

**WAYNE METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 4, 2015

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**WAYNE METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	13-32
Supplemental Data:	
Statement of Modernization Cost - Completed	33
Financial Data Schedules:	
Entity Wide Balance Sheet Summary	34-35
Entity Wide Revenue and Expense Summary	36-38
Schedule of Expenditures of Federal Awards	39
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Report on Compliance for Each Major Program and on internal Control over Compliance Required by OMB Circular A-133	42-43
Schedule of Findings and Questioned Costs	44
Status of Prior Citations and Recommendations	45

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

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Wayne Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Metropolitan Housing Authority, as of December 31, 2014, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 and 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wayne Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2015, on our consideration of the Wayne Metropolitan Housing Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne Metropolitan Housing Authority’s internal control over financial reporting and compliance.

James G.
Zupka, CPA,
President

Digitally signed by James G. Zupka,
CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.05.28 11:05:53 -0400

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

May 13, 2015

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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 2014 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

Financial Highlights

- The Authority's net position decreased by \$544,975 or 8.1 percent during 2014, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by \$104,845 or 1.7 percent during 2014.
- The total expenses of all Authority programs decreased by \$96,671 or 1.4 percent.

Overview of the Authority's Financial Statements

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

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

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

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

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

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

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

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

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

Fund Financial Statements

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

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

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

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

State/Local - State/Local represents Authority owned housing properties that are not subsidized by HUD, management services that the Authority provides to a local non-profit entity under contract for management (Secrest Village Apartments); Community Housing Impact and Preservation programs that the Authority administers and implements under contract with both Wayne County and the City of Wooster; and a multi-family project that is subsidized by USDA Rural Development (Shreve Manor Apartments). The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

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

The Authority's management contract is with a not-for-profit entity that depends on the Authority to handle all of its management concerns including day-to-day operations as well as corporate accounting and reporting.

Condensed Financial Statements

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

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

	2014	2013
<u>Assets</u>		
Current and Other Assets	\$ 1,319,594	\$ 1,464,096
Capital and Non-Current Assets	7,573,043	8,114,239
Total Assets	<u>\$ 8,892,637</u>	<u>\$ 9,578,335</u>
<u>Liabilities</u>		
Current Liabilities	\$ 452,688	\$ 477,691
Long-term Liabilities	2,216,702	2,332,422
Total Liabilities	<u>2,669,390</u>	<u>2,810,113</u>
<u>Net Position</u>		
Net Investment in Capital Assets	\$ 5,411,430	5,721,148
Restricted	77,967	318,634
Unrestricted	733,850	728,440
Total Net Position	<u>6,223,247</u>	<u>6,768,222</u>
Total Liabilities and Net Position	<u>\$ 8,892,637</u>	<u>\$ 9,578,335</u>

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

Major Factors Affecting the Statement of Net Position

During 2014, current and other assets decreased by \$144,502, and current liabilities decreased by \$25,003. Long-term liabilities decreased by \$115,720.

Net Investment in Capital Assets also decreased from \$5,721,148 to \$5,411,430. The \$309,718 decrease may be attributed primarily to the current year depreciation and amortization, as well as the addition and disposal of various building improvements and equipment purchases. The long-term liabilities decrease is a result of payments made on building debt during the year. For more detail see "Capital Assets" presented later in this report.

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

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

Table 2 - Change of Unrestricted Net Position

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Investment In Capital Assets</u>
Beginning Balance - January 1, 2014	\$ 728,440	\$ 318,634	\$ 5,721,148
Results of Operation	(544,975)	0	0
Adjustments:			
Current Year Depreciation Expense (1)	621,944	0	(621,944)
Capital Expenditure, Net of Disposal (2)	(80,748)	0	80,748
Current Year Debt Proceeds Net of Retirement	(231,478)	0	231,478
Transfer from Restricted Net Position	240,667	(240,667)	0
Ending Balance - December 31, 2014	<u>\$ 733,850</u>	<u>\$ 77,967</u>	<u>\$ 5,411,430</u>

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

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

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

Table 3 - Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Total Tenant Revenues - Rents and Other	\$ 922,201	\$ 851,343
Operating Subsidies	4,971,269	5,091,576
Capital Grants	105,758	104,731
Investment Income	646	935
Other Revenues	197,855	253,989
Total Revenues	<u>6,197,729</u>	<u>6,302,574</u>
Expenses		
Administrative	1,152,883	1,250,477
Utilities	357,816	343,991
Maintenance	621,528	579,009
General and Interest Expenses	233,825	236,018
Housing Assistance Payments	3,754,708	3,806,868
Depreciation	621,944	623,012
Total Expenses	<u>6,742,704</u>	<u>6,839,375</u>
Net Increases (Decreases)	<u>\$ (544,975)</u>	<u>\$ (536,801)</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

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

Tenant revenue increased \$70,858 during 2014 in comparison to 2013. The increase was likely due to higher occupancy levels in most rental units for the year. Capital Grants show an increase of \$1,027 from 2013 due to a slightly increased funding award for the year. Overall total revenue decreased by \$104,845 from 2013, due primarily to a reduction in federal funds received.

