WAYNE METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2008

Mary Taylor, CPA
Auditor of State

Board of Directors
Wayne Metropolitan Housing Authority
345 North 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, 2008 through December 31, 2008. 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

September 24, 2009

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BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2008

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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the Wayne Metropolitan Housing Authority, Ohio as of and for the year ended December 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wayne Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayne Metropolitan Housing Authority, as of December 31, 2008, and the respective changes in net assets, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2009, on our consideration of the Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying 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 of the Wayne Metropolitan Housing Authority, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Authority has not presented the Financial Data Schedules (FDS) required by the Department of Housing and Urban Development for additional analysis, although not required to be part of the basic financial statements. The FDS are not available due to revisions in the reporting system that the Department is now undertaking.

James G. Zupka

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

August 21, 2009

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 2008 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

Financial Highlights

- The Authority's net assets decreased by $389,128 or 4.9 percent during 2008, resulting from changes in operations and the purchase of property. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.

- Revenues decreased by $231,483 or 3.5 percent during 2008.

- The total expenses of all Authority programs increased by $271,658 or 4.2 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 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's 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 a single Enterprise Fund. 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 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 Development 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.

Condensed Financial Statements

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

Table 1 - Condensed Statement of Net Assets Compared to Prior Year (Values Rounded to Nearest Thousand)

	2008	2007
Assets		
Current and Other Assets	$ 1,893,327	$ 1,695,719
Capital Assets	7,883,923	8,580,954
Total Assets	$ 9,777,250	$10,276,673
Liabilities		
Current Liabilities	$ 434,128	$ 440,342
Long-term Liabilities	1,729,021	1,833,102
Total Liabilities	2,163,149	2,273,444
Net Assets		
Invested in Capital Assets, Net of Related Debt	6,104,414	6,711,117
Restricted Net Assets	625,139	673,512
Unrestricted Net Assets	884,548	618,600
Total Net Assets	7,614,101	8,003,229
Total Liabilities and Net Assets	$ 9,777,250	$10,276,673

For more detail information, see Statement of Net Assets presented on page 9.

Major Factors Affecting the Statement of Net Assets

During 2008, current and other assets increased by $197,608, and current liabilities decreased by $6,214.

Capital assets also changed, decreasing from $8,580,954 to $7,883,923. The $697,031 decrease may be attributed primarily to a combination of current year depreciation and dispositions. The long-term liabilities decrease is a result of payments on long-term liabilities during the year. For more detail see "Capital Assets" presented later in this report.

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

Table 2 - Change of Unrestricted Net Assets

	Unrestricted	Restricted	Investment In Fixed Assets
Beginning Balance - January 1, 2008, Restated	$ 618,600	$ 673,512	$ 6,711,117
Results of Operation	(389,128)	0	0
Adjustments:			
Current Year Depreciation Expense (1)	730,735	0	(730,735)
Capital Expenditure, Net of Disposal (2)	(33,702)	0	33,702
Current Year Debt Proceeds Net of Retirement	(90,330)	0	90,330
Transfer to Restricted Net Assets	(211,036)	211,036	0
Ending Balance - December 31, 2008	$ 625,139	$ 884,548	$ 6,104,414

(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.

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 - Modified Statement of Revenues, Expenses, and Changes in Net Assets

	2008	2007
Revenues		
Total Tenant Revenues - Rents and Other	$ 608,402	$ 567,797
Operating Subsidies	5,265,468	5,600,497
Capital Grants	91,728	131,834
Investment Income	40,944	33,873
Other Revenues	342,890	246,914
Total Revenues	6,349,432	6,580,915
Expenses		
Administrative	1,141,747	1,017,502
Utilities	251,087	236,776
Maintenance	472,767	437,104
General and Interest Expenses	229,759	175,080
Housing Assistance Payments	3,912,465	3,888,068
Depreciation	730,735	712,372
Total Expenses	6,738,560	6,466,902
Net Increases (Decreases)	$ (389,128)	$ 114,013

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

Tenant revenue increased $40,605 during 2008 in comparison to 2007. The increase was from revenue generated by increased occupancy in all rental units for the year. Capital Grants decreased by $40,106 from 2007 as a result of less major work items being completed in the current year. Overall total revenue decreased by $231,483, from 2007.

The expenses increased moderately by $271,658, primarily due to increased wage and benefit costs and increased cost of utilities. Housing Assistance Payments made to landlords for the Housing Choice Voucher Program increased also, a result of more units leased.

Capital Assets

As of year-end, the Authority had $7,883,923 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $697,031 or 8.12 percent from the end of last year. As stated earlier, depreciation and dispositions out paced capital expenditures in the period causing this decrease.

