

Wayne Metropolitan Housing Authority

Basic financial statements

For the Year Ended December 31, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

October 11, 2005

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WAYNE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004

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Independent Auditors' Report

Board of Directors
Wayne Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying basic financial statements of Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Wayne Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2004, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As described in Note 1 of the basic financial statements, the Authority adopted the provisions of Government Accounting Standards Board Statement No. 34, Basic financial statements – and Management’s Discussion and Analysis – for State and Local Governments, as of January 1, 2004. This results in a change to the Authority’s format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 29, 2005, on my consideration of Wayne Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

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

My Audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Wayne Metropolitan Housing Authority, Ohio. 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 Government and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio, CPA, Inc.

June 29, 2005

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

The Wayne Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the 2004 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 \$671,556 or 7.22% during 2004, resulting from changes in operations and purchase of properties. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets.
- Revenues decreased by \$250,445 or 4.69% during 2004.
- The total expenses of all Authority programs increased by \$164,354 or 2.94%.

Authority Financial Statements

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

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

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

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

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

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

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

Fund Financial Statements

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
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The Authority's Programs

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

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

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

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

AUTHORITY STATEMENTS

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

	<u>2004</u>	RESTATED <u>2003</u>
Current and Other Assets	\$ 1,066,316	\$ 1,110,124
Capital Assets	<u>9,575,242</u>	<u>9,270,862</u>
 Total Assets	 <u>\$ 10,641,558</u>	 <u>\$ 10,380,986</u>
 Current Liabilities	 \$ 483,310	 \$ 316,822
Long-Term Liabilities	<u>1,522,239</u>	<u>756,599</u>
 Total Liabilities	 <u>2,005,549</u>	 <u>1,073,421</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	8,057,728	8,554,614
Restricted Net Assets	-	-
Unrestricted Net Assets	<u>578,281</u>	<u>752,951</u>
 Total Net Assets	 <u>8,636,009</u>	 <u>9,307,565</u>
 Total Liabilities and Net Assets	 <u>\$ 10,641,558</u>	 <u>\$ 10,380,986</u>

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Major Factors Affecting the Statement of Net Assets

During 2004, current and other assets decreased by \$43,808, and current liabilities increased by \$166,488. The change in these accounts was mainly due to the reporting of the current portion of the long term debt.

Capital assets also changed, increasing from \$9,270,862 to \$9,575,242. The \$304,380 increase may be contributed primarily to a combination of total acquisitions of \$1,033,619, less current year depreciation and amortization. The acquisitions included a building purchased and renovated to be used for the administrative offices of the Authority as well as several residential properties purchased for use by a specific client population. The long-term liabilities increase is due to debt for these acquisitions. 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

Beginning Balance - January 1, 2004	\$	752,951
Results of Operation		(657,811)
Adjustments:		
Current Year Depreciation Expense (1)		717,156
Capital Expenditure (2)		(1,033,619)
Current Year Debt Proceeds		812,152
Prior Period Adjustment		(12,546)
Rounding Adjustments		<u>(2)</u>
Ending Balance - December 31, 2004	\$	<u><u>578,281</u></u>

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2004</u>	<u>2003</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 501,502	\$ 452,149
Operating Subsidies	4,246,352	4,223,325
Capital Grants	42,470	361,911
Investment Income	8,999	9,439
Other Revenues	<u>293,141</u>	<u>296,085</u>
Total Revenues	<u>5,092,464</u>	<u>5,342,909</u>
<u>Expenses</u>		
Administrative	1,134,851	1,033,745
Utilities	188,711	167,670
Maintenance	408,129	347,248
General and Interest Expenses	126,580	129,673
Housing Assistance Payments	3,174,848	3,239,346
Depreciation	<u>717,156</u>	<u>668,239</u>
Total Expenses	<u>5,750,275</u>	<u>5,585,921</u>
Net Increases (Decreases)	<u>\$ (657,811)</u>	<u>\$ (243,012)</u>

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

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

Tenant revenue increased (\$49,353) slightly during 2004 in comparison to 2003. The increase was likely due from revenue generated by the additional rental units purchased. Capital Grants decreased by \$319,441 from 2003 as a result of fewer major work items being completed in the current year, therefore the funds were not drawn down from current grants at a similar rate as 2003 when funds were drawn down from three separate grants. Overall total revenue decreased by only \$250,445, from 2003.

