

Wayne Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2005





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Wayne County Metropolitan Housing Authority, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 9, 2006

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WAYNE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005

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## Independent Auditors' Report

Board of Directors  
Wayne Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wayne Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2005, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 25, 2006, on my consideration of Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

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

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Wayne Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") and the PHA statement and certification of actual costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



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Salvatore Consiglio, CPA, Inc.

August 25, 2006

WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005

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 2005 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$400,008 or 4.63% during 2005, resulting from changes in operations and the purchase of property. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets.
- Revenues increased by \$218,539 or 4.29% during 2005.
- The total expenses of all Authority programs increased by \$24,682 or 0.43%.

**Authority Financial Statements**

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

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Net Assets, Invested in Capital Assets, net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

### **Fund Financial Statements**

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
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**The Authority's Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005

Unaudited

**AUTHORITY STATEMENTS**

**Statement of Net Assets**

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

**TABLE 1**

**STATEMENT OF NET ASSETS**

	<b><u>2005</u></b>		<b><u>2004</u></b>
Current and Other Assets	\$ 833,500	\$	1,066,316
Capital Assets	9,424,366		9,575,242
<b>Total Assets</b>	<b>\$ 10,257,866</b>	<b>\$</b>	<b>10,641,558</b>
Current Liabilities	\$ 452,793	\$	483,310
Long-Term Liabilities	1,569,072		1,522,239
<b>Total Liabilities</b>	<b>2,021,865</b>		<b>2,005,549</b>
Net Assets:			
Investment in Capital Assets, net of Related Debt	7,843,220		8,057,728
Unrestricted Net Assets	392,781		578,281
<b>Total Net Assets</b>	<b>8,236,001</b>		<b>8,636,009</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,257,866</b>	<b>\$</b>	<b>10,641,558</b>
For more detail information see Statement of Net Assets presented elsewhere in this report.			

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

During 2005, current and other assets decreased by \$232,816, and current liabilities decreased by \$30,515.

Capital assets also changed, decreasing from \$9,575,242 to \$9,424,366. The \$150,876 decrease may be contributed primarily to a combination of total acquisitions of \$472,315, less current year depreciation, amortization, and adjustments to properly state assets. The acquisition of a residential property purchased for use by a specific client population. The long-term liabilities increase is due to debt for this acquisition. For more detail see "Capital Assets" presented later in this report.

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

**TABLE 2**  
**CHANGE OF NET ASSETS**

	<u>Unrestricted</u>	<u>Investment in Fixed Assets</u>
Beginning Balance - December 31, 2004	\$ 578,281	\$ 8,057,728
Results of Operation	(463,954)	-
Adjustments:		
Current year Depreciation Expense (1)	699,304	(699,304)
Capital Expenditure (2)	(472,315)	472,315
Current year Debt Proceeds Net of Retirement	63,632	(63,632)
Prior Period Adjustment	<u>(12,167)</u>	<u>76,113</u>
Ending Balance - December 31, 2005	<u>\$ 392,781</u>	<u>\$ 7,843,220</u>

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

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

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

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

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>2005</u>	<u>2004</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 510,055	\$ 501,502
Operating Subsidies	4,282,041	4,246,352
Capital Grants	200,239	42,470
Investment Income	10,686	8,999
Other Revenues	<u>307,982</u>	<u>293,141</u>
<b>Total Revenues</b>	<b><u>5,311,003</u></b>	<b><u>5,092,464</u></b>
 <b><u>Expenses</u></b>		
Administrative	1,073,071	1,134,851
Utilities	227,354	188,711
Maintenance	462,487	408,129
General and Interest Expenses	180,105	126,580
Housing Assistance Payments	3,132,636	3,174,848
Depreciation	<u>699,304</u>	<u>717,156</u>
<b>Total Expenses</b>	<b><u>5,774,957</u></b>	<b><u>5,750,275</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (463,954)</u></b>	<b><u>\$ (657,811)</u></b>

WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Unaudited

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

Tenant revenue increased (\$8,553) slightly during 2005 in comparison to 2004. The increase was likely from revenue generated by the additional rental units purchased in 2005 and full occupancy of units purchased in 2004. Capital Grants increased by \$157,769 from 2004 as a result of more major work items being completed in the current year, therefore the funds were drawn down from current grants at a similar rate as 2004 which had three separate grants but in 2005 there were four separate grants. Overall total revenue increased by \$218,539, from 2004.