Table 4 - Condensed Statement of Changes in Capital Assets

	2008	2007
Land and Land Rights	$ 1,807,278	$ 1,818,914
Buildings and Improvements	16,250,413	16,076,899
Equipment	557,414	505,479
Construction in Progress	62,618	249,865
Accumulated Depreciation	(10,793,800)	(10,070,203)
Total Capital Assets	$ 7,883,923	$ 8,580,954

The following reconciliation identifies the change in Capital Assets.

Table 5 - Change in Capital Assets

Beginning Balance - January 1, 2008	$ 8,580,954
Current Year Additions	91,730
Current Year Depreciation Expense	(730,735)
Disposal of Assets	(58,026)
Ending Balance - December 31, 2008	$ 7,883,923
Current Year Additions are summarized as follows:	
Building Improvements and Additions	$ 227,042
Equipment Additions	51,935
Change in Construction in Progress	(187,247)
Total 2008 Additions	$ 91,730

Debt Outstanding

As of year-end, the Authority has $1,779,509 in debt (mortgages) outstanding compared to $1,869,839 last year. The $90,330 decrease was a net result of principal payments made during the year.

Table 6 - Condensed Statement of Changes in Debt Outstanding
(Values Rounded to Nearest Thousand)

Beginning Balance - January 1, 2008, Restated	$ 1,869,839
Current Year Loan Retirements	(90,330)
Ending Balance - December 31, 2008	$1,779,509

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, e-mail address spopp@waynemha.org.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 483,979
Restricted Cash and Cash Equivalents	960,803
Receivables, Net	348,117
Inventory	22,554
Prepaid Expenses and Other Assets	77,874
Total Current Assets	1,893,327
Noncurrent Assets	
Non-depreciable Capital Assets	1,869,896
Depreciable Capital Assets, Net	6,014,027
Total Noncurrent Assets	7,883,923
TOTAL ASSETS	$ 9,777,250
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 60,732
Accrued Compensated Absences	60,835
Tenant Security Deposits	33,032
Deferred Revenue	14,309
Accrued Wages and Payroll Taxes	59,771
Intergovernmental Payable	70,472
Other Current Liabilities	41,266
Current Portion of Long-Term Debt	93,711
Total Current Liabilities	434,128
Noncurrent Liabilities	
Noncurrent Liabilities - Other	43,223
Long-Term Debt - Net of Current Portion	1,685,798
Total Noncurrent Liabilities	1,729,021
Total Liabilities	2,163,149
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,104,414
Unrestricted Net Assets	625,139
Restricted Net Assets	884,548
Total Net Assets	7,614,101
TOTAL LIABILITIES AND NET ASSETS	$ 9,777,250

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

Operating Revenues	
Government Grants	$ 5,265,468
Tenant Revenue	608,402
Other Revenue	328,658
Total Operating Revenues	6,202,528
Operating Expenses	
Administrative	1,141,747
Utilities	251,087
Maintenance	472,767
General	148,064
Housing Assistance Payments	3,912,465
Total Operating Expenses Before Depreciation	5,926,130
Income (Loss) Before Depreciation	276,398
Depreciation	730,735
Operating Income (Loss)	(454,337)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	40,944
Gain on Sale	14,232
Interest Expense	(81,695)
Total Non-Operating Revenues (Expenses)	(26,519)
Income (Loss) Before Capital Grants	(480,856)
Capital Grants	91,728
Change in Net Assets	(389,128)
Total Net Assets, Beginning of Year, Restated	8,003,229
Net Assets, End of Year	$ 7,614,101

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities	
Cash Received from HUD	$ 5,265,468
Cash Received From Tenants	603,826
Cash Payments for Housing Assistance	(3,912,465)
Cash Payments for Administrative Expenses	(1,153,741)
Cash Payments for Other Operating Expenses	(935,284)
Cash Received - Other	292,337
Net Cash (Provided) by Operating Activities	160,141
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(91,730)
Capital Grants Received	91,728
Debt Payments	(90,330)
Proceeds from Capital Asset Sale	72,258
Net Cash Provided by Capital and Other Related Financing Activities	(18,074)
Cash Flows from Investing Activities	
Interest and Investment Income Received	40,944
Interest Expense	(81,695)
Net Cash Provided by Investing Activities	(40,751)
Net Increase (Decrease) in Cash and Cash Equivalents	101,316
Cash and Cash Equivalents, Beginning	1,343,466
Cash and Cash Equivalents, Ending	$ 1,444,782
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (454,337)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	730,735
(Increase) Decrease in:	
Accounts Receivable - Tenant	(4,576)
Accounts Receivable - Other	(72,739)
Prepaid Expenses	(14,344)
Inventory	(4,633)
Increase (Decrease) in:	
Accounts Payable	(78,297)
Intergovernmental Payable - Deferred Revenue	5,692
Accrued Compensated Absences	(11,994)
Tenant Security Deposits	778
Accrued Wages and Payroll Taxes	32,754
Non-Current Liabilities	(5,515)
Other Current Liabilities	36,617
Net Cash Used by Operating Activities	$ 160,141

See accompanying notes to the basic financial statements.