The expenses decreased by \$96,671 in 2014 as a net result of decreased Housing Choice Voucher assistance payments and decreased administrative expenses. All expense categories experienced modest increases or decreases of 10 percent or less.

Capital Assets

As of year-end, the Authority had \$7,573,043 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$541,196 or about 6.7 percent from the end of 2013. This decrease was mainly a net result of the accumulated depreciation of all properties and other capital assets, as well as the addition and disposal of some properties, building improvements and equipment.

Table 4 - Condensed Statement of Changes in Capital Assets

	2014	2013
Land and Land Rights	\$ 2,274,254	\$ 2,296,014
Buildings and Improvements/Additions	19,285,095	19,408,710
Furniture and Equipment	647,874	616,264
Construction in Progress	43,211	25,962
Accumulated Depreciation	(14,677,391)	(14,232,711)
Total Capital Assets	<u>\$ 7,573,043</u>	<u>\$ 8,114,239</u>

The following reconciliation identifies the change in Capital Assets.

Table 5 - Change in Capital Assets

Beginning Balance - January 1, 2014	\$8,114,239
Current Year Additions	191,997
Current Year Depreciation Expense	(621,944)
Adjustments to A/D to Properly State Assets	177,264
Disposal of Assets	(288,513)
Ending Balance - December 31, 2014	<u>\$7,573,043</u>
Current Year Additions are summarized as follows:	
Building Improvements and Additions	\$ 124,424
Equipment Additions	50,325
Change in Construction in Progress	17,248
Total 2014 Additions	<u>\$ 191,997</u>

**WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

Debt Outstanding

As of year-end, the Authority has \$2,161,613 in debt (mortgages) outstanding compared to \$2,393,091 in the previous year. The \$231,478 decrease was a net result of principal payments made on current debt during the year, as well as the payoff of a mortgage on a property that was sold during the year.

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - January 1, 2014	\$2,393,091
Current Year Loan Retirements	<u>(231,478)</u>
Ending Balance - December 31, 2014	<u>\$2,161,613</u>

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs.

Financial Contact

The individual to be contacted regarding this report is Stan W. Popp, Executive Director of the Wayne Metropolitan Housing Authority, at (330) 264-2727. Specific requests may be submitted to the Wayne Metropolitan Housing Authority at 345 N. Market Street, Wooster, Ohio 44691, fax: (330) 263-1521, e-mail address spopp@waynemha.org.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 527,856
Restricted Cash and Cash Equivalents	218,224
Receivables, Net	142,327
Inventory	26,414
Prepaid Expenses and Other Assets	<u>85,573</u>
Total Current Assets	<u>1,000,394</u>

Noncurrent Assets

Non-depreciable Capital Assets	2,317,465
Depreciable Capital Assets, Net	5,255,578
Other Noncurrent Assets	<u>319,200</u>
Total Noncurrent Assets	<u>7,892,243</u>

TOTAL ASSETS **\$ 8,892,637**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 38,665
Accrued Compensated Absences - Current	10,947
Tenant Security Deposits	64,649
Unearned Revenue	9,823
Accrued Wages and Payroll Taxes	49,250
Intergovernmental Payable	103,321
Other Current Liabilities	39,620
Current Portion of Long-Term Debt	<u>136,413</u>
Total Current Liabilities	<u>452,688</u>

Noncurrent Liabilities

Noncurrent Liabilities - Other	191,502
Long-Term Debt - Net of Current Portion	<u>2,025,200</u>
Total Noncurrent Liabilities	<u>2,216,702</u>
Total Liabilities	<u>2,669,390</u>

NET POSITION

Net Investment in Capital Assets	5,411,430
Unrestricted	733,850
Restricted	<u>77,967</u>
Total Net Position	<u>6,223,247</u>

TOTAL LIABILITIES AND NET POSITION **\$ 8,892,637**

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Operating Revenues</u>	
Government Grants	\$ 4,971,269
Tenant Revenue	922,201
Other Revenue	<u>186,452</u>
Total Operating Revenues	<u>6,079,922</u>
<u>Operating Expenses</u>	
Administrative	1,151,413
Tenant Services	1,470
Utilities	357,816
Maintenance	621,528
General	162,526
Housing Assistance Payments	<u>3,754,708</u>
Total Operating Expenses Before Depreciation	<u>6,049,461</u>
Income (Loss) Before Depreciation	30,461
Depreciation	<u>621,944</u>
Operating Income (Loss)	<u>(591,483)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	646
Interest Expense	(71,299)
Gain (Loss) on Sale of Capital Assets	<u>11,403</u>
Total Non-Operating Revenues (Expenses)	<u>(59,250)</u>
Income (Loss) Before Capital Grants and Contributions	(650,733)
Capital Grants	<u>105,758</u>
Change in Net Position	<u>(544,975)</u>
Total Net Position, Beginning of Year	<u>6,768,222</u>
Net Position, End of Year	<u>\$ 6,223,247</u>