The expenses increased (\$24,682) moderately due to increased wage and benefit costs and increased cost of utilities. The increased expenses were off-set somewhat because of a decrease in Housing Assistance Payments made to landlords for the Housing Choice Voucher Program, which was a result of fewer units leased.

**CAPITAL ASSETS**

**Capital Assets**

As of year-end, the Authority had \$9,424,366 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$150,876 or 1.58% from the end of last year. As stated earlier, this decrease was due to an adjustment of a physical inventory of capital assets.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

	<u><b>2005</b></u>	<u><b>2004</b></u>
Land and Land Rights	\$ 1,797,154	\$ 1,772,422
Buildings	15,744,600	15,453,548
Equipment	529,166	918,618
Construction in Progress	121,837	-
Accumulated Depreciation	<u>(8,768,391)</u>	<u>(8,569,346)</u>
Total	<u><u>\$ 9,424,366</u></u>	<u><u>\$ 9,575,242</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following reconciliation identifies the change in Capital Assets.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance - December 31, 2004	\$	9,575,242
Current year Additions		472,314
Current year Depreciation Expense		(699,304)
Adjustments to Properly State Assets		76,113
Rounding Adjustments		<u>1</u>
Ending Balance - December 31, 2005	\$	<u><u>9,424,366</u></u>

Current year Additions are summarized as follows:

345 Building Renovation	\$	95,424
Rehab Accessibility Ramp		4,704
Plumbing Renovation		18,005
Renovation of Tenants Dining Hall		52,399
Purchase a Vacuum Capetrieve		3,295
Purchase Various Computers and Printers		26,215
Andrew Court Property		150,435
Building Improvements Reported as Construction in Progress		<u>121,837</u>
Total 2005 Additions	\$	<u><u>472,314</u></u>

WAYNE METROPOLITAN HOUSING AUTHORITY  
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**Debt Outstanding**

As of year-end, the Authority has \$1,581,146 in debt (mortgages) outstanding compared to \$1,517,514 last year. The \$63,632 increase was a result of the purchase of property since last year, net of debt retirement.

**TABLE 6**

**CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance - December 31, 2004	\$ 1,517,514
Current Year Loans	112,744
Current Year Loan Retirements	<u>(49,112)</u>
Ending Balance - December 31, 2005	<u><u>\$ 1,581,146</u></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

WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005

Unaudited

**FINANCIAL CONTACT**

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$302,525
Investments	200,000
Receivables, net	282,397
Inventories, net	23,676
Prepaid expenses and other assets	24,902
<b>Total current assets</b>	<b><u>833,500</u></b>

**Noncurrent assets**

Capital assets:	
Land	1,797,154
Building and equipment	16,273,766
Construction in Progress	121,837
Less accumulated depreciation	(8,768,391)
<b>Total noncurrent assets</b>	<b><u>9,424,366</u></b>
<b>Total assets</b>	<b><u><u>\$10,257,866</u></u></b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$27,628
Accrued liabilities	114,856
Intergovernmental payables	163,241
Tenant security deposits	31,155
Deferred revenue	4,800
Bonds, notes, and loans payable	57,463
Other current liabilities	53,650
<b>Total current liabilities</b>	<b><u>452,793</u></b>

**Noncurrent liabilities**

Bonds, notes, and loans payable	1,523,683
Noncurrent liabilities - other	45,389
<b>Total noncurrent liabilities</b>	<b><u>1,569,072</u></b>
<b>Total liabilities</b>	<b><u><u>\$2,021,865</u></u></b>

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

***NET ASSETS***

Invested in capital assets, net of related debt	\$7,843,220
Unrestricted net assets	392,781
<b>Total net assets</b>	<b><u>\$8,236,001</u></b>

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

***OPERATING REVENUES***

Tenant Revenue	\$510,055
Government operating grants	4,282,041
Other revenue	307,132
<b>Total operating revenues</b>	<b><u>5,099,228</u></b>

***OPERATING EXPENSES***

Administrative	1,073,071
Utilities	227,354
Maintenance	462,487
General	99,284
Housing assistance payment	3,132,636
Depreciation	699,304
<b>Total operating expenses</b>	<b><u>5,694,136</u></b>
<b>Operating income (loss)</b>	<b><u>(594,908)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	10,686
Miscellaneous revenue	850
Interest expense	(80,821)
<b>Total nonoperating revenues (expenses)</b>	<b><u>(69,285)</u></b>
Income (loss) before contributions and transfers	(664,193)

