

**WAYNE METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 James G. Zupka, CPA, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 10, 2002

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WAYNE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2001

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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  
Wayne Metropolitan Housing Authority  
Wooster, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements of Wayne Metropolitan Housing Authority, as of and for the year ended December 31, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Wayne Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Metropolitan Housing Authority, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As described in Note 1, during the year ended December 31, 2001, the Wayne Metropolitan Housing Authority adopted Governmental Accounting Standards Board Statements No. 33 and 36.

In accordance with Government Auditing Standards, we have also issued a report dated May 28, 2002 on our consideration of Wayne Metropolitan Housing Authority's internal control over financial reporting and our 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 when considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules of Modernization Costs - Uncompleted and Completed are presented for purposes of additional analysis and are not a required part of the financial statements of the Wayne Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

May 28, 2002

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James G. Zupka  
Certified Public Accountant

WAYNE METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

**ASSETS**

|  |                     |
|--|---------------------|
| Cash and Cash Equivalents                      | \$ 198,025          |
| Investments                                    | 239,118             |
| Receivables - Net of Allowance                 | 572,610             |
| Due from Other Funds                           | 121,873             |
| Inventories - Net of Allowance                 | 44,219              |
| Deferred Charges and Other Assets              | 13,762              |
| Fixed Assets - Net of Accumulated Depreciation | 8,733,534           |
| <b>Total Assets</b>                            | <b>\$ 9,923,141</b> |

**LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS**

|  |                |
|--|----------------|
| Accounts Payable                       | \$ 66,192      |
| Due to Other Funds                     | 121,873        |
| Intergovernmental Payable              | 147,254        |
| Accrued Wages/Payroll Taxes            | 47,031         |
| Accrued Compensated Absences           | 57,646         |
| Tenant Security Deposits               | 28,840         |
| Deferred Credits and Other Liabilities | 41,540         |
| <b>Total Liabilities</b>               | <b>510,376</b> |

**EQUITY AND RETAINED EARNINGS**

|  |                  |
|--|------------------|
| Project Notes (HUD Forgivable)                   | 6,718,676        |
| Contributed Capital                              | 2,235,452        |
| Retained Earnings                                | 458,637          |
| <b>Total Retained Earnings and Other Credits</b> | <b>9,412,765</b> |

|  |                     |
|--|---------------------|
| <b>Total Liabilities, Retained Earnings, and Other Credits</b> | <b>\$ 9,923,141</b> |
|--|---------------------|

See accompanying notes to the general purpose financial statements.



WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

**OPERATING REVENUE**

|                                    |            |
|------------------------------------|------------|
| Tenant Revenue                     | \$ 411,405 |
| Program Operating Grants/Subsidies | 3,982,070  |
| Other Income                       | 219,337    |
| <b>Total Operating Revenue</b>     | 4,612,812  |

**OPERATING EXPENSES**

|                                 |           |
|---------------------------------|-----------|
| Administrative                  | 930,683   |
| Tenant Services                 | 245       |
| Utilities                       | 141,208   |
| Maintenance                     | 336,245   |
| General                         | 55,628    |
| Bad Debts                       | 6,005     |
| Housing Assistance Payments     | 2,757,267 |
| Depreciation                    | 607,396   |
| <b>Total Operating Expenses</b> | 4,834,677 |
| <b>Net Operating Loss</b>       | (221,865) |

**NON-OPERATING REVENUE**

|  |             |
|--|-------------|
| Interest Income                          | 18,790      |
| <b>Net Loss</b>                          | (203,075)   |
| Equity, Beginning of Period, as Restated | 9,615,840   |
| Contributed Capital - Current Period     | 0           |
| <b>EQUITY, END OF PERIOD</b>             | \$9,412,765 |

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |               |
|--|---------------|
| Cash Received from HUD                           | \$ 3,914,759  |
| Cash Received From Tenants                       | 360,989       |
| Cash Payments for Housing Assistance Payments    | (2,757,267)   |
| Cash Payments for Administrative                 | (925,420)     |
| Cash Payments for Other Operating Expenses       | (461,847)     |
| Cash Payments to HUD and Other Governments       | (37,961)      |
| <b>Net Cash Provided by Operating Activities</b> | <b>93,253</b> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Acquisition and Construction of Capital Assets                             | (272,420)        |
| <b>Net Cash Provided by Capital and Other Related Financing Activities</b> | <b>(272,420)</b> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                  |
|--|------------------|
| Investment Income                                  | 18,790           |
| Purchase of Investments                            | (26,391)         |
| <b>Net Cash Provided from Investing Activities</b> | <b>(7,601)</b>   |
| <b>Net Increase in Cash and Cash Equivalents</b>   | <b>(186,768)</b> |
| CASH AND CASH EQUIVALENTS, BEGINNING               | 384,793          |
| CASH AND CASH EQUIVALENTS, ENDING                  | \$ 198,025       |