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Cash Flows from Operating Activities</u>	
Cash Received from Federal Operating Grants	\$ 4,960,803
Cash Received From Tenants	919,608
Cash Payments for Housing Assistance	(3,754,708)
Cash Payments for Administrative Expenses	(1,151,913)
Cash Payments for Other Operating Expenses	(1,111,010)
Cash Received - Other	183,189
Net Cash (Provided) by Operating Activities	<u>45,969</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Cash from Assets Sale	122,652
Acquisition of Capital Assets	(191,997)
Capital Grants and Contributions	105,758
Debt Payments (Including Interest)	(302,777)
Net Cash Provided by Capital and Other Related Financing Activities	<u>(266,364)</u>
 <u>Cash Flows from Investing Activities</u>	
Payments on Notes Receivable	98,758
Interest and Investment Income Received	646
Net Cash Provided by Investing Activities	<u>99,404</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,991)
 Cash and Cash Equivalents, Beginning	 <u>867,071</u>
Cash and Cash Equivalents, Ending	<u>\$ 746,080</u>
 <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating (Loss)	\$ (591,483)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	621,944
(Increase) Decrease in:	
Accounts Receivable - Tenant	(2,233)
Accounts Receivable - Other	(61,218)
Prepaid Expenses	(2,861)
Inventory	(8,935)
Increase (Decrease) in:	
Accounts Payable	38,403
Intergovernmental Payable - Unearned Revenue	23,563
Accrued Compensated Absences	10,333
Tenant Security Deposits	1,790
Accrued Wages and Payroll Taxes	(29,033)
Non-Current Liabilities	60,172
Other Current Liabilities	(14,473)
Net Cash Used by Operating Activities	<u>\$ 45,969</u>

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

The Authority’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Basis of Presentation (Continued)

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Capital Assets

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

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

Capitalization of Interest

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

Investments

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

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2014, the carrying amount of the Authority's deposits was \$746,080 (including \$218,224 of restricted funds, and \$200 of petty cash).

At December 31, 2014, the bank balance of the Authority's cash deposits was \$778,002. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2014, deposits totaling \$656,874 were covered by Federal Depository Insurance and deposits totaling \$121,128 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

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

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2014, the Authority had no investments.

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WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Cash and investments at year-end were as follows:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (< 1 Year)</u>
Carrying Amount of Deposits	\$ 745,880	\$ 745,880
Petty Cash	200	200
Totals	<u>\$ 746,080</u>	<u>\$ 746,080</u>

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 3: RESTRICTED CASH

The restricted cash balance of \$218,224 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$ 33,872
Interest earned on Housing Assistance Payment Reserves in the Housing Choice Voucher Program, payable to HUD	11
Tenant Security Deposits	64,649
FSS Escrow Funds	75,597
Reserve for Replacement and Mortgage Sinking Fund	44,095
Total Restricted Cash	<u>\$ 218,224</u>

NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2014 by class is as follows:

	Balance 12/31/2013	Reclasses	Additions	Deletions	Balance 12/31/2014
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 2,296,014	\$ 0	\$ 0	\$ (21,760)	\$ 2,274,254
Construction in Progress	25,962	(51,932)	69,181	0	43,211
Total Capital Assets Not Being Depreciated	2,321,976	(51,932)	69,181	(21,760)	2,317,465
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	19,408,710	40,460	83,964	(248,039)	19,285,095
Furniture, Equipment, and Machinery - Dwellings	164,204	0	1,927	0	166,131
Furniture, Equipment, and Machinery - Administrative	452,060	11,472	36,925	(18,714)	481,743
Subtotal Capital Assets Being Depreciated	20,024,974	51,932	122,816	(266,753)	19,932,969
<u>Accumulated Depreciation</u>					
Buildings & Improvements	(13,678,071)	0	(594,528)	158,550	(14,114,049)
Furniture & Equipment - Dwellings	(150,512)	0	(3,874)	0	(154,386)
Furniture & Equipment - Administrative	(404,128)	0	(23,542)	18,714	(408,956)
Total Accumulated Depreciation	(14,232,711)	0	(621,944)	177,264	(14,677,391)
Capital Assets Being Depreciated, Net	5,792,263	51,932	(499,128)	(89,489)	5,255,578
Total Capital Assets, Net	\$ 8,114,239	\$ 0	\$ (429,947)	\$ (111,249)	\$ 7,573,043