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. 14 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.

The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

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

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 assets, 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 assets. The statement of changes in net assets 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 to be cash equivalents.

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	40 years
Building Improvements	15-27.5 years
Land Improvements	15 years
Equipment	7 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 6.

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

Change in Accounting Principles

For fiscal year 2008, the Authority implemented GASB Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*", and GASB Statement No. 50 "*Pension Disclosures*". GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The implementation of GASB Statements No. 49 and No. 50 did not affect the presentation of the financial statements of the Authority.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2008, the carrying amount of the Authority's deposits was $265,092 (including $91,375 of restricted funds, and $200 of petty cash).

At December 31, 2008, the bank balance of the Authority's cash deposits was $389,362. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2008, deposits totaling $311,748 were covered by Federal Depository Insurance and deposits totaling $77,614 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent 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.

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 1 year 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 risk 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 institution. The Authority's deposits in financial institutions represents 100 percent of its deposits.

Cash and investments at year-end were as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) <1	Credit Rating
Sweep Account:			
Liquid Asset JP Morgan Money Market Fund (includes $869,428 Restricted)	$ 1,179,690	$ 1,179,690	Not Rated
Carry Amount of Deposits	264,892	0	
Petty Cash	200	0	
Totals	$ 1,444,782	$ 1,179,690	

NOTE 3: RESTRICTED CASH

The restricted cash balance of $960,803 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by:	
HUD for Housing Assistance Payments	$ 863,746
FSS Escrow Funds	43,223
Tenant Security Deposits	33,032
Reserve for Replacement and Mortgage Sinking Fund	20,802
Total Restricted Cash	$ 960,803

NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2008 by class is as follows:

	Balance 12/31/2007	Reclasses	Additions	Deletions	Balance 12/31/2008
Capital Assets Not Being Depreciated					
Land	$ 1,818,914	$ 0	$ 0	$ (11,636)	$ 1,807,278
Construction in Progress	249,865	(278,977)	91,730	0	62,618
Total Capital Assets Not Being Depreciated	2,068,779	(278,977)	91,730	(11,636)	1,869,896
Capital Assets Being Depreciated					
Buildings and Improvements	16,076,899	227,042	0	(53,528)	16,250,413
Furniture, Equipment, and Machinery - Dwellings	141,311	0	0	0	141,311
Furniture, Equipment, and Machinery - Administrative	364,168	51,935	0	0	416,103
Subtotal Capital Assets Being Depreciated	16,582,378	278,977	0	(53,528)	16,807,827
Accumulated Depreciation					
Buildings & Improvements	(9,649,723)	0	(302,636)	7,138	(9,945,221)
Furniture & Equipment	(420,480)	0	(428,099)	0	(848,579)
Total Accumulated Depreciation	(10,070,203)	0	(730,735)	7,138	(10,793,800)
Capital Assets Being Depreciated, Net	6,512,175	278,977	(730,735)	(46,390)	6,014,027
Total Capital Assets, Net	$ 8,580,954	$ 0	$ (639,005)	$ (58,026)	$ 7,883,923

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	$ 863,746
Reserve for Replacement & Mortgage Sinking Funds	20,802
Total	$ 884,548

NOTE 6: DEFINED BENEFIT PENSION PLAN

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, employer contributions are invested by the retirement system to provide a formula retirement benefit 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.

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 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, 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, 2008, 2007, and 2006, were $113,374, $113,701, and $113,980, respectively. The full amount has been contributed for 2008, 2007, and 2006. The Authority had no employees participating in the Member-Directed Plan for the years ended December 31, 2008, 2007, and 2006.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

A. **Plan Description**

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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 45.

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 800-222-7377.

B. **Funding Policy**

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

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

Ohio Public Employees Retirement System (Continued)

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll. 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. For 2008, the portion of employer contributions allocated to health care was 7.00 percent of covered payroll. Actual Authority contributions for 2008 which were used to fund post-employment benefits were $56,687. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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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. Employees retiring under OPERS from active service with the Authority shall be paid for 25 percent of sick leave hours to their credit not to exceed payment for 240 hours. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall only be accrued up to maximum of 1 ½ times the employee's annual accumulated amount. Any vacation accrued in excess of the maximum shall be forfeited.

