WAYNE METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 23, 2010

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BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors	Regional Inspector General of Audit
Wayne Metropolitan Housing Authority	Department of Housing and Urban Development
Wooster, Ohio	

We have audited the accompanying financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio as of and for the year ended December 31, 2009, 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, 2009, and the respective changes in financial position, 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 July 22, 2010, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne Metropolitan Housing Authority, Ohio's financial statements as a whole. The Statement of Modernization Costs - Completed is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The Schedule of Expenditures of Federal Awards and the Statement of Modernization Costs - Completed are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Authority has not presented the Financial Data Schedules (FDS) utilized by the Department of Housing and Urban Development for additional analysis, although not required to be part of the basic financial statements. The final 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

July 22, 2010

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 2009 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 $636,861 or 8.4 percent during 2009. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.

- Revenues decreased by $38,586 or 0.6 percent during 2009.

- The total expenses of all Authority programs increased by $209,147 or 3.1 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)

	2009	2008
Assets		
Current and Other Assets	$ 2,135,391	$ 1,893,327
Capital Assets	7,367,367	7,883,923
Total Assets	$ 9,502,758	$ 9,777,250
Liabilities		
Current Liabilities	$ 895,211	$ 434,128
Long-term Liabilities	1,630,307	1,729,021
Total Liabilities	2,525,518	2,163,149
Net Assets		
Invested in Capital Assets, Net of Related Debt	5,670,062	6,104,414
Restricted Net Assets	510,642	625,139
Unrestricted Net Assets	796,536	884,548
Total Net Assets	6,977,240	7,614,101
Total Liabilities and Net Assets	$ 9,502,758	$ 9,777,250

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

Major Factors Affecting the Statement of Net Assets

During 2009, current and other assets increased by $242,064, and current liabilities increased by $461,083. The main reason for this increase was HUD revenue received in December 2009 that relates to the January 2010 period.

Capital assets also changed, decreasing from $7,883,923 to $7,367,367. The $516,556 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 debt 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	Invested In Capital Assets
Beginning Balance - January 1, 2009	$ 625,139	$ 884,548	$ 6,104,414
Results of Operation	(636,861)	0	0
Adjustments:			
Current Year Depreciation Expense (1)	731,724	0	(731,724)
Capital Expenditure, Net of Disposal (2)	(215,168)	0	215,168
Current Year Debt Proceeds Net of Retirement (3)	(82,204)	0	82,204
Transfer to Restricted Net Assets	373,906	(373,906)	0
Ending Balance - December 31, 2009	$ 796,536	$ 510,642	$ 5,670,062

(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.

(3) Debt proceeds of $59,414 not included - relates to assets held for resale.

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

	2009	2008
Revenues		
Total Tenant Revenues - Rents and Other	$ 596,331	$ 608,402
Operating Subsidies	5,324,807	5,265,468
Capital Grants	181,515	91,728
Investment Income	11,422	40,944
Other Revenues	196,771	342,890
Total Revenues	6,310,846	6,349,432
Expenses		
Administrative	1,016,503	1,141,747
Utilities	260,181	251,087
Maintenance	534,303	472,767
General and Interest Expenses	173,472	229,759
Housing Assistance Payments	4,231,524	3,912,465
Depreciation	731,724	730,735
Total Expenses	6,947,707	6,738,560
Net Increases (Decreases)	$ (636,861)	$ (389,128)

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

Tenant revenue decreased slightly during 2009 in comparison to 2008. The decrease was offset by an increase in grant revenue. Capital Grants increased by $89,787 from 2008 as a result of more work items being completed in the current year. Overall total revenue decreased by $38,586, from 2008.

The expenses increased by $209,147, primarily due to increased maintenance costs and increased Housing Assistance Payments made to landlords for the Housing Choice Voucher Program.

Capital Assets

As of year-end, the Authority had $7,367,367 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $516,556 or 6.55 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

	2009	2008
Land and Land Rights	$ 1,807,278	$ 1,807,278
Buildings and Improvements	16,359,880	16,250,413
Equipment	567,198	557,414
Construction in Progress	128,941	62,618
Accumulated Depreciation	(11,495,930)	(10,793,800)
Total Capital Assets	$ 7,367,367	$ 7,883,923

The following reconciliation identifies the change in Capital Assets.

Table 5 - Change in Capital Assets

Beginning Balance - January 1, 2009	$ 7,883,923
Current Year Additions	215,168
Current Year Depreciation Expense	(731,724)
Disposal of Assets (Net)	0
Ending Balance - December 31, 2009	$ 7,367,367
Current Year Additions are summarized as follows:	
Building Improvements and Additions	$ 109,467
Vehicle and Equipment	39,378
Change in Construction in Progress	66,323
Total 2009 Additions	$ 215,168

Debt Outstanding

As of year-end, the Authority has $1,756,719 in debt (mortgages) outstanding compared to $1,779,509 last year. The $22,790 decrease was a net result of principal payments made during the year in excess of new debt.