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 5: RESTRICTED NET ASSETS

The Authority's restricted net assets are as follows:

Section 8 Housing Choice Voucher funds provided for Housing Assistance Payments in excess of the amounts used	\$ 33,872
Reserve for Replacement & Mortgage Sinking Funds	44,095
Total	<u>\$ 77,967</u>

NOTE 6: RETIREMENT AND OTHER BENEFIT PLANS

Ohio Public Employees Retirement System

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at www.opers.org/investments/cafr.shtml

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 6: **RETIREMENT AND OTHER BENEFIT PLANS** (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were \$120,216, \$127,288, and \$129,869, respectively. The full amount has been contributed for 2014, 2013, and 2012.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Plan Description

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contributions to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for the year ended December 31, 2014. Effective January 1, 2015, the portion of the employer contributions allocated to healthcare remains at 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2014, 2013, and 2012 which were used to fund post-employment benefits were \$17,174, \$9,092, and \$37,105, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care charges, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 8: COMPENSATED ABSENCES

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

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

At December 31, 2014, based on the vesting method, \$72,976 was accrued by the Authority for unused vacation and sick leave. The current portion of \$10,947 and the long-term portion is \$62,029.

NOTE 9: INSURANCE

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

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

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

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 10: **LONG-TERM DEBT**

As of December 31, 2014 the Authority's long-term debt is as follows:

	<u>Balance at 12/31/14</u>
Loan payable to JP Morgan Chase Bank to finance the purchase and rehabilitation of the administration building at 345 North Market Street. The total amount borrowed for this financing was \$1,125,000 at a fixed rate of 5.75% for 15 years.	\$ 717,372
Loan payable to JP Morgan Chase Bank to consolidate an existing loan for the purchase of the property located at 850 Northview Drive and for the acquisition of 5 additional properties from Home Place Housing Corporation. The interest rate on this debt is at a fixed rate of 5% for 15 years. Total amount borrowed for this financing was \$234,363.	140,381
Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property located at 1401 Moreland Road.	37,800
Mortgage Revenue Bond dated August 30, 2006 in the amount of \$32,000, due in September 2036; interest rate 4.375% with an annual payment of principal and interest due September 1. Proceeds of the bond were used to pay part of the cost of the renovations of the property located at 34 Andrew Court, West Salem.	27,000
The PHA entered into a contractual agreement with Ohio Department of Development Disabilities on February 2005, where the Authority received a grant for \$112,743 to be used for the purchase of property located at 34 Andrew Court, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients.	41,965

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with the Ohio Department of Development Disabilities in November 2005, where the Authority received a grant in the amount of \$15,000 to be used for renovations to the property located at 34 Andrew Court, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of the number of months used by DD clients.	5,833
Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property located at 1701 Westwood Circle.	42,700
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities on August 2002, where the Authority received a grant for \$67,841 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD Clients.	11,684
The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in April 2010, where the Authority received a grant for \$9,038 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used as residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of months used by DD clients.	6,176
Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate of 4.75% with an annual payment of principal and interest due July 1 of each year. Proceeds of the bond were used to purchase a property located at 617-619 Jefferson Avenue.	37,700

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in December 2001, where the Authority received a grant for \$67,841 to be used for the purchase of property located at 617-619 Jefferson Avenue. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 8,669

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in February 2009, where the Authority received a grant for \$10,000 to be used for renovations to the property located at 617-619 Jefferson Avenue. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 6,056

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in April 2000, where the Authority received a grant for \$46,517 to be used for the purchase of property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number months used by DD clients. 775

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in May 2004 where the Authority received a grant for \$4,700 to be used for the renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD Clients. 1,358

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010 where the Authority received a grant for \$5,725 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amounts equal to the grant amount less the prorated amount of number of months used by DD clients

3,880

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in July 2010, where the Authority received a grant for \$8,950 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients.

6,265

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in June 2011 where the Authority received a grant for \$9,250 to be used for renovations of the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients.

