Wayne Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2007

Mary Taylor, CPA
Auditor of State

Board of Directors
Wayne Metropolitan Housing Authority
200 South Market Street
Wooster, Ohio 44691

We have reviewed the *Independent Auditors' Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 28, 2008

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WAYNE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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Independent Auditors' Report

Board of Directors
Wayne Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wayne Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2007, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 23, 2008, on my consideration of Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be consider in conjunction with this report in considering the results of my audit.

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

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

Salvatore Consiglio, CPA, Inc.

May 23, 2008

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

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 2007 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by $114,013 or 1.42% during 2007, resulting from changes in operations and the purchase of property. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets.
- Revenues increased by $974,301 or 17.38% during 2007.
- The total expenses of all Authority programs increased by $639,099 or 11%.

Authority Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

The Authority's Programs

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

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

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

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

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

Unaudited

AUTHORITY STATEMENTS

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

		2007		2006
Current and Other Assets	$	1,695,719	$	1,143,070
Capital Assets		8,580,954		8,982,354
Total Assets	$	10,276,673	$	10,125,424
Current Liabilities	$	507,311	$	581,505
Long-Term Liabilities		1,643,048		1,531,618
Total Liabilities		2,150,359		2,113,123
Net Assets:				
Investment in Capital Assets, net of Related Debt		6,921,806		7,426,444
Restricted Net Assets		673,512		-
Unrestricted Net Assets		530,996		585,857
Total Net Assets		8,126,314		8,012,301
Total Liabilities and Net Assets	$	10,276,673	$	10,125,424

Unaudited

Major Factors Affecting the Statement of Net Assets

During 2007, current and other assets increased by $552,649, and current liabilities decreased by $74,194.

Capital assets also changed, decreasing from $8,982,354 to $8,580,954. The $401,400 decrease may be contributed primarily to a combination of total acquisitions net of disposal of $310,972, less current year depreciation of $712,372. The long-term liabilities increase is due to financing for the purchase of property during the year. For more detail see "Capital Assets" presented later in this report.

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

TABLE 2

CHANGE OF NET ASSETS

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance - January 1, 2007	$ 585,857	$ -	$ 7,426,444
Results of Operation	114,013	-	-
Adjustments:			
Current Year Depreciation Expense (1)	712,372	-	(712,372)
Capital Expenditure, net of Disposal (2)	(310,972)	-	310,972
Current Year Debt Proceeds Net of Retirement	103,238	-	(103,238)
Transfer to Restricted Net Assets	(673,512)	673,512	-
Ending Balance - December 31, 2007	$ 530,996	$ 673,512	$ 6,921,806

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

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

Unaudited

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

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

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

		2007		2006
Revenues				
Total Tenant Revenues	$	567,797	$	514,844
Operating Subsidies		5,600,497		4,635,429
Capital Grants		131,834		149,273
Investment Income		33,873		25,976
Other Revenues		246,914		281,092
Total Revenues		**6,580,915**		**5,606,614**
Expenses				
Administrative		1,017,502		1,028,536
Utilities		236,776		226,682
Maintenance		437,104		409,871
General and Interest Expenses		175,080		189,343
Housing Assistance Payments		3,888,068		3,280,316
Depreciation		712,372		693,055
Total Expenses		**6,466,902**		**5,827,803**
Net Increases (Decreases)	**$**	**114,013**	**$**	**(221,189)**

Unaudited

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

Tenant revenue increased $52,953 during 2007 in comparison to 2006. The increase was likely from revenue generated by the additional rental units purchased in 2006 and full occupancy of these units for a full year. Capital Grants decreased by $17,439 from 2006 as a result of less major work items being completed in the current year, therefore the funds were drawn down from current grants at a similar rate as 2006 which had three separate grants in 2007. Overall total revenue increased by $975,889, from 2006.