At December 31, 2008, based on the vesting method, $60,835 was accrued by the Authority for unused vacation. All accrued vacation is classified as current.

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:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$250,000,000 (Per Occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	7,000,000
Automobile Liability	500/0	ACV/7,000,000
Public Officials	0	7,000,000
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 part of the Wayne County group plan for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10: **LONG-TERM DEBT**

As of December 31, 2008 the Authority's long-term debt is as follows:

	Balance at 12/31/08
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.	$ 44,700
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.	44,700
Mortgage Revenue Bond dated February 24, 2003 in the amount of $55,000, due in February 2033; interest rate of 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.	50,200
Loan payable to JP Morgan Chase Bank to consolidate an existing loan for the purchase of the Northview Property and for the acquisition of 5 additional properties from Home Place Inc. The interest rate on this debt is at a fixed rate of 5% for 15 years. Total amount borrowed for the financing was $234,363.	220,075
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.	986,890
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and 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. The grant has a restriction that the property shall be used 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	87,063

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

The PHA entered into a contractual agreement with the Ohio Department of Mental Retardation and Development Disabilities in November 2005, where the Authority received a grant in the amount of $5,000 to be used for renovations to the property located at 34 Andrew Court. The grant has a restriction that the property shall be used 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 the number of months used by MRDD clients.	3,944
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in November 2005, where the Authority received a grant in the amount of $10,000 to be used for renovations to the property located at 34 Andrew Court. The grant has a restriction that the property shall be used 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 a prorated amount of number of months used by MRDD clients.	7,889
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on July 2007, where the Authority received a grant for $85,412 to be used for the purchase of property located at 2574 Earl Street. The grant has a restriction that the property shall be used 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.	76,396
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 the Andrew Court Project.	31,400
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.	53,100

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

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in 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 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.	38,820
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in December 2008 where the Authority received a grant for $67,841 to be used for the purchase of property located at 617-619 Jefferson Street. The grant has a restriction that the property shall be used 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.	35,805
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and 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 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.	19,382
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in May 2004 where the Authority received a grant for $4,700 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 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.	3,238

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

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities on August 2002 where the Authority received a grant for $8,565 to be used for renovations of the property located at 2610 Impala. The grant has a restriction that the property shall be used 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.	4,901
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in July 2001 where the Authority received a grant for $4,017 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 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.	2,008
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in August 2002 where the Authority received a grant for $8,528 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 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 sed by MRDD clients.	4,880
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in November 2004 where the Authority received a grant for $4,770.89 to be used for renovation to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used 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.	3,446

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

The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and 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 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.	1,616
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in August 2002 where the Authority received a grant for $9,699.50 to be used for renovations to the property located at 260 East Clay Street. The grant has a restriction that the property shall be used 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 less the prorated amount of number of months used by MRDD Clients.	5,550
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development in August 2002 where the Authority received a grant for $7,350 to be used for the purchase of property located at 260 East Clay Street. The grant has a restriction that the property shall be used 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 less the prorated amount of number of months used by MRDD clients.	4,206
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and 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 MRDD clients for a period of 15 y ears. 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 MRDD clients.	49,300
Total Outstanding Debt	1,779,509
Less Current Portion	93,711
Total Long-Term Debt	$1,685,798

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

The following is a summary of changes in long-term debt for the year ended December 31, 2008:

Description	Restated Balance 12/31/07	Issued	Retired	Balance 12/31/08	Current Portion
Loan Payable	$ 1,869,839	$ 0	$ 90,330	$ 1,779,509	$ 93,711
Compensated Absences	72,829	65,447	77,441	60,835	60,835
Total	$ 1,942,668	$ 65,447	$ 167,771	$ 1,840,344	$ 154,546

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

For the Year Ended December 31,	Principal	Interest	Total Payments
2009	$ 93,711	$ 76,553	$ 170,264
2010	97,118	73,232	170,350
2011	100,602	69,719	170,321
2012	104,376	66,007	170,383
2013	108,050	62,081	170,131
2014-2018	575,124	243,365	818,489
2019-2023	568,056	107,007	675,063
2024-2028	57,872	23,866	81,738
2029-2033	57,200	11,103	68,303
2034-2038	17,400	1,731	19,131
Totals	$ 1,779,509	$ 734,664	$ 2,514,173

NOTE 11: **RESTATEMENT OF PRIOR PERIOD BALANCES**

Prior period balances have been restated to correct for misstated debt balances related to the forgivable debt from the MRDD. The prior period debt balance has been restated by a total of $210,691, of which $87,606 was reported on the prior period Statement of Net Assets as part of the Intergovernmental Payables balance. The remaining $123,085 was not reflected on the prior period Statement of Net Assets.