The expenses increased (\$164,354) moderately due to increased wage and benefit costs and increased cost of utilities. The increased expenses were off-set somewhat because of a decrease in Housing Assistance Payments made to landlords for the Housing Choice Voucher Program, which was a result of fewer units leased.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$9,575,242 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$304,380 or 3.28% from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>2004</u>	RESTATED <u>2003</u>
Land and Land Rights	\$ 1,772,422	\$ 1,556,427
Buildings	15,453,548	14,655,834
Equipment	918,618	898,707
Leasehold Improvements	-	-
Construction in Progress	-	-
Accumulated Depreciation	<u>(8,569,346)</u>	<u>(7,840,106)</u>
 Total	 <u><u>\$ 9,575,242</u></u>	 <u><u>\$ 9,270,862</u></u>

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - December 31, 2003	\$	9,270,862
Current year Additions		1,033,619
Current year Depreciation Expense		(717,156)
Prior Period Adjustment Effecting Accumulated Depreciation		<u>(12,083)</u>
Beginning Balance - December 31, 2004	\$	<u><u>9,575,242</u></u>

Current year Additions are summarized as follows:

345 Building	\$	444,631
Installation of Kitchen Cabinets/Countertops - Northgate		20,760
Installation of Kitchen Cabinets/Countertops - Scattered Sites		1,800
Purchase of 2004 E-250 Cargo Van		16,663
Purchase of 52" Toro Mower		3,248
Purchase of Property located at 536 E North		65,163
Purchase of Property located at 260 E Clay		65,163
Purchase of Property located at 2610 Impala		69,818
Purchase of Property located at 2045 Cleveland		65,163
Purchase of Property located at 571 N Grant		62,060
Purchase of Property located at 138 N Millborne		98,908
Purchase of Property located at 878 Thorne		<u>120,242</u>
Total 2004 Additions	\$	<u><u>1,033,619</u></u>

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

Debt Outstanding

As of year-end, the Authority has \$1,517,514 in debt (mortgages) outstanding compared to \$716,248 last year. The \$801,266 increase was a result of purchase of properties since last year, net of debt retirement.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2004	\$ 716,248
Current Year Mortgages	812,152
Current Year Principal Payments	<u>(10,886)</u>
Ending Balance - December 31, 2004	<u>\$ 1,517,514</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Unaudited

FINANCIAL CONTACT

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
December 31, 2004

ASSETS

Current assets

Cash and cash equivalents	\$533,384
Investments	200,000
Receivables, net	233,483
Inventories, net	29,596
Prepaid expenses and other assets	69,853
Total current assets	<u>1,066,316</u>

Noncurrent assets

Capital assets:	
Land	1,772,422
Building and equipment	16,372,166
Less accumulated depreciation	<u>(8,569,346)</u>
Total noncurrent assets	<u>9,575,242</u>
Total assets	<u><u>\$10,641,558</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$34,362
Accrued liabilities	90,982
Intergovernmental payables	276,206
Tenant security deposits	31,374
Deferred revenue	4,010
Bonds, notes, and loans payable	46,376
Total current liabilities	<u>483,310</u>

Noncurrent liabilities

Bonds, notes, and loans payable	1,471,138
Noncurrent liabilities - other	<u>51,101</u>
Total noncurrent liabilities	<u>1,522,239</u>
Total liabilities	<u><u>\$2,005,549</u></u>

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets - Continued
Proprietary Funds
December 31, 2004

NET ASSETS

Invested in capital assets, net of related debt	\$8,057,728
Unrestricted net assets	578,281
Total net assets	<u>578,281</u> <u>\$8,636,009</u>