The expenses increased $640,686 due to increased wage and benefit costs and increased cost of utilities. The increased expenses were off-set somewhat because of an increase in Housing Assistance Payments made to landlords for the Housing Choice Voucher Program, which was a result of more units leased.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had $8,580,954 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $401,400 or 4.47% from the end of last year. As stated earlier, this decrease was due to net effect of accumulated depreciation.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

	2007	2006
Land and Land Rights	$ 1,818,914	$ 1,797,154
Buildings	16,076,899	15,838,469
Equipment	505,479	514,892
Construction in Progress	249,865	271,110
Accumulated Depreciation	(10,070,203)	(9,439,271)
Total	$ 8,580,954	$ 8,982,354

Unaudited

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2007	$	8,982,354
Current Year Additions		312,953
Current Year Depreciation Expense		(712,372)
Adjustments to A/D to Properly State Assets		81,439
Disposal of Assets		(83,420)
Ending Balance - December 31, 2007	$	8,580,954

Current Year Additions are summarized as follows:		
Automobile - 2008 Ford Ranger (S8)		20,617
Automobile - 2007 Ford Taurus		12,576
Automobile - 2007 Ford Taurus		11,925
Earl St. Property		136,000
Building Improvements reported as Construction in Progress		131,835
Total 2007 Additions	$	312,953

Debt Outstanding

As of year-end, the Authority has $1,659,148 in debt (mortgages) outstanding compared to $1,555,910 last year. The $103,238 increase was a net result of additional loan obtain to purchase property located at Earl Street less principal payments made during the year.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2007	$	1,555,910
Current Year Loans		168,048
Current Year Loan Retirements		(64,810)
Ending Balance - December 31, 2007	$	1,659,148

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. Email: spopp@waynemha.org

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2007

ASSETS	
Current assets	
Cash and cash equivalents	$374,755
Restricted cash and cash equivalents	768,711
Investments	200,000
Receivables, net	270,802
Inventories, net	17,921
Prepaid expenses and other assets	63,530
Total current assets	**1,695,719**
Noncurrent assets	
Capital assets:	
Land	1,818,914
Building and equipment	16,582,378
Construction in Progress	249,865
Less accumulated depreciation	(10,070,203)
Total noncurrent assets	**8,580,954**
Total assets	**$10,276,673**
LIABILITIES	
Current liabilities	
Accounts payable	$139,029
Accrued liabilities	99,846
Intergovernmental payables	151,409
Tenant security deposits	32,254
Deferred revenue	15,286
Bonds, notes, and loans payable	64,838
Other current liabilities	4,649
Total current liabilities	**507,311**
Noncurrent liabilities	
Bonds, notes, and loans payable	1,594,310
Noncurrent liabilities - other	48,738
Total noncurrent liabilities	**1,643,048**
Total liabilities	**$2,150,359**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (continued)
Proprietary Funds
December 31, 2007

NET ASSETS	
Invested in capital assets, net of related debt	$6,921,806
Restricted net assets	673,512
Unrestricted net assets	530,996
Total net assets	**$8,126,314**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

OPERATING REVENUES	
Tenant Revenue	$567,797
Government operating grants	5,600,497
Other revenue	242,848
Total operating revenues	**6,411,142**
OPERATING EXPENSES	
Administrative	1,017,502
Utilities	236,776
Maintenance	437,104
General	96,336
Housing assistance payment	3,888,068
Depreciation	712,372
Total operating expenses	**6,388,158**
Operating income (loss)	**22,984**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	33,873
Miscellaneous revenue	4,066
Interest expense	(78,744)
Total nonoperating revenues (expenses)	***(40,805)***
Income (loss) before contributions and transfers	(17,821)
Capital grants	131,834
Change in net assets	114,013
Total net assets - beginning	8,012,301
Total net assets - ending	**$8,126,314**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$5,600,497
Tenant revenue received	566,934
Other revenue received	249,620
General and administrative expenses paid	(1,842,568)
Housing assistance payments	(3,888,068)
Net cash provided (used) by operating activities	**686,415**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	33,873
Net cash provided (used) by investing activities	**33,873**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	131,835
Loan Proceeds received	168,076
Debt principal payment	(64,838)
Interest paid on Debt	(78,744)
Property and equipment purchased	(312,953)
Net cash provided (used) by capital and related activities	**(156,624)**
Net increase (decrease) in cash	**563,664**
Cash and cash equivalents - Beginning of year	779,802
Cash and cash equivalents - End of year	**$1,343,466**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows - Continued
Proprietary Fund Type
For the Year Ended December 31, 2007