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

|   |              |
|---|--------------|
| Net Operating Loss  | \$ (221,865) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities - Depreciation Expense | 607,396      |
| (Increase) Decrease in:   |              |
| Receivables - Net of Allowance  | (249,224)    |
| Due From Other Funds  | (86,743)     |
| Deferred Charges and Other Assets   | (2,561)      |
| Increase (Decrease) in:   |              |
| Accounts Payable  | 50,746       |
| Due to Other Funds  | 86,743       |
| Intergovernmental Payable   | 109,293      |
| Accrued Wages/Payroll Taxes and Compensated Absences  | 5,263        |
| Tenants Security Deposits   | 2,042        |
| Deferred Credits and Other Liabilities  | (207,837)    |

|  |                  |
|--|------------------|
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> | <b>\$ 93,253</b> |
|--|------------------|

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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.

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

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

**Reporting Entity** (Continued)

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.

**Fund Accounting**

The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and public housing 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 GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(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 on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**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 2001 totaled \$18,790.

**Fixed Assets**

Fixed 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.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(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**

Inventories are stated at cost. The allowance for obsolete inventory was \$0 at December 31, 2001.

**Capital Contributions**

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

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

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

**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.

**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.

**Change in Accounting Principle**

For December 31, 2001, the Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. GASB Statement No. 36 modified the provisions of GASB Statement No. 33 for certain specific nonexchange revenues.

GASB Statement No. 33 and GASB Statement No. 36 were required for the current year. These statements clarified the timing requirements for recognizing assets, liabilities, revenues and expenditures/expenses associated with nonexchange transactions. As a result of implementation of these statements, there was no impact on prior year balances. Therefore, restatement of prior year balances is not necessary.

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 (STAROhio), 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.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

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

***Legal and Other Requirements*** (Continued)

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:

**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 institutions'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).



WAYNE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (CONTINUED)

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

**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 Wayne Metropolitan Housing Authority's deposits was \$168,025 and the bank balance was \$215,353. The difference represents outstanding checks and other in transit items. Of the bank balance, \$196,654 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** - Wayne Metropolitan Housing 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               | Certificates of Deposit | \$ 269,118        | \$ 269,118        |
| Totals          |                         | <u>\$ 269,118</u> | <u>\$ 269,118</u> |

A reconciliation of cash and investments as shown on the Balance Sheet follows:

|                                |                   |
|--------------------------------|-------------------|
| Cash and Cash Equivalents      | \$ 198,025        |
| Investments                    | 239,118           |
| Totals                         | <u>\$ 437,143</u> |
| Carrying Amount of Deposits    | \$ 168,025        |
| Carrying Amount of Investments | 269,118           |
| Totals                         | <u>\$ 437,143</u> |

WAYNE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (CONTINUED)

NOTE 3: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

NOTE 4: **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 coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 5: **FIXED ASSETS**

The following is a summary:

|  |                            |
|--|----------------------------|
| Land                                     | \$ 1,439,507               |
| Buildings                                | 11,767,772                 |
| Furniture and Equipment - Dwellings      | 1,301,781                  |
| Furniture and Equipment - Administrative | 719,335                    |
| Totals                                   | <u>15,228,395</u>          |
| Accumulated Depreciation                 | (6,494,861)                |
| NET FIXED ASSETS                         | <u><u>\$ 8,733,534</u></u> |

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

NOTE 5: **FIXED ASSETS** (Continued)

The following is a summary of changes:

|  | Balance<br><u>12/31/00</u> | <u>Additions</u>      | <u>Deletions</u> | Balance<br><u>12/31/01</u> |
|--|----------------------------|-----------------------|------------------|----------------------------|
| Land                                   | \$ 1,439,507               | \$ 0                  | \$ 0             | \$ 1,439,507               |
| Buildings                              | 11,598,895                 | 168,877               | 0                | 11,767,772                 |
| Furniture and Equipment - Dwellings    | 1,301,781                  | 0                     | 0                | 1,301,781                  |
| Furniture and Equipment-Administrative | 615,792                    | 103,543               | 0                | 719,335                    |
| <br>TOTAL FIXED ASSETS                 | <br><u>\$ 14,955,975</u>   | <br><u>\$ 272,420</u> | <br><u>\$ 0</u>  | <br><u>\$ 15,228,395</u>   |

Depreciation is calculated using the straight line method with lives varying between 5 and 20 years. The depreciation expense for the year ended December 31, 2001 was \$607,396.