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

OPERATING REVENUES	
Tenant Revenue	\$501,502
Government operating grants	4,246,352
Other revenue	293,141
Total operating revenues	<u>5,040,995</u>
 OPERATING EXPENSES	
Administrative	1,134,851
Utilities	188,711
Maintenance	408,129
General	112,978
Housing assistance payment	3,174,848
Depreciation	717,156
Total operating expenses	<u>5,736,673</u>
Operating income (loss)	<u>(695,678)</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	8,999
Interest expense	(13,602)
Total nonoperating revenues (expenses)	<u>(4,603)</u>
Income (loss) before contributions and transfers	(700,281)
Capital grants	42,470
Change in net assets	(657,811)
Total net assets - beginning	9,307,564
Prior period adjustment	(13,744)
Total net assets - ending	<u><u>\$8,636,009</u></u>

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,368,246
Tenant revenue received	503,624
Other revenue received	293,141
General and administrative expenses paid	(1,661,065)
Housing assistance payments	(3,174,848)
	<u>(3,174,848)</u>

Net cash provided (used) by operating activities **329,098**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	8,999
Transfer In from Restricted Cash	73,409
	<u>73,409</u>

Net cash provided (used) by investing activities **82,408**

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Loan proceeds received	812,152
Capital grant funds received	42,470
Debt principal payment	(10,886)
Interest paid on Debt	(13,602)
Property and equipment purchased	(1,033,620)
	<u>(1,033,620)</u>

Net cash provided (used) by capital and related activities **(203,486)**

Net increase (decrease) in cash	208,020
Prior period adjustment effecting cash	332
Cash and cash equivalents - Beginning of year	325,032
	<u>325,032</u>

Cash and cash equivalents - End of year **\$533,384**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows - Continued
Proprietary Fund Type
For the Year Ended December 31, 2004

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$695,678)
Activities	
- Depreciation	717,156
- (Increases) Decreases in Accounts Receivable	178,783
- (Increases) Decreases in Prepaid Assets	(37,497)
- (Increases) Decreases in Inventory	4,472
- Increases (Decreases) in Accounts Payable	(5,159)
- Increases (Decreases) in Accounts Payable - Intergovernmental	121,894
- Increases (Decreases) in Accrued Expenses Payable	13,048
- Increases (Decreases) in Deferred Revenue	(535)
- Increases (Decreases) in Other Current Liabilities	31,000
- Increases (Decreases) in Other Noncurrent Liabilities	(9,598)
- Increases (Decreases) in Accrued Compensated Absences	8,699
- Increases (Decreases) in Tenant Security Deposits	2,513
	2,513
Net cash provided by operating activities	\$329,098

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

In June 1999, GASB approved Statement No. 34, Basic financial statements – Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statements include the following:

- For the first time the financial statements include a Management Discussion and Analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operation.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Authority has elected to implement GASB 34 in the current fiscal year.

Reporting Entity

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

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

Basis of Presentation

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

Fund Accounting

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

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

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

Measurement Focus/Basis of Accounting

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

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. State / Local

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2004 totaled \$8,999.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

Inventories

Inventory valued of \$29,596 in the basic financial statements is stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2004.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Legal and Other Requirements - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAR Ohio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements. Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

WAYNE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2004
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Deposits

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

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

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

Investments

Category 1 Insured or registered, or securities held by the Authority or its agent in the Authority's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

Deposits - At year-end, the carrying amount of the Authority's deposits was \$533,384 and the bank balance was \$638,711. The difference represents outstanding checks and deposits in transit. Of the bank balance, \$251,151 was covered by Federal depository insurance. The remainder was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

Investments - The Authority's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year end. The risk categories were described previously in this footnote.