7,040

**WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in August 2002 where the Authority received a grant for \$8,565 to be used for renovations to the property located at 2610 Impala Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 1,475

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010, where the Authority received a grant for \$6,043 to be used for renovation of property at 2610 Impala Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant less the prorated amount of number of months used by DD clients. 4,096

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in July 2001, where the Authority received a grant for \$4,017 to be used for renovation of the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 402

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities on August 2002, where the Authority received a grant for \$8,528 to be used for renovations of the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 1,469

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010, where the Authority received a grant for \$8,176 to be used for renovations to the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 5,541

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in July 2001 where the Authority received a grant for \$3,233 to be used for the purchase of property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for the DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 323

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in November 2004 where the Authority received a grant for \$4,770.89 to be used for renovations to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 1,537

The PHA entered into a contractual agreement with the Ohio Department of Development Disabilities in September 2003, where the Authority received a grant for \$76,500 to be used for the purchase of property located at 850 Northview Drive. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant less the prorated amount of number of months used by DD clients. 18,700

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in January 2011, where the Authority received a grant for \$104,262 to be used for the purchase of property located at 1688 Barnes Drive. The grant has a restriction that the property shall be used as a residential facility for the DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 76,459

The PHA entered into a contractual agreement with Ohio Department of Mental Health Disabilities in June 2012, where the Authority assumed the remaining forgivable loan balance from the former Home Place Housing Corporation. The original loan was dated April 1989 in the amount of \$634,000 at 0% interest. The loan has a restriction that the properties shall be used for approved mental health purposes for a period of 40 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used. 225,461

Loan Payable to USDA Rural Development to finance the purchase of property located at 208 East South Street. The total amount borrowed for this financing was \$740,000 at a fixed rate of 3.25 percent over 50 years. USDA Rural Development subsidizes a portion of the interest for the first 30 years and the Authority pays an effective interest rate of 1 percent. 723,496

Total Outstanding Debt	2,161,613
Less Current Portion	<u>(136,413)</u>
Total Long-Term Debt	<u><u>\$2,025,200</u></u>

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WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

<u>Description</u>	<u>Balance</u> 12/31/13	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> 12/31/14	<u>Current</u> <u>Portion</u>
Loan Payable	\$2,393,091	\$ 0	\$ (231,478)	\$ 2,161,613	\$ 136,413
Compensated Absences	62,643	106,078	(95,745)	72,976	10,947
Total	<u>\$ 2,455,734</u>	<u>\$ 106,078</u>	<u>\$ (327,223)</u>	<u>\$ 2,234,589</u>	<u>\$ 147,360</u>

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

<u>For the Year</u> <u>Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2015	\$ 136,413	\$ 64,328	\$ 200,741
2016	137,240	59,731	196,971
2017	135,179	54,892	190,071
2018	135,213	49,800	185,013
2019	136,955	44,439	181,394
2020-2024	682,911	134,024	816,935
2025-2029	163,214	51,597	214,811
2030-2034	94,825	38,110	132,935
2035-2039	70,723	27,086	97,809
2040-2064	468,940	166,653	635,593
Totals	<u>\$ 2,161,613</u>	<u>\$ 690,660</u>	<u>\$ 2,852,273</u>

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2014.

NOTE 12: **INTERPROGRAM RECEIVABLES/PAYABLES**

The Authority had the following inter-program receivable or payable balances at December 31, 2014:

<u>Program/Project</u>	<u>Due From</u>	<u>Due To</u>
Housing Choice Voucher	\$ 0	\$ (7,219)
Section 8 HAP Special Program	148,641	0
Shelter Plus Care	0	(4,082)
Rural Rental Assistance Program	0	(14,110)
Business Activities	0	(130,449)
Central Office Cost Center	7,219	0
Total	<u>\$ 155,860</u>	<u>\$ (155,860)</u>

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 13: OPERATING TRANSFER

The Authority had the following transfers in 2014:

<u>Program/Project</u>	<u>Transfer From</u>	<u>Transfer To</u>
Capital Fund	\$ 90,000	\$ 0
Public Housing	0	90,000
Total	<u>\$ 90,000</u>	<u>\$ 90,000</u>

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

NOTE 14: CONTINGENCIES

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

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

NOTE 14: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2014, the Authority has implemented GASB No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The objective of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, is to improve financial reporting by state and local governmental pension plans. The provisions of Statement No. 67 are effective for financial statements for fiscal years beginning after June 15, 2013 and did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of Statement No. 69 are effective for government combinations and disposal of government operations occurring in financial reporting periods beginning after December 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 14: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS** (Continued)

The objective of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The provisions of Statement No. 70 are effective for financial statements for reporting beginning after June 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014**

Annual Contributions Contract C-5502

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

OH12P03650112

Funds Approved	\$ 224,555
Funds Expended	<u>224,555</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 224,555
Funds Expended	<u>224,555</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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