NOTE 6: **NOTES PAYABLE**

In prior years, the Authority was granted development loans for the public housing projects by HUD. The interest rates on these loans ranged from 6.25 to 10.00 percent. As of December 31, 2001, the principal balance was \$4,980,542, with an accrued interest payable of \$1,738,134 for a total debt of \$6,718,676. No payments have been made on these notes and is pending on being forgiven by HUD. Presently, the principal and interest payable of \$6,718,676 are included in the equity section of the balance sheet.

NOTE 7: **RESTATEMENT OF RETAINED EARNINGS AND OTHER CREDIT**

Beginning retained earnings and other credits at January 1, 2001 have been restated due to the following items:

|  |                        |
|--|------------------------|
| Beginning Retained Earnings and Other Credits, January 1, 2001             | \$9,638,258            |
| Prior Period Adjustments:  |                        |
| Write off of HUD Receivable from 1994 - Voucher Program                    | (20,721)               |
| Other Adjustments  | (1697)                 |
| <br>Total Prior Period Adjustments   | <br><u>(22,418)</u>    |
| Beginning Retained Earnings and Other Credits,<br>Restated January 1, 2001 | <br><u>\$9,615,840</u> |

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Public Employees Retirement System**

The following information was provided by PERS of Ohio to assist the Authority in complying with GASB Statement No. 27, *Accounting for Pensions of State and Local Government Employees*.

The Authority contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-2222.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll, 9.25 percent to fund the pension and 4.3 percent to fund health care. The 2000 and 1999 employer contribution rates were 10.84 percent and 13.55 percent. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the PERS of Ohio for the years ending December 31, 2001, 2000, and 1999 were \$145,613, \$131,622, and \$136,153, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment 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 PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

**B. Other Postemployment Benefits** (Continued)

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for the year.

A portion of each employer's contribution to PERS is set aside for funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The portion of the employer contribution rate used to fund healthcare was 5.11 percent of covered payroll in each year prior to January 1, 1998. During 1997, PERS adopted a new calculation methodology for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998 employer contributions equal to 4.3 percent of member covered payroll are set aside to fund healthcare expenses. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB. The Authority's total contributions to PERS for postretirement benefits were \$46,159, \$41,724, and \$43,160 for the years ended December 31, 2001, 2000, and 1999, respectively.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions, are expected to be sufficient to sustain the program indefinitely.

WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The different between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75 percent. An annual increase of 4.75 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 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

NOTE 9: **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.

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments or material capital or construction commitments at December 31, 2001.