<u>Category</u>		<u>Cost</u>	<u>Fair Value</u>
1	Certificate of Deposit	\$200,000	\$200,000

WAYNE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2004
 (CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of cash and investments as shown on the balance sheet follows:

Cash and Cash Equivalent	\$500,391
Tenant Security Deposit Cash Balance	32,993
Investments - Certificate of Deposits	<u>200,000</u>
 Total	 <u><u>\$733,384</u></u>
 Carrying Amount - Cash and Cash Equivalent	 \$533,384
Carrying Amount - Investments	<u>200,000</u>
 Total	 <u><u>\$733,384</u></u>

NOTE 3: INSURANCE AND RISK MANAGEMENT

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

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

NOTE 4: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 5: CAPITAL ASSETS

The following is a summary:

Land	\$1,772,422
Buildings	15,453,548
Furniture, Machinery and Equipment - Dwelling	174,813
Furniture, Machinery and Equipment - Admin	743,805
	18,144,588
Total Capital Assets	18,144,588
Accumulated Depreciation	(8,569,346)
	\$9,575,242
Net Capital Assets	\$9,575,242

The following is a summary of changes:

	Balance 12/31/03	Adjust.	Additions	Deletion	Balance 12/31/04
Land	\$1,556,427	\$0	\$215,995	\$0	\$1,772,422
Buildings	14,655,834	0	797,714	0	15,453,548
FME – Dwelling	174,813	0	0	0	174,813
FME – Admin	723,894	0	19,911	0	743,805
	\$17,110,968	\$0	\$1,033,620	\$ 0	\$18,144,588

The depreciation expense for the year ended December 31, 2004 was \$717,156.

NOTE 6: LONG-TERM DEBT

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

- Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property on Moreland Road. \$48,400
- 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. 48,400

WAYNE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2004
 (CONTINUED)

NOTE 6: LONG-TERM DEBT (Continued)

<ul style="list-style-type: none"> • Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2003; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property on Westwood Circle. 	54,100
<ul style="list-style-type: none"> • Loan payable to Bank One to consolidate the existing loans for the purchase of Northview Property and to finance the current year purchases and rehabilitation of the administration building at 345 N Market Street. Total borrowing was \$1,375,00, 	1,366,614
Total Outstanding Debt	1,517,514
Less Current Portion	46,376
Total Long-Term Debt	\$1,471,138

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$46,376	\$79,866	\$126,242
2006	48,822	77,426	126,248
2007	51,261	74,855	126,116
2008	54,034	72,150	126,184
2009	230,471	65,958	296,429
Years After	1,086,550	561,831	1,648,381
Total	\$1,517,514	\$932,086	\$2,449,600

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2004 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$51,101.

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

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer contribution rate was 13.55 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2004, 2003 and 2002 were \$107,920, \$106,780, and \$99,093, respectively. The full amount has been contributed for 2002 and 2003. Ninety-four percent has been contributed for 2004, with the remainder being reported as a liability with the enterprise fund.

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

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2004 was 5.0 percent of covered payroll, which amounted to \$85,652. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

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

carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2002 was \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year ended December 31, 2004 the Wayne Metropolitan Housing Authority implemented Governmental Accounting Standards Board Statement (GASB) No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic financial statements for State and Local Governments: Omnibus; and GASB Statement No. 38, "Certain Financial Statement Note Disclosures".

GASB Statement No. 34 creates new basic financial statements for reporting on the WMHA's financial activities. The financial statements now include entity-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type.

The entity-wide financial statements reflect only enterprise fund activities. The implementation of GASB 34 had no effect on the total enterprise fund equity. However, it did effect the classification of the equity.

WAYNE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues, and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

The table below shows the reclassification adjustment necessary.

	Contributed Capital	Retained Earnings	Invested in Capital Assets, Net Of Debt	Unrestricted Net Assets	Total
Beginning Balance	\$8,816,317	\$491,247	\$0	\$0	\$9,307,564
Reclassification- GASB 34	(8,816,317)	(491,247)	8,554,614	752,950	0
Restated Beginning Balance	0	0	8,554,614	752,950	9,307,564
Fixed Assets Addition	0	0	1,033,620	(1,033,620)	0
Depreciation Expense	0	0	(717,156)	717,156	0
Change in Net Assets	0	0	0	(657,811)	(657,811)
Current Year Debt Proceeds Received	0	0	(812,152)	812,152	0
Prior Period Adjustment			(1,198)	(12,546)	(13,744)
Ending Net Assets	\$0	\$0	\$8,057,728	\$578,281	\$8,636,009

NOTE 11: PRIOR PERIOD ADJUSTMENT

The prior period adjustment of \$13,744 represent an adjusting entry needed to properly state the accumulated depreciation and also to reflect HUD adjustment to the administration fees earned for the year ended December 31, 2003 of \$611.

