Expenses	(576,999)	(564)	2	(1,593)	(26,272)	(44,483)	(649,909)
1101	Capital Contributions	0	0	0	0	253,590	0	253,590
1103	Beginning Equity, Restated	4,030,215	134,395	4,374	68,738	156,247	345,183	4,739,152
1104	Prior Period Adjustment	5,587,398	(51,720)	0	0	(14,142)	(60,559)	5,460,977
	ENDING EQUITY	<u>\$ 9,040,614</u>	<u>\$ 82,111</u>	<u>\$ 4,376</u>	<u>\$ 67,145</u>	<u>\$ 369,423</u>	<u>\$ 240,141</u>	<u>\$ 9,803,810</u>

WAYNE METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.855 Section 8 Rent VO Program	14.856 Section 8 Rent MOD Rehab	14.857 Section 8 Rent CE Program	14.852 CIAP Program	WMHA Mgmt	Total
1101	Capital Outlays Enterprise Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$253,590	\$ 0	\$ 253,590
1103	Beginning Equity	4,030,215	134,395	4,374	68,738	156,247	345,183	4,739,152
1104	Prior Period Adjustment and Equity Transfers	5,587,398	(51,720)	0	0	(14,142)	(60,559)	5,460,977
1112	Depreciation Add Back	551,828	334	0	0	26,271	0	578,433
1113	Maximum Annual Contributions	0	924,916	0	1,661,959	0	0	2,586,875
1115	Contingency Reserve	0	49,985	449,231	388,640	0	0	887,856
1116	Total Annual Contributions Available	0	974,901	449,231	2,050,599	0	0	3,474,731
1120	Unit Months Available	2,688	3,048	84	5,604	0	0	11,424
1121	Number of Unit Months Leased	2,645	2,274	52	5,604	0	0	10,575

WAYNE METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<u>From U.S. Department of HUD</u>		
<u>Direct Programs</u>		
Annual Contribution Contract C-524		
<u>PHA Owned Housing:</u>		
Public and Indian Housing Operating Subsidy	14.850	\$ 248,827
Public and Indian Housing Comprehensive Improvement Assistance Program	14.852	69,307
		318,134
<u>Section 8 Cluster</u>		
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Rental Certificate Program	14.857	1,727,180
Section 8 Rental Voucher Program	14.855	655,815
Section 8 Rental Modernization Rehabilitation Program	14.856	15,974
Total Section 8 Cluster		2,398,969
 Total - All Programs		 \$2,717,103

WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
 WOOSTER, OHIO
 STATEMENT OF MODERNIZATION COSTS UNCOMPLETED
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>OH12PO3690798</u>	<u>OH12PO3690899</u>
Funds Approved	\$ 96,000	\$ 386,255
Funds Expended	8,022	20,438
Excess (Deficiency) of Funds Approved	<u>\$ 87,978</u>	<u>\$ 365,817</u>
Funds Advanced	\$ 8,022	\$ 20,438
Funds Expended	8,022	20,438
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

WAYNE METROPOLITAN HOUSING AUTHORITY
 WOOSTER, OHIO
 STATEMENT OF MODERNIZATION COSTS - COMPLETED
 TWELVE MONTHS ENDED DECEMBER 31, 1999

1. The total amount of modernization costs of the comprehensive grant is shown below:

	<u>OH12PO3690697</u>
Funds Approved	\$ 521,000
Funds Expended	521,000
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 521,000
Funds Expended	521,000
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the comprehensive grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the PHA have been fully paid.
4. There are no undischarged mechanics, laborers, contractors, or material-mens liens against such modernization work or file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed expired.

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

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of the Wayne Metropolitan Housing Authority as of and for the year ended December 31, 1999, and have issued our report thereon dated August 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Wayne Metropolitan Housing Authority in a separate letter dated August 28, 2000.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State and Federal Award Agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 28, 2000

James G. Zupka
Certified Public Accountant

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

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Wayne Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 1999. Wayne Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Wayne Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Wayne Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Wayne Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wayne Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be used by anyone other than these specified parties.

August 28, 2000

James G. Zupka
Certified Public Accountant

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 1999

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

1999(i)	Type of Financial Statement Opinion	Unqualified
1999(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
1999(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
1999(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
1999(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
1999(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
1999(v)	Type of Major Programs' Compliance Opinion	Unqualified
1999(vi)	Are there any reportable findings under .510?	No
1999(vii)	Major Programs (list):	1. Section 8 Cluster
1999(viii)	Dollar Threshold: Type A\B Programs	Type A;>\$300,000 Type B:> all others
1999(ix)	Low Risk Auditee?	Yes

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
DECEMBER 31, 1999

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.



STATE OF OHIO
OFFICE OF THE AUDITOR

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WAYNE METROPOLITAN HOUSING AUTHORITY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2000**