WAYNE METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
DECEMBER 31, 2001

| FDS<br>Line<br>Item<br>No. | Account Description                                | 14.850<br>Low Rent<br>Public Housing | 14.855<br>Section 8<br>Rent VO<br>Program | 14.857<br>Section 8<br>Rent CE<br>Program | 14.852<br>CIAP<br>Program | Capital<br>Fund Project  | WMHA<br>Management       | Total                      |
|----------------------------|--|--------------------------------------|---|---|---------------------------|--------------------------|--------------------------|----------------------------|
| <b>ASSETS</b>              |  |                                      |   |   |                           |                          |                          |                            |
| 111                        | Cash - Unrestricted                                | \$ 47,508                            | \$ 1,918                                  | \$ 0                                      | \$ 0                      | \$ 0                     | \$ 118,599               | \$ 168,025                 |
| 112                        | Cash - Restricted Modernization<br>and Development | 0                                    | 0   | 0   | 0                         | 0                        | 0                        | 0                          |
| 114                        | Cash - Tenant Security Deposit                     | 30,000                               | 0   | 0   | 0                         | 0                        | 0                        | 30,000                     |
| 100                        | <b>Total Cash</b>                                  | <u>77,508</u>                        | <u>1,918</u>                              | <u>0</u>                                  | <u>0</u>                  | <u>0</u>                 | <u>118,599</u>           | <u>198,025</u>             |
| 122                        | A/R - HUD  | 0                                    | 161,868                                   | 67,554                                    | 0                         | 0                        | 0                        | 229,422                    |
| 125                        | A/R - Miscellaneous                                | 144,908                              | 0   | 0   | 0                         | 0                        | 198,280                  | 343,188                    |
| 126                        | A/R Tenants - Dwelling                             | 3,040                                | 0   | 0   | 0                         | 0                        | 0                        | 3,040                      |
| 126.1                      | Allowance for Doubtful Accounts                    | (3,040)                              | 0   | 0   | 0                         | 0                        | 0                        | (3,040)                    |
| 129                        | Accrued Interest Receivable                        | 0                                    | 0   | 0   | 0                         | 0                        | 0                        | 0                          |
| 120                        | <b>Total Accounts Receivable</b>                   | <u>144,908</u>                       | <u>161,868</u>                            | <u>67,554</u>                             | <u>0</u>                  | <u>0</u>                 | <u>198,280</u>           | <u>572,610</u>             |
| 131                        | Investments - Unrestricted                         | 100,000                              | 0   | 0   | 0                         | 0                        | 100,000                  | 200,000                    |
| 132                        | Investments - Restricted                           | 0                                    | 39,118                                    | 0   | 0                         | 0                        | 0                        | 39,118                     |
| 142                        | Prepaid Expenses and Other Assets                  |                                      | 12,648                                    | 1,114                                     | 0                         | 0                        | 0                        | 13,762                     |
| 143                        | Inventories  | 43,510                               | 0   | 0   | 0                         | 0                        | 709                      | 44,219                     |
| 143.1                      | Allowance for Obsolete Inventory                   | 0                                    | 0   | 0   | 0                         | 0                        | 0                        | 0                          |
| 144                        | Interprogram Due From                              | 112,957                              | 0   | 0   | 0                         | 0                        | 8,916                    | 121,873                    |
|                            | <b>Total Other Current Assets</b>                  | <u>269,115</u>                       | <u>40,232</u>                             | <u>0</u>                                  | <u>0</u>                  | <u>0</u>                 | <u>109,625</u>           | <u>418,972</u>             |
| 150                        | <b>Total Current Assets</b>                        | <u>491,531</u>                       | <u>204,018</u>                            | <u>67,554</u>                             | <u>0</u>                  | <u>0</u>                 | <u>426,504</u>           | <u>1,189,607</u>           |
| 161                        | Land   | 1,439,507                            | 0   | 0   | 0                         | 0                        | 0                        | 1,439,507                  |
| 162                        | Buildings  | 11,365,934                           | 0   | 0   | 275,221                   | 126,617                  | 0                        | 11,767,772                 |
| 163                        | Furniture and Equipment-Dwellings                  | 1,301,781                            | 0   | 0   | 0                         | 0                        | 0                        | 1,301,781                  |
| 164                        | Furniture and Equipment -<br>Administrative        | 463,095                              | 63,993                                    | 0   | 20,766                    | 103,543                  | 67,938                   | 719,335                    |
| 165                        | Leasehold Improvements                             | 0                                    | 0   | 0   | 0                         | 0                        | 0                        | 0                          |
| 166                        | Accumulated Depreciation                           | (6,317,845)                          | (57,427)                                  | 0   | (22,501)                  | (29,150)                 | (67,938)                 | (6,494,861)                |
| 160                        | <b>Total Fixed Assets Net</b>                      | <u>8,252,472</u>                     | <u>6,566</u>                              | <u>0</u>                                  | <u>273,486</u>            | <u>201,010</u>           | <u>0</u>                 | <u>8,733,534</u>           |
| 180                        | <b>Total Non-Current Assets</b>                    | <u>8,252,472</u>                     | <u>6,566</u>                              | <u>0</u>                                  | <u>273,486</u>            | <u>201,010</u>           | <u>0</u>                 | <u>8,733,534</u>           |
| 190                        | <b>TOTAL ASSETS</b>                                | <u><u>\$ 8,744,003</u></u>           | <u><u>\$ 210,584</u></u>                  | <u><u>\$ 67,554</u></u>                   | <u><u>\$ 273,486</u></u>  | <u><u>\$ 201,010</u></u> | <u><u>\$ 426,504</u></u> | <u><u>\$ 9,923,141</u></u> |