WAYNE METROPOLITAN HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2014

	Project Total	14, 195 Section 8 Housing Assistance Payments Program Special Allocations	10,427 Rural Rental Assistance Payments	14871 Housing Choice Vouchers	14,238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	443,136	46,797				4,783		33,140	527,856		527,856
113 Cash - Other Restricted			23,189	109,480			20,906		153,575		153,575
114 Cash - Tenant Security Deposits	37,267	2,216	18,700			6,436	30		64,649		64,649
100 Total Cash	480,403	49,013	41,889	109,480	-	11,219	20,936	33,140	746,080	-	746,080
122 Accounts Receivable - HUD/Other Projects				6,384	4,082				10,466		10,466
124 Accounts Receivable - Other Government							17,094		17,094		17,094
125 Accounts Receivable - Miscellaneous	1,143			658		10,000	2,621	52,255	66,677		66,677
126 Accounts Receivable - Tenants	11,736	2,996	2,480			3,921	775		21,908		21,908
126.1 Allowance for Doubtful Accounts - Tenants	-7,810	-1,710	-1,839			-3,035	-414		-14,808		-14,808
127 Notes, Loans, & Mortgages Receivable - Current							2,400		2,400		2,400
128 Fraud Recovery	83,493	679	200	148,196	4,340	8,656			245,564		245,564
128.1 Allowance for Doubtful Accounts - Fraud	-57,804	-	-190	-137,170	-4,340	-7,470			-206,974		-206,974
120 Total Receivables, Net of Allowances for Doubtful Accounts	30,758	1,965	651	18,068	4,082	12,072	22,476	52,255	142,327	-	142,327
140 Prepaid Expenses and Other Assets	49,069	3,799	7,020	4,784		6,404	4,291	10,206	85,573		85,573
145 Inventories							984	25,430	26,414		26,414
144 Inter Program Due From		148,641						7,219	155,860	-155,860	-
150 Total Current Assets	560,230	208,418	49,560	132,332	4,082	29,695	48,687	128,250	1,156,254	-155,860	1,000,394
161 Land	1,394,687	152,870	65,690			255,170	268,367	137,470	2,274,254		2,274,254
162 Buildings	14,223,323	764,191	731,550			726,763	1,189,113	1,630,155	19,283,095		19,283,095
165 Furniture, Equipment & Machinery - Dwellings	143,237		16,114			6,780			166,131		166,131
164 Furniture, Equipment & Machinery - Administration	172,798		1,371	33,190			24,056	230,328	481,743		481,743
166 Accumulated Depreciation	-12,979,479	-140,532	-81,621	-27,705		-66,475	-464,828	-916,731	-14,677,391		-14,677,391
167 Construction in Progress	43,211								43,211		43,211
160 Total Capital Assets, Net of Accumulated Depreciation	2,997,777	776,509	733,104	5,485	-	922,238	1,016,708	1,121,222	7,573,043	-	7,573,043
171 Notes, Loans and Mortgages Receivable - Non-Current							319,200		319,200		319,200
180 Total Non-Current Assets	2,997,777	776,509	733,104	5,485	-	922,238	1,335,908	1,121,222	7,892,243	-	7,892,243

**WAYNE METROPOLITAN HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2014**

	14.195 Section 8 Housing Assistance Program Special Allocations	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources								-		-
290 Total Assets and Deferred Outflow of Resources	3,538,007	782,664	137,817	4,082	951,983	1,384,395	1,249,472	9,048,497	-155,860	8,892,637
312 Accounts Payable <= 90 Days	27,844	5,042			4,572	827		38,665		38,665
321 Accrued Wage Payroll Taxes Payable							49,250	49,250		49,250
322 Accrued Compensated Absences - Current Portion							10,947	10,947		10,947
331 Accounts Payable - HUD PHA Programs			11					11		11
333 Accounts Payable - Other Government	22,723	20,382			23,298	26,044		103,321		103,321
341 Tenant Security Deposits	37,267	18,700			6,436	30		64,649		64,649
342 Unearned Revenue	5,755	986			1,281	875		9,823		9,823
343 Current Portion of Long-term Debt - Capital Projects / Mortgage Revenue Bonds		6,566			15,850	59,160	54,837	136,413		136,413
345 Other Current Liabilities	2,601							2,601		2,601
346 Accrued Liabilities - Other	23,239	2,856	2,271		1,971	1,669	4,114	37,008		37,008
347 Inter Program - Due To		14,110	7,219	4,082		130,449		155,860	-155,860	-
310 Total Current Liabilities	119,429	63,642	9,301	4,082	53,408	219,054	119,148	608,548	-155,860	452,688
351 Long-term Debt, Net of Current - Capital Projects / Mortgage Revenue		716,930			209,611	436,124	662,535	2,025,200		2,025,200
353 Non-current Liabilities - Other			75,597			33,876		129,473		129,473
354 Accrued Compensated Absences - Non Current							62,029	62,029		62,029
360 Total Non-Current Liabilities	-	716,930	75,597	-	209,611	490,000	724,564	2,216,702	-	2,216,702
300 Total Liabilities	119,429	785,572	85,098	4,082	263,019	709,054	843,712	2,825,250	-155,860	2,669,390
400 Deferred Inflow of Resources								-		-
508.4 Net Investment in Capital Assets	2,997,777	9,608	5,485		696,777	521,424	403,850	5,411,430		5,411,430
511.4 Restricted Net Position		23,189	33,872			20,906		77,967		77,967
512.4 Unrestricted Net Position	440,801	183,134	13,362	-	-7,863	133,211	1,910	733,850		733,850
513 Total Equity - Net Assets / Position	3,438,578	964,643	52,719	-	688,914	673,541	405,760	6,223,247	-	6,223,247
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	3,538,007	782,664	137,817	4,082	951,983	1,384,395	1,249,472	9,048,497	-155,860	8,892,637