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

Beginning Balance - January 1, 2009	$ 1,779,509
Current Year Additions	69,414
Current Year Loan Retirements	(92,204)
Ending Balance - December 31, 2009	$1,756,719

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, 2009

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 934,800
Restricted Cash and Cash Equivalents	589,799
Receivables, Net	468,150
Inventory	20,212
Prepaid Expenses and Other Assets	63,016
Total Current Assets	2,075,977
Noncurrent Assets	
Non-depreciable Capital Assets	1,936,219
Depreciable Capital Assets, Net	5,431,148
Assets Held for Sale	59,414
Total Noncurrent Assets	7,426,781
TOTAL ASSETS	$ 9,502,758
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 73,059
Accrued Compensated Absences	77,236
Tenant Security Deposits	32,215
Deferred Revenue	375,843
Accrued Wages and Payroll Taxes	68,110
Intergovernmental Payable	77,556
Other Current Liabilities	34,148
Current Portion of Long-Term Debt	157,044
Total Current Liabilities	895,211
Noncurrent Liabilities	
Noncurrent Liabilities - Other	30,632
Long-Term Debt - Net of Current Portion	1,599,675
Total Noncurrent Liabilities	1,630,307
Total Liabilities	2,525,518
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,670,062
Unrestricted Net Assets	796,536
Restricted Net Assets	510,642
Total Net Assets	6,977,240
TOTAL LIABILITIES AND NET ASSETS	$ 9,502,758

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, 2009

Operating Revenues	
Government Grants	$ 5,324,807
Tenant Revenue	596,331
Other Revenue	191,471
Total Operating Revenues	6,112,609
Operating Expenses	
Administrative	1,016,503
Utilities	260,181
Maintenance	534,303
General	95,978
Housing Assistance Payments	4,231,524
Total Operating Expenses Before Depreciation	6,138,489
Income (Loss) Before Depreciation	(25,880)
Depreciation	731,724
Operating Income (Loss)	(757,604)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	11,422
Gain on Sale of Capital Assets	5,300
Interest Expense	(77,494)
Total Non-Operating Revenues (Expenses)	(60,772)
Income (Loss) Before Capital Grants	(818,376)
Capital Grants	181,515
Change in Net Assets	(636,861)
Total Net Assets, Beginning of Year	7,614,101
Net Assets, End of Year	$ 6,977,240

See accompanying notes to the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows from Operating Activities	
Cash Received from Federal Operating Grants	$ 5,697,282
Cash Received From Tenants	595,605
Cash Payments for Housing Assistance	(4,231,524)
Cash Payments for Administrative Expenses	(991,763)
Cash Payments for Other Operating Expenses	(866,442)
Cash Received - Other	53,288
Net Cash (Provided) by Operating Activities	256,446
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(215,168)
Capital Grants Received	181,515
Debt Payments (including Interest)	(169,698)
Debt Proceeds	69,414
Proceeds from Capital Asset Sale	5,300
Net Cash Provided by Capital and Other Related Financing Activities	(128,637)
Cash Flows from Investing Activities	
Interest and Investment Income Received	11,422
Assets Purchased for Resale	(59,414)
Net Cash Provided by Investing Activities	(47,992)
Net Increase (Decrease) in Cash and Cash Equivalents	79,817
Cash and Cash Equivalents, Beginning	1,444,782
Cash and Cash Equivalents, Ending	$ 1,524,599
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (757,604)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	731,724
(Increase) Decrease in:	
Accounts Receivable - Tenant	(726)
Accounts Receivable - Other	(119,307)
Prepaid Expenses	14,858
Inventory	2,342
Increase (Decrease) in:	
Accounts Payable	12,327
Intergovernmental Payable - Deferred Revenue	368,618
Accrued Compensated Absences	16,401
Tenant Security Deposits	(817)
Accrued Wages and Payroll Taxes	8,339
Non-Current Liabilities	(12,591)
Other Current Liabilities	(7,118)
Net Cash Used by Operating Activities	$ 256,446

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. The Agency considers non-negotiable certificates of deposits to be cash equivalents regardless of maturity.

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 are 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 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2009, the carrying amount of the Authority's deposits was $1,524,599 (including $200 of petty cash).

At December 31, 2009, the bank balance of the Authority's cash deposits was $1,625,251. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2009, deposits totaling $1,429,518 were covered by Federal Depository Insurance and deposits totaling $195,733 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.