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	$22,984
Activities	
- Depreciation	712,372
- (Increases) Decreases in Accounts Receivable	6,392
- (Increases) Decreases in Prepaid Assets	(5,346)
- (Increases) Decreases in Inventory	9,969
- Increases (Decreases) in Accounts Payable	102,395
- Increases (Decreases) in Accounts Payable - Intergovernmental	(140,887)
- Increases (Decreases) in Accrued Expenses Payable	(21,725)
- Increases (Decreases) in Deferred Revenue	3,826
- Increases (Decreases) in Other Current Liabilities	(23,568)
- Increases (Decreases) in Other Noncurrent Liabilities	12,636
- Increases (Decreases) in Accrued Compensated Absences	8,329
- Increases (Decreases) in Tenant Security Deposits	(962)
Net cash provided by operating activities	**$686,415**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of programs

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2007 totaled $33,873.

Capital Assets

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

Buildings	30-40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-5 years

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

Inventories

Inventory valued of $17,921 in the financial statements is stated at cost. The allowance for obsolete inventory was $0 at December 31, 2007.

Budgetary Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end December 31, 2007, the carrying amount of the Authority's deposits totaled $1,343,466 and its bank balance was $1,425,200. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2007, $1,225,200 was exposed to custodial risk as discussed below, while $200,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 3: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

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

NOTE 4: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2007 of $768,711 represents cash on hand for the following:

- FSS escrow funds held for tenants	$32,674
- Payments of current liabilities	$24,254
- Tenant security deposit	$38,271
- Cash on hand advance from HUD to be used for tenants housing assistance payments	$673,512

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/06	Adjust.	Additions	Deletion	Balance 12/31/07
Capital Assets Not Depreciated:					
Land	$1,797,154	$0	$21,760	$0	$1,818,914
Construction in Progress	271,110	(21,245)	0	0	249,865
Total Capital Assets Not Being Depreciated	**2,068,264**	**(21,245)**	**21,760**	**0**	**2,068,779**
Capital Assets Being Depreciated:					
Buildings	15,838,469	21,245	279,268	(62,083)	16,076,899
Furnt, Machinery & Equipment - Dwelling	141,311	0	0	(0)	141,311
Furnt, Machinery & Equipment - - Admin	373,581	0	11,925	(21,338)	364,168
Total Capital Assets Being Depreciated	16,353,361	21,245	291,193	(83,421)	16,582,378
Accumulated Depreciation:					
Buildings	(8,966,739)	0	(682,984)	0	(9,649,723)
Furnt, Machinery & Equipment - Dwelling	(141,311)	0	(0)	0	(141,311)
Furnt, Machinery & Equipment - - Admin	(331,221)	81,440	(29,388)	0	(279,169)
Accumulated Depreciation	(9,439,271)	81,440	(712,372)	0	(10,070,203)
Total Capital Assets Being Depreciated, Net	**6,914,090**	**102,685**	**(421,179)**	**(83,421)**	**6,512,175**
Total Capital Assets, Net	**$8,982,354**	**$81,440**	**($399,419)**	**($83,421)**	**$8,580,954**

NOTE 6: LONG-TERM DEBT

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

NOTE 6: LONG-TERM DEBT (Continued)

• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property on Moreland Road.	$45,700
• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000 due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1 of each year. Proceeds of the bond were used to purchase a property on Jefferson Road.	45,700
• Mortgage Revenue Bond dated February 24, 2003 in the amount of $55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property on Westwood Circle.	51,200
• Loan payable to JP Morgan Chase Bank to consolidate the existing loans for the purchase of Northview Property and to finance the purchase and rehabilitation of the administration building at 345 N Market Street. The existing loans for the Northview property were refinanced in, 2007 at a fixed rate of 5% for 15 years. Total amount borrowed in the refinancing was $1,294,363.	1,255,498
• The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on February 2005, were the Authority received a grant for $112,743 to be used for the purchase of property located at 34 Andrew Court. The grant has a restriction that the property shall be use as a residential facility for MRDD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients.	95,332
• The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on July 2007, were the Authority received a grant for $85,412 to be used for the purchase of property located at 2574 Earl St. The grant has a restriction that the property shall be use as a residential facility for MRDD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by MRDD clients.	79,718

NOTE 6: LONG-TERM DEBT (Continued)