Net Assets December 31, 2007	$ 8,126,314
Restatement for Debt not Recognized	(123,085)
Net Assets December 31, 2007, Restated	$ 8,003,229

Current Portion Long-Term Debt - December 31, 2007	$ 64,838
Long-Term Debt, Net of Current - December 31, 2007	1,594,310
Total Long-Term Debt - December 31, 2007	1,659,148
Restatement for Debt Classified as Intergovernmental Payable	87,606
Restatement for Debt not Recognized	123,085
Total Long-Term Debt, December 31, 2007, Restated	$ 1,869,839

NOTE 12: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2008.

NOTE 13: **INTERPROGRAM RECEIVABLES/PAYABLES**

Interprogram balance at December 31, 2008, consists of the following receivables and payables:

	Due From	Due To
Section 8 Housing Choice Vouchers	$ 0	$ 11,861
State and Local	0	222,689
Low Rent Public Housing	234,550	0
Total	$ 234,550	$ 234,550

These interprogram Due From/Due To arise from allocation of wages and benefits, supplies, and other costs. Those loans are repaid shortly after year end. Interprogram balances were eliminated in the statement of net assets.

NOTE 14: **OPERATING TRANSFER**

The Authority had the following operating transfers in 2008:

Project	Transfer From	Transfer To
State and Local	$ 6,573	$ 0
Capital Fund	45,000	0
Public Housing	0	51,573
Total	$ 51,573	$ 51,573

These transfers represent Capital Fund Program Grant contributions to support the Public Housing Program operations as permitted by the Department of Housing and Urban Development, and contributions by the Authority's local programs to support debt payments exceeding the amount the Authority's permitted to make from its Capital Fund Program.

NOTE 15: **CONTINGENCIES**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Annual Contributions Contract C-5502

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

OH12P03650106

Funds Approved	$ 311,538
Funds Expended	311,538
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 311,538
Funds Expended	311,538
Excess (Deficiency) of Funds Advanced	$ 0

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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 537,129
Capital Fund Program	14.872	258,105
Total Public Housing Programs		795,234
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	4,561,962
Total Section 8 Tenant Based Programs		4,561,962
Total U.S. Department of Housing and Urban Development		5,357,196
Total Federal Expenditures		$ 5,357,196

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

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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
Wooster, Ohio

Regional Inspector General for Audit
Department of Housing and Urban Development

We have audited the financial statements of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2008, and have issued our report thereon dated August 21, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne Metropolitan Housing Authority, Ohio'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 Wayne Metropolitan Housing Authority, Ohio'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 Wayne Metropolitan Housing Authority, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the Wayne Metropolitan Housing Authority, Ohio'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 Wayne Metropolitan Housing Authority, Ohio'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne Metropolitan Housing Authority, Ohio's financial statements are free of 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*.

We noted certain additional matters that we reported to the management of the Wayne Metropolitan Housing Authority in a separate letter dated August 21, 2009.

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

James G. Zupka

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

August 21, 2009

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Compliance

We have audited the compliance of the Wayne Metropolitan Housing Authority, 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, 2008. The Wayne Metropolitan Housing Authority, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Wayne Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Wayne Metropolitan Housing Authority, Ohio's compliance based on our audit.

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 Wayne Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Wayne Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the 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, 2008.

Internal Control Over Compliance

The management of the 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 our audit, we considered the Wayne Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne Metropolitan Housing Authority, Ohio's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 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 the internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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

James G. Zupka

James G. Zupka CPA, Inc.
Certified Public Accountants

August 21, 2009

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2008

1. SUMMARY OF AUDITOR'S RESULTS

2008(i)	Type of Financial Statement Opinion	Unqualified
2008(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
2008(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2008(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2008(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2008(iv)	Were there any other significant deficiencies in internal control reported for major Federal programs?	No
2008(v)	Type of Major Programs' Compliance Opinion	Unqualified
2008(vi)	Are there any reportable findings under .510?	No
2008(vii)	Major Programs (list):	
	Housing Choice Voucher Program - CFDA #14.871	
2008(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: all others
2008(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, 2008

The prior audit report, as of December 31, 2007, included no citations or management letter comments.

Mary Taylor, CPA
Auditor of State

METROPOLITAN HOUSING AUTHORITY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 8, 2009

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