Capital grants	<u>200,239</u>
Change in net assets	(463,954)
Total net assets - beginning	8,636,009
Prior Period Adjustments	63,946
<b>Total net assets - ending</b>	<b><u><u>\$8,236,001</u></u></b>

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended December 31, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$4,338,338
Tenant revenue received	507,277
Other revenue received	307,132
General and administrative expenses paid	(1,973,242)
Housing assistance payments	(3,132,636)

**Net cash provided (used) by operating activities** 46,869

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	<u>10,686</u>
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**Net cash provided (used) by investing activities** 10,686

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Loan proceeds received	112,744
Proceeds from Trade-in of Computer Equipment	850
Capital grant funds received	200,239
Debt principal payment	(49,112)
Interest paid on Debt	(80,821)
Property and equipment purchased	(472,314)

**Net cash provided (used) by capital and related activities** (288,414)

Net increase (decrease) in cash	(230,859)
Cash and cash equivalents - Beginning of year	<u>533,384</u>

**Cash and cash equivalents - End of year** \$302,525

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows - Continued**  
**Proprietary Fund Type**  
**For the Year Ended December 31, 2005**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$594,908)
Activities	
- Depreciation	699,304
- (Increases) Decreases in Accounts Receivable	(61,083)
- (Increases) Decreases in Prepaid Assets	44,951
- (Increases) Decreases in Inventory	5,920
- Increases (Decreases) in Accounts Payable	(6,733)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(112,965)
- Increases (Decreases) in Accrued Expenses Payable	22,200
- Increases (Decreases) in Deferred Revenue	790
- Increases (Decreases) in Other Current Liabilities	53,650
- Increases (Decreases) in Other Noncurrent Liabilities	(5,712)
- Increases (Decreases) in Accrued Compensated Absences	1,674
- Increases (Decreases) in Tenant Security Deposits	(219)
	<hr/>
<b>Net cash provided by operating activities</b>	<b><u><u>\$46,869</u></u></b>

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

**Reporting Entity**

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

**Reporting Entity** (Continued)

exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

**Basis of Presentation**

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes net assets, and a statement of cash flows.

**Fund Accounting**

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

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

**Proprietary Fund Types**

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

**Measurement Focus/Basis of Accounting**

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

**Description of programs**

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **State / Local**

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2005 totaled \$10,686.

**Capital Assets**

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

**Net Assets**

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

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**Cash and Cash Equivalents**

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

**Compensated Absences**

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

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

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

**Inventories**

Inventory valued of \$23,676 in the financial statements is stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2005.

**Budgetary Accounting**

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

Deposits

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

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

Government Accounting Standards Board Statement No. 3 (GASB #3) has established custodial credit risk categories for deposits and investments as follows:

Category 1 – Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 – Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of the Authority's deposits was \$302,525 at December 31, 2005. The corresponding bank balance was \$389,665. Of the bank balance, \$200,000 was covered by federal deposit insurance (FDIC) with the remaining balance covered by collateralization held by the bank in the Authority's name as required by HUD. The custodial credit risk for the Authority deposit is Category 1.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 2 years.

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirement.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority practice to do business with more then one depository.

The carrying amount of the Authority’s investment was \$200,000 at December 31, 2005, with the same corresponding bank balance. The investments are held in certificate of deposits.

**NOTE 3: 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 coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes:

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

	Balance 12/31/04	Adjust.	Additions	Deletion	Balance 12/31/05
<b>Capital Assets Not Depreciated:</b>					
Land	\$1,772,422	\$0	\$24,732	\$0	\$1,797,154
Construction in Progress	0	0	121,837	0	121,837
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,772,422</b>	<b>0</b>	<b>146,569</b>	<b>0</b>	<b>1,918,991</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	15,453,548	0	291,052	0	15,744,600
Furnt, Mach. & Equip. - Dwelling	174,813	(33,502)	0	0	141,311
Furnt, Mach. & Equip. - Admin	743,805	(366,367)	34,693	24,277	387,854
Total Capital Assets Being Depreciated	16,372,166	(399,869)	325,745	24,277	16,273,765
Accumulated Depreciation	(8,569,346)	475,982	(699,304)	(24,277)	(8,768,391)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>7,802,820</b>	<b>76,113</b>	<b>(373,559)</b>	<b>0</b>	<b>7,505,374</b>
<b>Total Capital Assets, Net</b>	<b>\$9,575,242</b>	<b>\$76,113</b>	<b>(\$226,990)</b>	<b>\$0</b>	<b>\$9,424,365</b>