• 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 construction of Andrew Court Project.	32,000
• On October 2007 the PHA entered into a loan agreement for financing for the Earl St. property with USDA Rural Development in the amount of $54,000. The loan would be set at a fixed rate of 4.25% for a period of 30 years.	54,000
Total Outstanding Debt	1,659,148
Less Current Portion	64,838
Total Long-Term Debt	$1,594,310

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

DESCRIPTION	BALANCE 12/31/06	ISSUED	RETIRED	BALANCE 12/31/07
Loan Payable	$1,555,910	$168,076	$64,838	$1,659,148
TOTAL	$1,555,910	$168,076	$64,838	$1,659,148

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

Years	Principal	Interest	Total
Dec 2008	$64,838	$81,717	$146,555
Dec 2009	69,748	76,807	146,555
Dec 2010	73,060	73,495	146,555
Dec 2011	75,778	70,777	146,555
Dec 2012	78,111	68,444	146,555
Dec 2013-2017	457,028	275,915	732,943
Dec 2018-2022	547,254	155,426	702,680
Dec 2023-2027	208,149	34,438	242,587
Dec 2028-2032	60,654	13,982	74,636
Dec 2033-2037	24,528	4,743	29,271
Total	$1,659,148	$855,744	$2,514,892

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2007 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $32,674
- Tenant Prepaid rent in the Low Rent Public Housing Program of $1,762
- Deferred Revenue from CHIP Contract of $14,302

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

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

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The 2007 employer pension contribution rate for Authority was 13.85 percent. Contributions are authorized by state statue. The contribution rates are determined actuarially. The Authority's contribution for the years ended December 31, 2007, 2006 and 2005 amounted to $113,701, $113,980, and $110,505 respectively. Ninety-two percent has been contributed for 2007. All required contributions for the two previous years have been paid.

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care for the year ended December 31, 2007 was 5.0 percent of covered payroll, which amounted to $41,047. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2007. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from .5% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

NOTE 9: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 374,979. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was $12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $30.7 billion and $18.7 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006 and in 2007 and January 1, 2008 will allow additional funds to be allocated to the health care plan.

NOTE 10: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

Wayne Metropolitan Housing Authority
Combining FDS Schedule Submitted To REAC
Propriety Fund Type- Enterprise Fund
December 31, 2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
111	Cash – Unrestricted	$106,993	$207,826	$0	$0	$59,936	$374,755
115	Cash - Restricted for Payment of Current Liabilities	$0	$4,649	$0	$0	$20,298	$24,947
113	Cash - Other Restricted	$0	$705,493	$0	$0	$0	$705,493
114	Cash - Tenant Security Deposits	$38,271	$0	$0	$0	$0	$38,271
100	Total Cash	$145,264	$917,968	$0	$0	$80,234	$1,143,466
125	Accounts Receivable - Miscellaneous	$84,330	$0	$0	$0	$183,894	$268,224
126	Accounts Receivable - Tenants - Dwelling Rents	$9,464	$0	$0	$0	$685	$10,149
126.1	Allowance for Doubtful Accounts - Dwelling Rents	($7,571)	$0	$0	$0	$0	($7,571)
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0	$0
120	Total Receivables, net of allowances for doubtful accounts	$86,223	$0	$0	$0	$184,579	$270,802
131	Investments - Unrestricted	$200,000	$0	$0	$0	$0	$200,000
142	Prepaid Expenses and Other Assets	$59,506	$3,530	$0	$0	$494	$63,530
143	Inventories	$16,899	$0	$0	$0	$1,022	$17,921
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0
144	Interprogram Due From	$144,790	$43,777	$0	$0	$0	$188,567
150	Total Current Assets	$652,682	$965,275	$0	$0	$266,329	$1,884,286
161	Land	$1,532,157	$0	$0	$0	$286,757	$1,818,914
162	Buildings	$14,770,704	$0	$0	$0	$1,306,195	$16,076,899
163	Furniture, Equipment & Machinery - Dwellings	$141,311	$0	$0	$0	$0	$141,311