WAYNE METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
DECEMBER 31, 2001

| FDS<br>Line<br>Item<br>No. | Account Description                  | 14.850<br>Low Rent<br>Public Housing | 14.855<br>Section 8<br>Rent VO<br>Program | 14.857<br>Section 8<br>Rent CE<br>Program | 14.852<br>CIAP<br>Program | Capital<br>Fund Project  | WMHA<br>Management       | Total                      |
|----------------------------|--------------------------------------|--------------------------------------|---|---|---------------------------|--------------------------|--------------------------|----------------------------|
| <b>LIABILITIES</b>         |                                      |                                      |   |   |                           |                          |                          |                            |
| 312                        | Accounts Payable, <= 90 Days         | \$ 16,192                            | \$ 0                                      | \$ 0                                      | \$ 0                      | \$ 0                     | \$ 50,000                | \$ 66,192                  |
| 321                        | Accrued Wages/Payroll Taxes          | 47,031                               | 0   | 0   | 0                         | 0                        | 0                        | 47,031                     |
| 322                        | Accrued Compensated Absences         | 57,646                               | 0   | 0   | 0                         | 0                        | 0                        | 57,646                     |
| 331                        | Accounts Payable - HUD PHA Program   | 0                                    | 0   | 1,108                                     | 0                         | 0                        | 0                        | 1,108                      |
| 333                        | Accounts Payable - Other Governments |                                      | 52,255                                    | 0   | 0                         | 0                        | 0                        | 93,891                     |
| 341                        | Tenant Security Deposits             | 28,840                               | 0   | 0   | 0                         | 0                        | 0                        | 28,840                     |
| 342                        | Deferred Revenues                    | 2,422                                | 0   | 0   | 0                         | 0                        | 0                        | 2,422                      |
| 347                        | Interprogram Due To                  | 0                                    | 104,688                                   | 0   | 0                         | 0                        | 17,185                   | 121,873                    |
| 310                        | <b>Total Current Liabilities</b>     | <u>204,386</u>                       | <u>104,688</u>                            | <u>1,108</u>                              | <u>0</u>                  | <u>0</u>                 | <u>161,076</u>           | <u>471,258</u>             |
| 353                        | Non-Current Liabilities - Other      | 0                                    | 39,118                                    | 0   | 0                         | 0                        | 0                        | 39,118                     |
| 300                        | <b>TOTAL LIABILITIES</b>             | <u>204,386</u>                       | <u>143,806</u>                            | <u>1,108</u>                              | <u>0</u>                  | <u>0</u>                 | <u>161,076</u>           | <u>510,376</u>             |
| 502                        | Project Notes (HUD)                  | 6,718,676                            | 0   | 0   | 0                         | 0                        | 0                        | 6,718,676                  |
| 504                        | Net PHA HUD Contributions            | 1,702,367                            | 0   | 0   | 231,226                   | 0                        | 0                        | 1,933,593                  |
| 507                        | Other Contributions                  | 0                                    | 0   | 0   | 0                         | 0                        | 7,800                    | 7,800                      |
| 508                        | <b>Total Contributed Capital</b>     | <u>8,421,043</u>                     | <u>0</u>                                  | <u>0</u>                                  | <u>231,226</u>            | <u>0</u>                 | <u>7,800</u>             | <u>8,660,069</u>           |
| 512                        | Retained Earnings                    | 118,574                              | 66,778                                    | 66,446                                    | 42,260                    | 201,010                  | 257,628                  | 752,696                    |
| 513                        | <b>Total Equity</b>                  | <u>8,539,617</u>                     | <u>66,778</u>                             | <u>66,446</u>                             | <u>273,486</u>            | <u>201,010</u>           | <u>265,428</u>           | <u>9,412,765</u>           |
| 600                        | <b>TOTAL LIABILITIES AND EQUITY</b>  | <u><u>\$ 8,744,003</u></u>           | <u><u>\$ 210,584</u></u>                  | <u><u>\$ 67,554</u></u>                   | <u><u>\$ 273,486</u></u>  | <u><u>\$ 201,010</u></u> | <u><u>\$ 426,504</u></u> | <u><u>\$ 9,923,141</u></u> |



WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

| FDS<br>Line<br>Item<br>No. | Account Description  | 14.850<br>Low Rent<br>Public Housing | 14.855<br>Section 8<br>Rent VO<br>Program | 14.857<br>Section 8<br>Rent CE<br>Program | 14.852<br>CIAP<br>Program | Capital<br>Fund Project | WMHA<br>Management | Total            |
|----------------------------|--|--------------------------------------|---|---|---------------------------|-------------------------|--------------------|------------------|
| <b>REVENUE</b>             |  |                                      |   |   |                           |                         |                    |                  |
| 703                        | Net Tenant Rental Revenue                                  | \$ 411,405                           | \$ 0                                      | \$ 0                                      | \$ 0                      | \$ 0                    | \$ 0               | \$ 411,405       |
| 704                        | Tenant Revenue - Other                                     | 0                                    | 0   | 0   | 0                         | 0                       | 0                  | 0                |
| 705                        | <b>Total Tenant Revenue</b>                                | <u>411,405</u>                       | <u>0</u>                                  | <u>0</u>                                  | <u>0</u>                  | <u>0</u>                | <u>0</u>           | <u>411,405</u>   |
| 706                        | HUD PHA Grants   | 412,625                              | 2,999,803                                 | 178,165                                   | 22,206                    | 96,851                  | 0                  | 3,709,650        |
| 706.1                      | Capital Grants   | 0                                    | 0   | 0   | 42,260                    | 230,160                 | 0                  | 272,420          |
| 711                        | Investment Income - Unrestricted                           | 9,662                                | 415                                       | 70  | 0                         | 0                       | 8,012              | 18,159           |
| 714                        | Fraud Recovery   | 0                                    | 1,561                                     | 0   | 0                         | 0                       | 0                  | 1,561            |
| 715                        | Other Revenue  | 39,814                               | 140                                       | 0   | 0                         | 0                       | 177,822            | 217,776          |
| 716                        | Gain/Loss on Sale of Fixed Assets                          | 0                                    | 0   | 0   | 0                         | 0                       | 0                  | 0                |
| 720                        | Investment Income Restricted                               | 0                                    | 631                                       | 0   | 0                         | 0                       | 0                  | 631              |
| 700                        | <b>Total Revenue</b>                                       | <u>873,506</u>                       | <u>3,002,550</u>                          | <u>178,235</u>                            | <u>64,466</u>             | <u>327,011</u>          | <u>185,834</u>     | <u>4,631,602</u> |
| <b>EXPENSES</b>            |  |                                      |   |   |                           |                         |                    |                  |
| 911                        | Administrative Salaries                                    | 181,156                              | 234,787                                   | 15,722                                    | 3,313                     | 26,727                  | 107,930            | 569,635          |
| 912                        | Auditing Fees  | 2,001                                | 5,840                                     | 494                                       | 0                         | 0                       | 0                  | 8,335            |
| 914                        | Compensated Absences                                       | (1,367)                              | 1,712                                     | 0   | 0                         | 0                       | 456                | 801              |
| 915                        | Employee Benefit Contributions -<br>Administrative         | 72,320                               | 72,843                                    | 4,843                                     | 1,491                     | 12,027                  | 37,344             | 200,868          |
| 916                        | Other Operating - Administrative                           | 28,213                               | 42,350                                    | 2,785                                     | 17,306                    | 46,289                  | 14,101             | 151,044          |
| 924                        | Tenant Services - Other                                    | 245                                  | 0   | 0   | 0                         | 0                       | 0                  | 245              |
| 931                        | Water  | 53,823                               | 0   | 0   | 0                         | 0                       | 0                  | 53,823           |
| 932                        | Electricity  | 60,227                               | 0   | 0   | 0                         | 0                       | 0                  | 60,227           |
| 933                        | Gas  | 27,158                               | 0   | 0   | 0                         | 0                       | 0                  | 27,158           |
| 938                        | Other Utilities Expense                                    | 0                                    | 0   | 0   | 0                         | 0                       | 0                  | 0                |
| 941                        | Ordinary Maintenance and Operations -<br>Labor             | 153,910                              | 0   | 0   | 0                         | 0                       | 0                  | 153,910          |
| 942                        | Ordinary Maintenance and Operations -<br>Materials         | 40,527                               | 11,321                                    | 753                                       | 96                        | 11,808                  | 0                  | 64,505           |
| 943                        | Ordinary Maintenance and Operations -<br>Construction Cost | 51,543                               | 0   | 0   | 0                         | 0                       | 4,681              | 56,224           |
| 945                        | Employee Benefit Contributions -<br>Ordinary Maintenance   | 61,606                               | 0   | 0   | 0                         | 0                       | 0                  | 61,606           |
| 961                        | Insurance Premiums   | 21,701                               | 4,027                                     | 268                                       | 0                         | 0                       | 0                  | 25,996           |
| 962                        | Other General Expenses                                     | 0                                    | 0   | 0   | 0                         | 0                       | 0                  | 0                |
| 963                        | PILOT  | 29,632                               | 0   | 0   | 0                         | 0                       | 0                  | 29,632           |
| 964                        | Bad Debts - Tenant Rents                                   | 6,005                                | 0   | 0   | 0                         | 0                       | 0                  | 6,005            |
|                            | <b>Total Operating Expenses</b>                            | <u>788,700</u>                       | <u>372,880</u>                            | <u>24,865</u>                             | <u>22,206</u>             | <u>96,851</u>           | <u>164,512</u>     | <u>1,470,014</u> |
| 970                        | Excess Operating Revenues Over<br>Expenses                 | 84,806                               | 2,629,670                                 | 153,370                                   | 42,260                    | 230,160                 | 21,322             | 3,161,588        |

WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

| FDS<br>Line<br>Item<br>No. | Account Description             | 14.850<br>Low Rent<br>Public Housing | 14.855<br>Section 8<br>Rent VO<br>Program | 14.857<br>Section 8<br>Rent CE<br>Program | 14.852<br>CIAP<br>Program | Capital<br>Fund Project  | WMHA<br>Management       | Total                      |
|----------------------------|---------------------------------|--------------------------------------|---|---|---------------------------|--------------------------|--------------------------|----------------------------|
|                            | <b><u>OTHER EXPENSES</u></b>    |                                      |   |   |                           |                          |                          |                            |
| 973                        | Housing Assistance Payments     | \$ 0                                 | \$2,602,426                               | \$ 154,841                                | \$ 0                      | \$ 0                     | \$ 0                     | \$ 2,757,267               |
| 974                        | Depreciation Expense            | 572,530                              | 2,523                                     | 0   | 2,817                     | 29,150                   | 376                      | 607,396                    |
| 900                        | <b>Total Expenses</b>           | <u>1,361,230</u>                     | <u>2,977,829</u>                          | <u>179,706</u>                            | <u>25,023</u>             | <u>126,001</u>           | <u>164,888</u>           | <u>4,834,677</u>           |
| 1000                       | Excess of Revenue Over Expenses | (487,724)                            | 24,721                                    | (1,471)                                   | 39,443                    | 201,010                  | 20,946                   | (203,075)                  |
| 1101                       | Capital Contributions           | 0                                    | 0   | 0   | 0                         | 0                        | 0                        | 0                          |
| 1103                       | Beginning Equity, Restated      | 8,956,431                            | 64,198                                    | 67,774                                    | 305,373                   | 0                        | 244,482                  | 9,638,258                  |
| 1104                       | Prior Period Adjustment         | 70,910                               | (22,141)                                  | 143                                       | (71,330)                  | 0                        | 0                        | (22,418)                   |
|                            | <b>ENDING EQUITY</b>            | <u><u>\$ 8,539,617</u></u>           | <u><u>\$ 66,778</u></u>                   | <u><u>\$ 66,446</u></u>                   | <u><u>\$ 273,486</u></u>  | <u><u>\$ 201,010</u></u> | <u><u>\$ 265,428</u></u> | <u><u>\$ 9,412,765</u></u> |

WAYNE METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2001

|   | <b><u>Federal<br/>CFDA<br/>Number</u></b> | <b><u>Funds<br/>Expended</u></b> |
|---|---|----------------------------------|
| <b><u>From U.S. Department of HUD</u></b>                                 |   |                                  |
| <b><u>Direct Programs</u></b>   |   |                                  |
| Annual Contribution Contract C-524  |   |                                  |
| <b><u>PHA Owned Housing:</u></b>  |   |                                  |
| Public and Indian Housing Operating Subsidy                               | 14.850                                    | \$ 412,625                       |
| Public and Indian Housing Comprehensive<br>Improvement Assistance Program | 14.852                                    | 64,466                           |
| Capital Fund Program  | 14.872                                    | 327,011                          |
| <b>Total PHA Owned Housing</b>  |   | 804,102                          |
| <b><u>Section 8 Cluster</u></b>   |   |                                  |
| Housing Assistance Payments:  |   |                                  |
| Annual Contribution -   |   |                                  |
| Section 8 Rental Certificate Program                                      | 14.857                                    | 178,165                          |
| Section 8 Rental Voucher Program  | 14.855                                    | 2,999,803                        |
| <b>Total Section 8 Cluster</b>  |   | 3,177,968                        |
| <b>Total All Programs</b>   |   | \$3,982,070                      |