**NOTE 6: LONG-TERM DEBT**

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

- Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property on Moreland Road. \$47,500
- Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000 due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1 of each year. Proceeds of the bond were used to purchase a property on Jefferson Road. 47,500

WAYNE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (CONTINUED)

**NOTE 6: LONG-TERM DEBT** (Continued)

<ul style="list-style-type: none"> <li>• Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property on Westwood Circle.</li> </ul>	53,200
<ul style="list-style-type: none"> <li>• Loan payable to Bank One to consolidate the existing loans for the purchase of Northview Property and to finance the purchase and rehabilitation of the administration building at 345 N Market Street. Total borrowing was \$1,375,00,</li> </ul>	1,322,081
<ul style="list-style-type: none"> <li>• The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities where the Authority received a grant for \$112,743 to be used for the purchase of property located at 34 Andrew Court. The grant has a restriction that the property shall be use as a residential facility for MRDD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients.</li> </ul>	<u>110,865</u>
Total Outstanding Debt	1,581,146
Less Current Portion	<u>57,463</u>
Total Long-Term Debt	<u><u>\$1,523,683</u></u>

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

DESCRIPTION	BALANCE 12/31/04	ISSUED	RETIRED	BALANCE 12/31/05
Loan Payable	\$1,517,514	\$112,744	\$49,112	\$1,581,146
TOTAL	\$1,517,514	\$112,744	\$49,112	\$1,581,146

WAYNE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (CONTINUED)

**NOTE 6: LONG-TERM DEBT** (Continued)

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$57,463	\$77,725	\$135,188
2007	59,894	75,294	135,188
2008	63,155	72,033	135,188
2009	237,640	64,697	302,337
2010	53,667	59,704	113,371
2011-2015	306,260	260,596	566,856
2016-2020	392,453	172,524	564,977
2021-2025	352,298	55,035	407,333
2026-2030	38,300	10,565	48,865
2031-2035	20,016	2,913	22,929
Total	<u>\$1,581,146</u>	<u>\$851,086</u>	<u>\$2,432,232</u>

**NOTE 7: NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2005 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$27,962
- Tenant Prepaid rent in the Low Rent Public Housing Program of \$1,035
- Deferred Revenue from CHIP Contract of \$16,392

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

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2005, 2004 and 2003 amounted to \$110,505, \$107,920 and \$106,780 respectively. Ninety-four percent has been contributed for 2005. All required contributions for the two previous years have been paid.

**NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used

WAYNE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (CONTINUED)

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

to fund health care for the year ended December 31, 2005 was 4.0 percent of covered payroll, which amounted to \$32,621. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$63,946 was necessary to properly state net assets. The adjustments were as follows:

- Adjustment made by HUD for the Housing Choice Voucher Program administration fee earned	\$44,056
- Adjustment to properly state capital assets	76,113
- Adjustment to reconcile beginning balance with audit report	<u>(56,223)</u>
Total Prior Period Adjustment	<u>\$63,946</u>

Wayne Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
December 31, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$130,513	\$3,912	\$0	\$70,606	\$205,031
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$15,458	\$0	\$19,373	\$34,831
113	Cash - Other Restricted	\$0	\$28,023	\$0	\$0	\$28,023
114	Cash - Tenant Security Deposits	\$34,640	\$0	\$0	\$0	\$34,640
100	Total Cash	\$165,153	\$47,393	\$0	\$89,979	\$302,525
125	Accounts Receivable - Miscellaneous	\$108,571	\$0	\$0	\$171,654	\$280,225
126	Accounts Receivable - Tenants - Dwelling Rents	\$12,062	\$0	\$0	\$0	\$12,062
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$9,890)	\$0	\$0	\$0	(\$9,890)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$110,743	\$0	\$0	\$171,654	\$282,397
131	Investments - Unrestricted	\$100,000	\$0	\$0	\$100,000	\$200,000
142	Prepaid Expenses and Other Assets	\$18,231	\$4,719	\$0	\$1,952	\$24,902
143	Inventories	\$23,095	\$0	\$0	\$581	\$23,676
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$222,234	\$208,465	\$0	\$0	\$430,699
150	Total Current Assets	\$639,456	\$260,577	\$0	\$364,166	\$1,264,199
161	Land	\$1,532,157	\$0	\$0	\$264,997	\$1,797,154
162	Buildings	\$14,552,645	\$0	\$0	\$1,191,955	\$15,744,600
163	Furniture, Equipment & Machinery - Dwellings	\$141,311	\$0	\$0	\$0	\$141,311
164	Furniture, Equipment & Machinery - Administration	\$296,113	\$38,663	\$0	\$53,079	\$387,855
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$8,593,485)	(\$17,390)	\$0	(\$157,516)	(\$8,768,391)