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2007							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program – CDBG	State/Local	Total
164	Furniture, Equipment & Machinery - Administration	$295,331	$43,265	$0	$0	$25,572	$364,168
165	Leasehold Improvements	$0	$0	$0	$0	$0	$0
166	Accumulated Depreciation	($9,838,127)	($29,358)	$0	$0	($202,718)	($10,070,203)
167	Construction In Progress	$0	$0	$249,865	$0	$0	$249,865
160	Total Fixed Assets, Net of Accumulated Depreciation	$6,901,376	$13,907	$249,865	$0	$1,415,806	$8,580,954
180	Total Non-Current Assets	$6,901,376	$13,907	$249,865	$0	$1,415,806	$8,580,954
190	Total Assets	$7,554,058	$979,182	$249,865	$0	$1,682,135	$10,465,240
312	Accounts Payable <= 90 Days	$83,091	$1,371	$0	$0	$54,567	$139,029
321	Accrued Wage/Payroll Taxes Payable	$27,017	$0	$0	$0	$0	$27,017
322	Accrued Compensated Absences - Current Portion	$72,829	$0	$0	$0	$0	$72,829
333	Accounts Payable - Other Government	$41,442	$0	$0	$0	$109,967	$151,409
341	Tenant Security Deposits	$32,209	$0	$0	$0	$45	$32,254
342	Deferred Revenues	$6,767	$0	$0	$0	$8,519	$15,286
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$35,448	$0	$0	$0	$29,390	$64,838
345	Other Current Liabilities	$0	$4,649	$0	$0	$0	$4,649
347	Interprogram Due To	$43,777	$0	$0	$0	$144,790	$188,567
310	Total Current Liabilities	$342,580	$6,020	$0	$0	$347,278	$695,878

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2007							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$989,104	$0	$0	$0	$605,206	$1,594,310
353	Noncurrent Liabilities - Other	$1,762	$32,674	$0	$0	$14,302	$48,738
350	Total Noncurrent Liabilities	$990,866	$32,674	$0	$0	$619,508	$1,643,048
300	Total Liabilities	$1,333,446	$38,694	$0	$0	$966,786	$2,338,926
508.1	Invested in Capital Assets, Net of Related Debt	$5,876,823	$13,907	$249,865	$0	$781,211	$6,921,806
511.1	Restricted Net Assets	$0	$673,512	$0	$0	$0	$673,512
512.1	Unrestricted Net Assets	$343,789	$253,069	$0	$0	($65,862)	$530,996
513	Total Equity/Net Assets	$6,220,612	$940,488	$249,865	$0	$715,349	$8,126,314
600	Total Liabilities and Equity/Net Assets	$7,554,058	$979,182	$249,865	$0	$1,682,135	$10,465,240
703	Net Tenant Rental Revenue	$444,258	$0	$0	$0	$123,539	$567,797
705	Total Tenant Revenue	$444,258	$0	$0	$0	$123,539	$567,797
706	HUD PHA Operating Grants	$536,861	$4,875,409	$188,227	$0	$0	$5,600,497
706.1	Capital Grants	$0	$0	$131,834	$0	$0	$131,834
711	Investment Income - Unrestricted	$15,371	$13,728	$0	$0	$4,774	$33,873
713.1	Cost of Sale of Assets	$0	$0	$0	$0	$0	$0
714	Fraud Recovery	$0	$5,240	$0	$0	$0	$5,240
715	Other Revenue	$35,082	$3,038	$0	$0	$199,488	$237,608
716	Gain/Loss on Sale of Fixed Assets	$6,045	($1,979)	$0	$0	$0	$4,066