**WAYNE METROPOLITAN HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Project Total	14 195 Section 8 Housing Assistance Payments Program Special	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	491,336	9,430	124,513			76,247	120,042		821,368		821,368
70400 Tenant Revenue - Other	2,745	150	170			93,870	3,698		100,653		100,653
70500 Total Tenant Revenue	494,081	9,580	124,683	-	-	170,117	123,740	-	922,021	-	922,021
70600 HUD/HFA Operating Grants	721,432	104,875		3,915,333	45,274			4,786,914			4,786,914
70610 Capital Grants	105,738							105,738			105,738
70710 Management Fee								299,339	-299,339		-
70720 Asset Management Fee								28,450	-28,450		-
70730 Book Keeping Fee								103,205	-103,205		-
70740 Front Line Service Fee								352,086	-352,086		-
70750 Other Fees							79,040	46,834	125,874		125,874
70700 Total Fee Revenue	-	-	-	-	-	-	79,040	829,914	908,954	-783,080	125,874
70800 Other Government Grants			119,725			25,850	38,780		184,355		184,355
71100 Investment Income - Unrestricted	560	64	10						634		634
71400 Fraud Recovery				6,204					6,204		6,204
71500 Other Revenue	14,989	104	4,074	9,257		142	20,484	5,344	54,374		54,374
71600 Gain or Loss on Sale of Capital Assets							2,703	8,700	11,403		11,403
72000 Investment Income - Restricted			5				7		12		12
70000 Total Revenue	1,336,820	114,623	248,497	3,930,774	45,274	196,109	264,754	843,938	6,980,809	-783,080	6,197,729
91100 Administrative Salaries	122,762	4,522	14,378	153,058	316	5,668	28,479	314,343	643,326		643,326
91200 Auditing Fees	3,818	632	1,612	2,951		650	1,329	2,432	13,424		13,424
91300 Management Fee	138,128	8,496	23,342	111,122	1,296	8,700	8,255		299,339	-299,339	-
91310 Book-keeping Fee	19,703	3,600	3,600	70,714	810	3,600	1,178		103,205	-103,205	-
91400 Advertising and Marketing							121		121		121
91500 Employee Benefit contributions - Administrative	45,201	1,780	5,095	103,883	136	2,452	17,581	220,380	396,308		396,308
91600 Office Expenses	10,992	73	2,810	3,261		669	2,236	11,322	31,363		31,363
91700 Legal Expense	1,348					160	40		1,548		1,548
91800 Travel	7,524	429	341			318	472	2,024	11,108		11,108
91900 Other	15,214	171	1,782	15,500	403	91	9,994	10,660	53,815		53,815
91000 Total Operating - Administrative	364,680	19,703	52,960	460,489	2,961	22,308	69,685	561,161	1,533,957	-402,544	1,131,413