WAYNE METROPOLITAN HOUSING AUTHORITY  
WOOSTER, OHIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

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  
 WOOSTER, OHIO  
 STATEMENT OF MODERNIZATION COSTS UNCOMPLETED  
 FOR THE YEAR ENDED DECEMBER 31, 2001

|                                       | <u>OH12PO3650100</u> | <u>OH12PO350101</u> |
|---------------------------------------|----------------------|---------------------|
| Funds Approved                        | \$ 370,789           | \$ 378,208          |
| Funds Expended                        | 280,375              | 50,216              |
| Excess (Deficiency) of Funds Approved | <u>\$ 90,414</u>     | <u>\$ 327,992</u>   |
|                                       |                      |                     |
| Funds Advanced                        | \$ 280,375           | \$ 50,216           |
| Funds Expended                        | 280,375              | 50,216              |
| Excess (Deficiency) of Funds Advanced | <u>\$ 0</u>          | <u>\$ 0</u>         |

WAYNE METROPOLITAN HOUSING AUTHORITY  
 WOOSTER, OHIO  
 STATEMENT OF MODERNIZATION COSTS - COMPLETED  
 TWELVE MONTHS ENDED DECEMBER 31, 2001

1. The total amount of modernization costs of the comprehensive grant is shown below:

|                                       | OH12PO3690899 |
|---------------------------------------|---------------|
| Funds Approved                        | \$ 386,255    |
| Funds Expended                        | 386,255       |
| Excess (Deficiency) of Funds Approved | \$ 0          |
| <br>                                  |               |
| Funds Advanced                        | \$ 386,255    |
| Funds Expended                        | 386,255       |
| Excess (Deficiency) of Funds Advanced | \$ 0          |

2. All modernization work in connection with the comprehensive grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the PHA have been fully paid.
4. There are no undischarged mechanics, laborers, contractors, or material-mens liens against such modernization work or file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed expired.

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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  
Wooster, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the general purpose financial statements of the Wayne Metropolitan Housing Authority as of and for the year ended December 31, 2001, and have issued our report thereon dated May 28, 2002. The Authority adopted Governmental Accounting Standards Board Statements No. 33 and 36 for the year ended December 31, 2001 as described in the Notes to the General Purpose Financial Statements. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Wayne Metropolitan Housing Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Wayne Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 control components 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 audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Wayne Metropolitan Housing Authority in a separate letter dated May 28, 2002.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State and Federal Award Agencies and is not intended to be and should not be used by anyone other than these specified parties.

May 28, 2002

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James G. Zupka  
Certified Public Accountant



**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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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 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 2001. Wayne Metropolitan Housing Authority'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'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'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 on Wayne Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Wayne Metropolitan Housing Authority 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, 2001. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

**Internal Control Over Compliance**

The management of the Wayne Metropolitan Housing Authority 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 Wayne Metropolitan Housing Authority's internal control over compliance with 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.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be used by anyone other than these specified parties.

May 28, 2002

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James G. Zupka  
Certified Public Accountant

WAYNE METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & .505  
 DECEMBER 31, 2001

1. **SUMMARY OF AUDITOR'S RESULTS**

|            |  |  |
|------------|--|--|
| 2001(i)    | Type of Financial Statement Opinion  | Unqualified                              |
| 2001(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?               | No                                       |
| 2001(ii)   | Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?      | No                                       |
| 2001(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                              | No                                       |
| 2001(iv)   | Were there any material internal control weakness conditions reported for major federal programs?                    | No                                       |
| 2001(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs?            | No                                       |
| 2001(v)    | Type of Major Programs' Compliance Opinion   | Unqualified                              |
| 2001(vi)   | Are there any reportable findings under .510?  | No                                       |
| 2001(vii)  | Major Programs (list):<br>1. Section 8 Cluster 14.857 & 14.855<br>2. Public Housing 14.850<br>3. Capital Fund 14.872 |  |
| 2001(viii) | Dollar Threshold: Type A\B Programs  | Type A;>\$300,000<br>Type B:> all others |
| 2001(ix)   | Low Risk Auditee?  | Yes                                      |

WAYNE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
(CONTINUED)  
DECEMBER 31, 2001

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
AUGUST 6, 2002**