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2007							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
700	Total Revenue	$1,037,617	$4,895,436	$320,061	$0	$327,801	$6,580,915
911	Administrative Salaries	$220,776	$224,805	$18,657	$0	$116,691	$580,929
912	Auditing Fees	$1,884	$7,792	$0	$0	$0	$9,676
914	Compensated Absences	($24,554)	$16,021	$0	$0	$0	($8,533)
915	Employee Benefit Contributions - Administrative	$93,571	$104,049	$8,395	$0	$53,514	$259,529
916	Other Operating - Administrative	$52,325	$66,374	$41,175	$0	$16,027	$175,901
931	Water	$58,460	$0	$0	$0	$8,714	$67,174
932	Electricity	$75,689	$0	$0	$0	$18,609	$94,298
933	Gas	$53,580	$0	$0	$0	$21,724	$75,304
941	Ordinary Maintenance and Operations - Labor	$158,035	$0	$0	$0	$0	$158,035
942	Ordinary Maintenance and Operations - Materials and Other	$70,197	$1,082	$0	$0	$4,420	$75,699
943	Ordinary Maintenance and Operations - Contract Costs	$62,729	$27,892	$0	$0	$38,911	$129,532
945	Employee Benefit Contributions - Ordinary Maintenance	$73,838	$0	$0	$0	$0	$73,838
961	Insurance Premiums	$36,450	$18,148	$0	$0	$2,100	$56,698
963	Payments in Lieu of Taxes	$25,653	$0	$0	$0	$8,129	$33,782
964	Bad Debt - Tenant Rents	$5,856	$0	$0	$0	$0	$5,856
967	Interest Expense	$60,869	$0	$0	$0	$17,875	$78,744
969	Total Operating Expenses	$1,025,358	$466,163	$68,227	$0	$306,714	$1,866,462
970	Excess Operating Revenue over Operating Expenses	$12,259	$4,429,273	$251,834	$0	$21,087	$4,714,453

Wayne Metropolitan Housing Authority Combining FDS Schedule Submitted To REAC Propriety Fund Type- Enterprise Fund December 31, 2007							
Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program - CDBG	State/Local	Total
973	Housing Assistance Payments	$0	$3,888,068	$0	$0	$0	$3,888,068
974	Depreciation Expense	$662,344	$6,163	$0	$0	$43,865	$712,372
900	Total Expenses	$1,687,702	$4,360,394	$68,227	$0	$350,579	$6,466,902
1001	Operating Transfers In	$126,317	$0	$0	$0	$0	$126,317
1002	Operating Transfers Out	$0	$0	($120,000)	$0	($6,317)	($126,317)
1010	Total Other Financing Sources (Uses)	$126,317	$0	($120,000)	$0	($6,317)	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($523,768)	$535,042	$131,834	$0	($29,095)	$114,013
1103	Beginning Equity	$6,591,301	$405,446	$271,110	$0	$744,444	$8,012,301
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$153,079	$0	($153,079)	$0	$0	$0
	Ending Equity	$6,220,612	$940,488	$249,865	$0	$715,349	$8,126,314
1120	Unit Months Available	2,688	10,845	0	0	171	$13,704
1121	Number of Unit Months Leased	2,632	10,845	0	0	171	$13,648
1117	Administrative Fee Equity	$0	$266,976	$0	$0	$0	$266,976
1118	Housing Assistance Payments Equity	$0	$673,512	$0	$0	$0	$673,512

Wayne Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended December 31, 2007

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	$536,861
Housing Choice Voucher Program	14.871	4,875,409
Public Housing Capital Fund Program	14.872	320,061
Total Expenditure of Federal Award		**$5,732,331**

Wayne Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
December 31, 2007

Capital Fund Program Number OH12P03650105

1. The Program Costs are as follows:

Funds Approved	$326,168
Funds Expended	326,168
Excess (Deficiency) of Funds Approved	$ -0-
Funds Advanced	$326,168
Funds Expended	326,168
Excess (Deficiency) of Funds Advanced	$ -0-

2. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on July 18, 2007.

4. The final costs on the certification agree to the Authority's records.

SALVATORE CONSIGLIO, CPA, INC.

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North Royalton, Ohio 44133
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Wayne Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the Wayne Metropolitan Housing Authority basic financial statements and have issued my report thereon dated May 23, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting
In planning and performing my audit, I considered Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority' internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Salvatore Consiglio, CPA, Inc.

May 23, 2008

SALVATORE CONSIGLIO, CPA, INC.

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

Board of Directors
Wayne Metropolitan Housing Authority

Compliance

I have audited the compliance of the Wayne Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. Wayne Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wayne Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Wayne Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Wayne Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance
The management of Wayne Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Wayne Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Salvatore Consiglio, CPA, Inc.

May 23, 2008

Wayne Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
December 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any materials internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.850 – Low Rent Public Housing and 14.871 - Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2007.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2007.

Wayne Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2007

The audit report for the fiscal year ending December 31, 2006 contained no audit finding.

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
AUGUST 12, 2008

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