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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	Maturities (in Years) <1
Carrying Amount of Deposits	$ 1,524,399	$ 1,524,399
Petty Cash	200	200
Totals	$ 1,524,599	$ 1,524,599

NOTE 3: RESTRICTED CASH

The restricted cash balance of $589,799 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by:	
HUD for Housing Assistance Payments	$ 489,801
FSS Escrow Funds	46,942
Tenant Security Deposits	32,215
Reserve for Replacement and Mortgage Sinking Fund	20,841
Total Restricted Cash	$ 589,799

NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2009 by class is as follows:

	Balance 12/31/2008	Reclasses	Additions	Deletions	Balance 12/31/2009
Capital Assets Not Being Depreciated					
Land	$ 1,807,278	$ 0	$ 0	$ 0	$ 1,807,278
Construction in Progress	62,618	(115,192)	181,515	0	128,941
Total Capital Assets Not Being Depreciated	1,869,896	(115,192)	181,515	0	1,936,219
Capital Assets Being Depreciated					
Buildings and Improvements	16,250,413	109,467	0	0	16,359,880
Furniture, Equipment, and Machinery - Dwellings	141,311	0	0	0	141,311
Furniture, Equipment, and Machinery - Administrative	416,103	5,725	33,653	(29,594)	425,887
Subtotal Capital Assets Being Depreciated	16,807,827	115,192	33,653	(29,594)	16,927,078
Accumulated Depreciation					
Buildings & Improvements	(10,343,426)	0	(690,801)	0	(11,034,227)
Furniture & Equipment	(450,374)	0	(40,923)	29,594	(461,703)
Total Accumulated Depreciation	(10,793,800)	0	(731,724)	29,594	(11,495,930)
Capital Assets Being Depreciated, Net	6,014,027	115,192	(698,071)	0	5,431,148
Total Capital Assets, Net	$ 7,883,923	$ 0	$ (516,556)	$ 0	$ 7,367,367

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	$ 489,801
Reserve for Replacement & Mortgage Sinking Funds	20,841
Total	$ 510,642

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 2009, 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, 2009, 2008, and 2007, were $116,291, $113,669, and $113,701, respectively. The full amount has been contributed for 2009, 2008, and 2007. The Authority had no employees participating in the Member-Directed or Combined Plans for the years ended December 31, 2009, 2008, and 2007.

NOTE 7: POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2009 employer rate was 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contributions to a rate not be exceed 14.00 percent of covered payroll for State and local employer units. Active members to 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 years, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care was 7.00 percent for the months of January through March in 2009 and was 5.5 percent for the months of April through December. 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.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 5 percent annually for the next 8 years. In subsequent years (9 and beyond), health costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

Ohio Public Employees Retirement System (Continued)
All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2009, the number of active contributing participants in the Traditional Pension and Combined plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual Authority contributions for 2009 which were used to fund post-employment benefits were $49,040. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for payment of benefits at December, 31, 2008 (the latest information available) was $10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $29.6 billion and $18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. 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.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow the benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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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, 2009, based on the vesting method, $77,235 was accrued by the Authority for unused vacation and sick leave. All accrued vacation and sick leave 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	$ 40,056,800 (Per Occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile Liability	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Crime	500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is 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, 2009 the Authority's long-term debt is as follows:

	Balance at 12/31/09
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.	$ 43,700
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.	43,700
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.	49,100
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.	208,607
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.	946,813
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	79,547

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.	3,611
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.	7,222
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.	70,702
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.	30,300
In 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 is set at a fixed rate of 4.25% for a period of 30 years.	52,100

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.	34,297
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in December 2001 where the Authority received a grant for $67,841 to be used for the purchase of property located at 617-619 Jefferson 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.	31,282
The PHA entered into a contractual agreement with Ohio Department of Mental Retardation and Development Disabilities in February 2009 where the Authority received a grant for $10,000 to be used for renovations to the property located at 617-619 Jefferson 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.	9,389
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.	16,281

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

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.	2,924
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.	4,330
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.	1,741
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.	4,311
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.	3,127

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.	1,401
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 less the prorated amount of number of months used by MRDD cients.	4,904
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.	3,716
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.	44,200

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

In December 2009, the PHA entered into a loan agreement in the amount of $59,414 for temporary financing for property at 116 W. Pike Street until grant funds are received to reimburse the Agency for this purchase. The loan is due February 20, 2010 and is at a rate of 5%.	59,414
Total Outstanding Debt	1,756,719
Less Current Portion	157,044
Total Long-Term Debt	$1,599,675

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

Description	Restated Balance 12/31/08	Issued	Retired	Balance 12/31/09	Current Portion
Loan Payable	$ 1,779,509	$ 69,414	$ 92,204	$ 1,756,719	$ 157,044
Compensated Absences	60,835	72,720	56,319	77,236	77,236
Total	$ 1,840,344	$ 142,134	$ 148,523	$ 1,833,955	$ 234,280