Wayne Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$275,159	\$14,547	\$0	\$140,161	\$429,867
113	Cash - other restricted	\$0	\$51,151	\$0	\$0	\$51,151
114	Cash - Tenant Security Deposits	\$32,993	\$0	\$0	\$0	\$32,993
115	Cash - restricted for payment of current liability	\$0	\$0	\$0	\$19,373	\$19,373
100	Total Cash	\$308,152	\$65,698	\$0	\$159,534	\$533,384
125	Accounts Receivable - Miscellaneous	\$119,236	\$0	\$0	\$111,077	\$230,313
126	Accounts Receivable - Tenants - Dwelling Rents	\$6,739	\$0	\$0	\$2,545	\$9,284
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$6,114)	\$0	\$0	\$0	(\$6,114)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$119,861	\$0	\$0	\$113,622	\$233,483
131	Investments - Unrestricted	\$100,000	\$0	\$0	\$100,000	\$200,000
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$57,465	\$6,889	\$0	\$5,499	\$69,853
143	Inventories	\$29,063	\$0	\$0	\$533	\$29,596
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$183,587	\$195,797	\$0	\$0	\$379,384
150	Total Current Assets	\$798,128	\$268,384	\$0	\$379,188	\$1,445,700

Wayne Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
161	Land	\$1,532,157	\$0	\$0	\$240,265	\$1,772,422
162	Buildings	\$14,364,735	\$0	\$22,560	\$1,066,253	\$15,453,548
163	Furniture, Equipment & Machinery - Dwellings	\$174,813	\$0	\$0	\$0	\$174,813
164	Furniture, Equipment & Machinery - Administration	\$588,882	\$65,498	\$21,487	\$67,938	\$743,805
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$8,363,047)	(\$64,896)	(\$4,613)	(\$136,790)	(\$8,569,346)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$8,297,540	\$602	\$39,434	\$1,237,666	\$9,575,242
190	Total Assets	\$9,095,668	\$268,986	\$39,434	\$1,616,854	\$11,020,942
312	Accounts Payable <= 90 Days	\$29,281	\$0	\$0	\$5,081	\$34,362
321	Accrued Wage/Payroll Taxes Payable	\$27,948	\$0	\$0	\$0	\$27,948
322	Accrued Compensated Absences - Current Portion	\$63,034	\$0	\$0	\$0	\$63,034
331	Accounts Payable - HUD PHA Programs	\$0	\$56,297	\$0	\$0	\$56,297
333	Accounts Payable - Other Government	\$73,439	\$0	\$0	\$146,470	\$219,909
341	Tenant Security Deposits	\$30,949	\$0	\$0	\$425	\$31,374
342	Deferred Revenues	\$2,783	\$0	\$0	\$1,227	\$4,010
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$31,000	\$0	\$0	\$15,376	\$46,376
347	Interprogram Due To	\$123,370	\$0	\$0	\$256,014	\$379,384
310	Total Current Liabilities	\$381,804	\$56,297	\$0	\$424,593	\$862,694