**WAYNE METROPOLITAN HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Project Total	14,195 Section 8 Housing Assistance Payments Program Special Allocations	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,238 ShelterPlus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	26,880						1,570	28,450	-28,450		1,470
92400 Tenant Services - Other				1,470				1,470			1,470
92500 Total Tenant Services	-	-	-	1,470	-	-	-	1,470	-	-	1,470
95100 Water	96,831	1,199	21,873			8,644	11,577	143,066			143,066
95200 Electricity	87,062	327	13,291			10,426	29,032	156,710			156,710
95300 Gas	21,447	360	2,711			9,949	13,300	55,760			55,760
95600 Sewer	1,324						956	2,280			2,280
93000 Total Utilities	206,664	1,886	37,875	-	-	29,019	54,865	357,816	-	-	357,816
94100 Ordinary Maintenance and Operations - Labor	36,707	1,733	5,511			2,172	10,916	240,683			240,683
94200 Ordinary Maintenance and Operations - Materials and Other	75,623	6,284	8,678	840		3,664	5,250	133,108			133,108
94300 Ordinary Maintenance and Operations Contracts	338,983	30,491	40,550	10,361		28,830	39,289	521,306	-352,086		169,220
94500 Employee Benefit Contributions - Ordinary Maintenance	17,327	682	1,953			940	6,739	73,880			73,880
94000 Total Maintenance	468,640	39,190	56,692	11,203	-	35,606	62,194	968,977	-352,086	-	616,891
96110 Property Insurance	39,275	3,900	7,049			5,680	4,414	66,221			66,221
96120 Liability Insurance				514				514			514
96130 Workmen's Compensation								816			816
96140 All Other Insurance	518							518			518
96100 Total Insurance Premiums	39,793	3,900	7,049	514	-	5,680	4,414	68,069	-	-	68,069
96300 Payments in Lieu of Taxes	29,942	11,257	20,502			13,498	4,427	73,806			73,806
96400 Bad debt - Tenant Rents	7,130	4,246	1,356			7,804	115	20,651			20,651
96000 Total Other General Expenses	31,072	15,503	21,858	-	-	21,302	4,542	94,457	-	-	94,457
96710 Interest of Mortgage (or Bonds) Payable			12,480				16,868	71,299			71,299
96700 Total Interest Expense and Amortization Cost	-	-	12,480	-	-	-	16,868	71,299	-	-	71,299
96900 Total Operating Expenses	1,137,739	80,182	188,914	473,676	2,961	113,915	214,138	3,144,495	-783,080	-	2,361,415
97000 Excess of Operating Revenue over Operating Expenses	199,081	34,441	59,583	3,457,098	40,313	82,194	50,616	3,896,314	-89,012	-	3,806,314

WAYNE METROPOLITAN HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Project Total	14,195 Section 8 Housing Assistance Payments Program Special Allocations	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	4,637								4,637		4,637
97300 Housing Assistance Payments				3,712,395	42,313				3,754,708		3,754,708
97400 Depreciation Expense	433,285	28,310	29,061	1,371		24,799	40,043	65,075	621,944		621,944
90000 Total Expenses	1,575,661	108,492	217,975	4,187,442	45,274	138,714	254,181	998,045	7,525,784	-783,080	6,742,704
10010 Operating Transfer In	44,169							90,000	134,169	-134,169	-
10020 Operating transfer Out	-134,169								-134,169	134,169	-
10100 Total Other financing Sources (Uses)	-90,000	-	-	-	-	-	-	90,000	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-328,841	6,131	30,522	-256,668	-	57,395	10,573	-64,087	-544,975	-	-544,975
11020 Required Annual Debt Principal Payments			18,837			15,850	22,364	96,283	153,334		153,334
11030 Beginning Equity	3,767,419			309,387		1,556,601	664,968	469,847	6,768,222		6,768,222
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		958,512	-33,430			-925,082			-		-
11170 Administrative Fee Equity				18,847					18,847		18,847
11180 Housing Assistance Payments Equity				33,872					33,872		33,872
11190 Unit Months Available	2,688	192	540	11,293	120	348	157		15,338		15,338
11210 Number of Unit Months Leased	2,627	184	513	10,102	108	339	157		14,030		14,030

**WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Loan Balance
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
Low Rent Public Housing Program	14.850	\$ 587,897	\$ 0
Capital Fund Program	14.872	239,293	0
Project Based Rental Assistance Program	14.195	104,875	0
Section 8 Housing Choice Voucher Program	14.871	3,915,333	0
Shelter Plus Care	14.238	<u>45,274</u>	<u>0</u>
Total Direct Awards		<u>4,892,672</u>	<u>0</u>
<u>U.S. Department of Agriculture</u>			
<i>Direct Programs:</i>			
Rural Rental Assistance Payments	10.427	119,725	0
Rural Rental Housing Loan	10.415	<u>0</u>	<u>723,496</u>
Total U.S. Department of Agriculture		<u>119,725</u>	<u>723,496</u>
Total Federal Expenditures		<u>\$ 5,012,397</u>	<u>\$ 723,496</u>

This schedule is prepared on the accrual basis of accounting.

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 13, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka,
CPA, President
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President, o=James G. Zupka, CPA, Inc.,
ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.05.28 11:06:51 -04'00'

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

May 13, 2015

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

Certified Public Accountants

5240 East 98th Street

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Wayne Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Wayne Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2014. Wayne Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Wayne Metropolitan Housing Authority, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Wayne Metropolitan Housing Authority, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, President
CPA, President

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President
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o=James G. Zupka, CPA, Inc., ou=Accounting,
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Date: 2015.05.28 11:07:17 -0400

James G. Zupka CPA, Inc.
Certified Public Accountants

May 13, 2015

**WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weakness reported for major Federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	No
2014(vii)	Major Programs (list): Housing Choice Voucher - CFDA #14.871	
2014(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2014(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**WAYNE METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

All prior year management comments were corrected.

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Dave Yost • Auditor of State

WAYNE METROPOLITAN HOUSING AUTHORITY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 18, 2015**