Wayne Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
December 31, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
167	Construction In Progress	\$0	\$0	\$121,837	\$0	\$121,837
160	Total Fixed Assets, Net of Accumulated Depreciation	\$7,928,741	\$21,273	\$121,837	\$1,352,515	\$9,424,366
190	Total Assets	\$8,568,197	\$281,850	\$121,837	\$1,716,681	\$10,688,565
312	Accounts Payable <= 90 Days	\$22,390	\$0	\$0	\$5,239	\$27,629
321	Accrued Wage/Payroll Taxes Payable	\$50,148	\$0	\$0	\$0	\$50,148
322	Accrued Compensated Absences - Current Portion	\$64,708	\$0	\$0	\$0	\$64,708
333	Accounts Payable - Other Government	\$42,419	\$0	\$0	\$120,822	\$163,241
341	Tenant Security Deposits	\$30,730	\$0	\$0	\$425	\$31,155
342	Deferred Revenues	\$1,881	\$0	\$0	\$2,919	\$4,800
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$34,104	\$0	\$0	\$23,359	\$57,463
345	Other Current Liabilities	\$0	\$15,458	\$0	\$38,192	\$53,650
347	Interprogram Due To	\$164,355	\$0	\$0	\$266,343	\$430,698
310	Total Current Liabilities	\$410,735	\$15,458	\$0	\$457,299	\$883,492
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$1,059,341	\$0	\$0	\$464,342	\$1,523,683
353	Noncurrent Liabilities - Other	\$1,035	\$27,962	\$0	\$16,392	\$45,389
350	Total Noncurrent Liabilities	\$1,060,376	\$27,962	\$0	\$480,734	\$1,569,072
300	Total Liabilities	\$1,471,111	\$43,420	\$0	\$938,033	\$2,452,564
508.1	Invested in Capital Assets, Net of Related Debt	\$6,835,296	\$21,273	\$121,837	\$864,814	\$7,843,220
512.1	Unrestricted Net Assets	\$261,790	\$217,157	\$0	(\$86,166)	\$392,781

Wayne Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
December 31, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
513	Total Equity/Net Assets	\$7,097,086	\$238,430	\$121,837	\$778,648	\$8,236,001
600	Total Liabilities and Equity/Net Assets	\$8,568,197	\$281,850	\$121,837	\$1,716,681	\$10,688,565
703	Net Tenant Rental Revenue	\$396,760	\$0	\$0	\$113,295	\$510,055
705	Total Tenant Revenue	\$396,760	\$0	\$0	\$113,295	\$510,055
706	HUD PHA Operating Grants	\$418,133	\$3,622,242	\$241,666	\$0	\$4,282,041
706.1	Capital Grants	\$0	\$0	\$200,239	\$0	\$200,239
711	Investment Income - Unrestricted	\$5,026	\$0	\$0	\$5,660	\$10,686
714	Fraud Recovery	\$0	\$1,198	\$0	\$0	\$1,198
715	Other Revenue	\$64,846	\$0	\$0	\$241,088	\$305,934
716	Gain/Loss on Sale of Fixed Assets	\$850	\$0	\$0	\$0	\$850
700	Total Revenue	\$885,615	\$3,623,440	\$441,905	\$360,043	\$5,311,003
911	Administrative Salaries	\$165,932	\$244,664	\$22,186	\$126,957	\$559,739
912	Auditing Fees	\$1,807	\$7,228	\$0	\$0	\$9,035
914	Compensated Absences	\$597	(\$6,398)	\$0	\$6,200	\$399
915	Employee Benefit Contributions - Administrative	\$81,261	\$105,766	\$9,984	\$60,145	\$257,156
916	Other Operating - Administrative	\$52,799	\$50,079	\$119,495	\$24,369	\$246,742
931	Water	\$55,850	\$0	\$0	\$8,272	\$64,122
932	Electricity	\$74,351	\$0	\$0	\$14,376	\$88,727
933	Gas	\$50,570	\$0	\$0	\$23,935	\$74,505
941	Ordinary Maintenance and Operations - Labor	\$189,092	\$0	\$0	\$0	\$189,092
942	Ordinary Maintenance and Operations - Materials and Other	\$57,083	\$975	\$0	\$3,439	\$61,497
943	Ordinary Maintenance and Operations - Contract Costs	\$53,305	\$33,024	\$0	\$34,324	\$120,653