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

For the Year Ended December 31,	Principal	Interest	Total Payments
2010	$ 157,044	$ 73,881	$ 230,925
2011	101,107	69,881	170,988
2012	104,871	66,178	171,049
2013	108,535	62,263	170,798
2014	112,810	58,137	170,947
2015-2019	581,185	219,977	801,162
2020-2024	475,766	80,468	556,234
2025-2029	53,000	21,518	74,518
2030-2034	49,900	8,493	58,393
2035-2039	12,501	1,005	13,506
Totals	$ 1,756,719	$ 661,801	$ 2,418,520

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2009.

NOTE 12: **INTERPROGRAM RECEIVABLES/PAYABLES**

Net Interprogram balance at December 31, 2009, consists of the following receivables and payables:

	Due From	Due To
Section 8 Housing Choice Vouchers	$ 356,550	$ 0
State and Local	0	165,893
Low Rent Public Housing	0	190,657
Total	$ 356,550	$ 356,550

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 13: **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, 2009

Annual Contributions Contract C-5502

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

OH12P03650107

Funds Approved	$ 302,704
Funds Expended	302,704
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 302,704
Funds Expended	302,704
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, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Low Rent Public Housing Program	14.850	$ 582,146
CFP Cluster		
Capital Fund Program	14.872	361,110
Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	55,968
Total CFP Cluster		417,078
Section 8 Housing Choice Voucher Program	14.871	4,379,521
Shelter Plus Care	14.238	32,256
Total Direct Awards		5,411,001
Passed through Awards:		
Passed Through from Medina County, Ohio		
Community Development Block Grants		
Non-Entitlement Grants	14.228	70,843
Total Passed through Awards		70,843
Total U.S. Department of Housing and Urban Development		5,481,844
Total Federal Expenditures		$ 5,481,844

This schedule is prepared on the accrual basis of accounting.

JAMES G. ZUPKA, C.P.A., INC.
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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 business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Wayne Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated July 22, 2010. 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 *deficiency in internal control* exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a deficiency in internal control over financial reporting described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting **Finding 2009-1.**

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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*.

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

July 22, 2010

JAMES G. ZUPKA, C.P.A., 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
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, 2009. 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, 2009.

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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Wayne Metropolitan Housing Authority, Ohio's internal control over compliance.

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

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

July 22, 2010

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2009

1. **<u>SUMMARY OF AUDITOR'S RESULTS</u>**

2009(i)	Type of Financial Statement Opinion	Unqualified
2009(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
2009(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	Yes
2009(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2009(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2009(iv)	Were there any other significant deficiencies in internal control reported for major Federal programs?	No
2009(v)	Type of Major Programs' Compliance Opinion	Unqualified
2009(vi)	Are there any reportable findings under .510?	No
2009(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA #14.871 Capital Fund Cluster: Public Housing Capital Fund - CFDA #14.872 Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded - CFDA #14.885	
2009(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: all others
2009(ix)	Low Risk Auditee?	Yes

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

Finding 2009-1: Significant Deficiency in Internal Control - Preparation of Financial Statements

Condition:
Financial reports prepared and provided for our review did not reflect complete and accurate financial data, did not reflect the elimination of intercompany balances and activity, and required considerable reconciliation as part of the audit process.

Criteria:
A proper system of internal control would ensure that the accounting system would provide for financial statements to be prepared reflecting the capture of complete and accurate financial data, and the elimination of intercompany balances and activity.

Cause:
This condition is the result of the lack of an effective financial reporting system.

Effect:
This deficiency resulted in the preparation of financial statements that did not reflect the capture of complete and accurate financial data, did not reflect the elimination of intercompany balances and activity, and statements that required considerable reconciliation during the audit process.

Recommendation:
We recommend that an effective system of internal controls be implemented to ensure that financial reports are prepared that reflect complete and accurate accounting data, and reflect the elimination of intercompany balances and activity.

Auditee Response
The Wayne Metropolitan Housing Authority is in the process of reviewing and enhancing its system of internal controls that will ensure financial reports are prepared that reflect complete and accurate accounting data, and reflect the elimination of intercompany balances and activity.

The newly revised internal control system will provide for reasonable assurance regarding objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of reporting
- Compliance with applicable rules and regulations

One of the key changes in the policies of the internal control system will eliminate post-closing entries to any prior period unless actually entered by the Executive Director or Deputy Director.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

The prior audit report, as of December 31, 2008, included no citations or management letter comments.

Mary Taylor, CPA
Auditor of State

WAYNE METROPOLITAN HOUSING AUTHORITY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 30, 2010

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