Wayne Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
703	Net Tenant Rental Revenue	\$412,980	\$0	\$0	\$88,522	\$501,502
705	Total Tenant Revenue	\$412,980	\$0	\$0	\$88,522	\$501,502
706	HUD PHA Operating Grants	\$456,559	\$3,610,610	\$179,183	\$0	\$4,246,352
706.1	Capital Grants	\$0	\$0	\$42,470	\$0	\$42,470
711	Investment Income - Unrestricted	\$1,707	\$0	\$0	\$7,292	\$8,999
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$1,389	\$0	\$0	\$1,389
715	Other Revenue	\$74,249	\$0	\$0	\$217,503	\$291,752
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$945,495	\$3,611,999	\$221,653	\$313,317	\$5,092,464
911	Administrative Salaries	\$192,306	\$229,560	\$12,451	\$158,522	\$592,839
912	Auditing Fees	\$1,836	\$6,906	\$0	\$0	\$8,742
914	Compensated Absences	(\$6,108)	\$4,840	\$0	\$7,106	\$5,838
915	Employee Benefit Contributions - Administrative	\$97,034	\$102,445	\$5,603	\$53,511	\$258,593
916	Other Operating - Administrative	\$50,911	\$42,495	\$161,129	\$14,304	\$268,839
931	Water	\$56,561	\$0	\$0	\$7,156	\$63,717
932	Electricity	\$69,312	\$0	\$0	\$10,441	\$79,753
933	Gas	\$35,825	\$0	\$0	\$9,416	\$45,241
941	Ordinary Maintenance and Operations - Labor	\$156,458	\$0	\$0	\$0	\$156,458
942	Ordinary Maintenance and Operations - Materials and Other	\$55,992	\$1,014	\$0	\$375	\$57,381

Wayne Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
943	Ordinary Maintenance and Operations - Contract Costs	\$67,750	\$17,456	\$0	\$28,441	\$113,647
945	Employee Benefit Contributions - Ordinary Maintenance	\$80,643	\$0	\$0	\$0	\$80,643
961	Insurance Premiums	\$35,885	\$17,334	\$0	\$1,867	\$55,086
963	Payments in Lieu of Taxes	\$36,377	\$0	\$0	\$7,786	\$44,163
964	Bad Debt - Tenant Rents	\$13,729	\$0	\$0	\$0	\$13,729
967	Interest Expense	\$0	\$0	\$0	\$13,602	\$13,602
969	Total Operating Expenses	\$944,511	\$422,050	\$179,183	\$312,527	\$1,858,271
970	Excess Operating Revenue over Operating Expenses	\$984	\$3,189,949	\$42,470	\$790	\$3,234,193
973	Housing Assistance Payments	\$0	\$3,174,848	\$0	\$0	\$3,174,848
974	Depreciation Expense	\$674,827	\$2,490	\$4,297	\$35,542	\$717,156
900	Total Expenses	\$1,619,338	\$3,599,388	\$183,480	\$348,069	\$5,750,275
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$673,843)	\$12,611	\$38,173	(\$34,752)	(\$657,811)
1103	Beginning Equity	\$7,615,565	\$149,588	\$692,536	\$849,875	\$9,307,564
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$678,142	(\$611)	(\$691,275)	\$0	(\$13,744)
	Ending Equity	\$7,619,864	\$161,588	\$39,434	\$815,123	\$8,636,009
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$10,886	\$10,886

Wayne Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
December 31, 2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$3,952,504	\$0	\$0	\$3,952,504
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$124,163	\$0	\$0	\$124,163
1116	Total Annual Contributions Available	\$0	\$4,076,667	\$0	\$0	\$4,076,667
1120	Unit Months Available	2,688	9,960	0	128	12,776
1121	Number of Unit Months Leased	2,649	9,757	0	128	12,534

Wayne Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended December 31, 2004

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Low Rent Public Housing	14.850a	\$456,559
Housing Choice Voucher Program	14.871	3,610,610
Public Housing Capital Fund Program	14.872	<u>221,653</u>
Total Expenditure of Federal Award		<u><u>\$4,288,822</u></u>



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

Board of Directors
Wayne Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the Financial Statements of the Wayne Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 29, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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



Salvatore Consiglio, CPA, Inc.

June 29, 2005



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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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Wayne Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. Wayne Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wayne Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Wayne Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Wayne Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

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



Salvatore Consiglio, CPA, Inc.

June 29, 2005

Wayne Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2004

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended December 31, 2004.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended December 31, 2004.

Wayne Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2004

The audit report for the fiscal year ending December 31, 2003 contained no audit finding.



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 10, 2005**