Wayne Metropolitan Housing Authority  
Combining FDS Schedule Submitted To REAC  
Propriety Fund Type- Enterprise Fund  
December 31, 2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
945	Employee Benefit Contributions - Ordinary Maintenance	\$91,245	\$0	\$0	\$0	\$91,245
961	Insurance Premiums	\$32,525	\$17,136	\$0	\$2,243	\$51,904
963	Payments in Lieu of Taxes	\$21,599	\$0	\$0	\$11,771	\$33,370
964	Bad Debt - Tenant Rents	\$14,010	\$0	\$0	\$0	\$14,010
967	Interest Expense	\$64,759	\$0	\$0	\$16,062	\$80,821
969	Total Operating Expenses	\$1,006,785	\$452,474	\$151,665	\$332,093	\$1,943,017
970	Excess Operating Revenue over Operating Expenses	(\$121,170)	\$3,170,966	\$290,240	\$27,950	\$3,367,986
973	Housing Assistance Payments	\$0	\$3,132,636	\$0	\$0	\$3,132,636
974	Depreciation Expense	\$652,991	\$5,544	\$0	\$40,769	\$699,304
900	Total Expenses	\$1,659,776	\$3,590,654	\$151,665	\$372,862	\$5,774,957
1001	Operating Transfers In	\$113,656	\$0	\$0	\$0	\$113,656
1002	Operating Transfers Out	\$0	\$0	(\$90,000)	(\$23,656)	(\$113,656)
1010	Total Other Financing Sources (Uses)	\$113,656	\$0	(\$90,000)	(\$23,656)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$660,505)	\$32,786	\$200,240	(\$36,475)	(\$463,954)
1103	Beginning Equity	\$7,619,864	\$161,588	\$39,434	\$815,123	\$8,636,009
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$137,727	\$44,056	(\$117,837)	\$0	\$63,946
	Ending Equity	\$7,097,086	\$238,430	\$121,837	\$778,648	\$8,236,001

Wayne Metropolitan Housing Authority  
 Schedule of Expenditure of Federal Award  
 For the Year Ended December 31, 2005

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Program		
Low Rent Public Housing	14.850	\$418,133
Housing Choice Voucher Program	14.871	3,622,242
Public Housing Capital Fund Program	14.872	<u>441,905</u>
Total Expenditure of Federal Award		<u><u>\$4,482,280</u></u>

Wayne Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2005

Capital Fund Program Number OH12P03650103

1. The Program Costs are as follows:

Funds Approved	\$295,535
Funds Expended	<u>295,535</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$295,535
Funds Expended	<u>295,535</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on March 23, 2005.
4. The final costs on the certification agree to the Authority's records.

Wayne Metropolitan Housing Authority  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2005

Capital Fund Program Number OH12P03650203

5. The Program Costs are as follows:

Funds Approved	\$58,899
Funds Expended	<u>58,899</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$58,899
Funds Expended	<u>58,899</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

6. All costs have been paid and there are no outstanding obligations.
7. The Final Financial Status Report was signed and filed on March 30, 2006.
8. The final costs on the certification agree to the Authority's records.



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

Board of Directors  
Wayne Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the Wayne Metropolitan Housing Authority basic financial statements and have issued my report thereon dated August 25, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My 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 reportable condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wayne Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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Salvatore Consiglio, CPA, Inc.

August 25, 2006



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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

**Compliance**

I have audited the compliance of the Wayne Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. Wayne Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wayne Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Wayne Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Wayne Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

## **Internal Control over Compliance**

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

My 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. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

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



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Salvatore Consiglio, CPA, Inc.

August 25, 2006

Wayne Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 December 31, 2005

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

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any materials internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher Program and 14.872 Capital Fund Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2005.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no Findings or questioned costs for the year ended December 31, 2005.

Wayne Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
December 31, 2005

The audit report for the fiscal year ending December 31, 2004 contained no audit finding.



**Auditor of State  
Betty Montgomery**

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**WAYNE COUNTY 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  
OCTOBER 19, 2006**