

**WAYNE METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. 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. Wayne Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 12, 2017

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**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**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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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board  
Wayne Metropolitan Housing Authority  
Wooster, Ohio, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, as of December 31, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wayne Metropolitan Housing Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.



The Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the Wayne Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne Metropolitan Housing Authority's internal control over financial reporting and compliance.



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

May 17, 2017

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

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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 2016 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 position increased by \$302,782 or 5.3 percent from what was reported at December 31, 2015. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position.
- Revenues increased by \$218,672 or 3.2 percent during 2016.
- The total expenses of all Authority programs increased by \$33,501, or 0.5 percent during 2016.

**Overview of the Authority's Financial Statements**

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

These Statements include a *Statement of Net Position*, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflow of resources, equal "Net Position", 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 Position (the "*Unrestricted* Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position 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 Position: Net Position is restricted, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

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Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”.

The Authority’s financial statements also include a *Statement of Revenues, Expenses and Changes in Net Position* (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 Net Position is the “Change in Net Position”, 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.

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

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

State/Local - State/Local represents Authority owned housing properties that are not subsidized by HUD, management services that the Authority provides to a local non-profit entity under contract for management (Secret Village Apartments); Community Housing Impact and Preservation programs that the Authority administers and implements under contract with both Wayne County and the City of Wooster; and a multi-family project that is subsidized by USDA Rural Development (Shreve Manor Apartments). The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

The Authority's properties not subsidized by HUD or USDA Rural Development are generally dedicated to clients of the local Board of Development Disabilities (DD) or the local Mental Health and Recovery Board (MHRB). Some of these properties have debt attached to them, however most received a portion of their acquisition costs from either client-family contributions, from the State of Ohio Community Capital Assistance Funds applied for through the Board of DD, or from a forgivable loan from the Ohio Department of Mental Health.

The Authority's management contract is with a not-for-profit entity that depends on the Authority to handle all of its management concerns including day-to-day operations as well as corporate accounting and reporting.

**Condensed Financial Statements**

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

**Table 1 - Condensed Statement of Net Position Compared to Prior Year**

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| <b><u>Assets</u></b>  |                     |                     |
| Current and Other Assets  | \$ 1,601,130        | \$ 1,171,383        |
| Capital and Non-Current Assets  | <u>7,960,492</u>    | <u>7,768,188</u>    |
| <b>Total Assets</b>   | <u>9,561,622</u>    | <u>8,939,571</u>    |
| <b>Deferred Outflows</b>  | <u>452,803</u>      | <u>134,493</u>      |
| <b>Total Assets and Deferred Outflow of Resources</b>                   | <u>\$10,014,425</u> | <u>\$ 9,074,064</u> |
| <b><u>Liabilities</u></b>   |                     |                     |
| Current Liabilities   | \$ 509,037          | \$ 613,751          |
| Long-term Liabilities   | <u>3,214,557</u>    | <u>2,783,268</u>    |
| <b>Total Liabilities</b>  | <u>3,723,594</u>    | <u>3,397,019</u>    |
| Deferred Inflow of Resources  | 325,213             | 14,209              |
| <b><u>Net Position</u></b>  |                     |                     |
| Net Investment in Capital Assets  | 5,608,213           | 5,354,834           |
| Restricted  | 133,105             | 105,688             |
| Unrestricted  | <u>224,300</u>      | <u>202,314</u>      |
| <b>Total Net Position</b>   | <u>5,965,618</u>    | <u>5,662,836</u>    |
| <b>Total Liabilities, Deferred Inflow of Resources and Net Position</b> | <u>\$10,014,425</u> | <u>\$ 9,074,064</u> |

For more detail information, see Statement of Net Position presented on page 10.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

**Major Factors Affecting the Statement of Net Position**

During 2016, current assets increased by \$429,747, and current liabilities decreased by \$104,714. The large increase in current assets is mostly due to advance Housing Choice Voucher subsidy received from the U.S. Department of HUD at the end of 2016 for the first month of 2017. The decrease in liabilities is due mostly to a decrease in accrued liabilities and current portion of long-term debt due to mortgage refinancing. The large increase in Deferred Inflows would again be the result of the advance Housing Choice Voucher subsidy that was received.

Net Investment in Capital Assets also increased from \$5,354,834 to \$5,608,213. The \$253,379 increase can be attributed to significant improvements and rehabilitation of several properties in 2016, offset by regular annual depreciation. For more detail see "Capital Assets" presented later in this report.

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

**Table 2 - Change of Unrestricted Net Position**

|  | <u>Unrestricted</u> | <u>Restricted</u> | <u>Investment In<br/>Capital Assets</u> |
|--|---------------------|-------------------|---|
| Beginning Balance - January 1, 2016          | \$ 202,314          | \$ 105,688        | \$ 5,354,834                            |
| Results of Operation                         | 302,782             | 0                 | 0                                       |
| Adjustments:                                 |                     |                   |   |
| Current Year Depreciation Expense (1)        | 465,114             | 0                 | (465,114)                               |
| Capital Expenditure, Net of Disposal (2)     | (657,900)           | 0                 | 657,900                                 |
| Current Year Debt Proceeds Net of Retirement | (60,593)            | 0                 | 60,593                                  |
| Transfer to Restricted Net Position          | (27,417)            | 27,417            | 0                                       |
| Ending Balance - December 31, 2016           | <u>\$ 224,300</u>   | <u>\$ 133,105</u> | <u>\$ 5,608,213</u>                     |

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

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

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position 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 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

|   | <u>2016</u>       | <u>2015</u>         |
|---|-------------------|---------------------|
| <b><u>Revenues</u></b>                  |                   |                     |
| Total Tenant Revenues - Rents and Other | \$ 967,763        | \$ 990,200          |
| Operating Subsidies                     | 5,785,229         | 5,488,860           |
| Capital Grants                          | 98,894            | 88,435              |
| Investment Income                       | 1,407             | 790                 |
| Other Revenues                          | <u>213,133</u>    | <u>279,469</u>      |
| <b>Total Revenues</b>                   | <u>7,066,426</u>  | <u>6,847,754</u>    |
| <br>                                    |                   |                     |
| <b><u>Expenses</u></b>                  |                   |                     |
| Administrative                          | 1,205,897         | 1,162,173           |
| Utilities                               | 373,368           | 345,898             |
| Maintenance                             | 677,170           | 610,449             |
| General and Interest Expenses           | 254,149           | 248,598             |
| Housing Assistance Payments             | 3,787,946         | 3,932,611           |
| Depreciation                            | <u>465,114</u>    | <u>430,414</u>      |
| <b>Total Expenses</b>                   | <u>6,763,644</u>  | <u>6,730,143</u>    |
| <br>                                    |                   |                     |
| Prior Period Adjustment                 | <u>0</u>          | <u>(678,022)</u>    |
| <br>                                    |                   |                     |
| Net Increases (Decreases)               | <u>\$ 302,782</u> | <u>\$ (560,411)</u> |

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**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

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

Tenant revenue decreased \$22,437 during 2016 in comparison to 2015. The decrease was due to lower occupancy levels in several projects during the year. Capital Grants show an increase of \$10,459 from 2015 due to a slightly increased amount of spending for capital expenditures from the grant in the year. Overall total revenue increased by \$218,672 from 2015, due to a large state-funded capital improvement grant received, offset slightly by decreased federal subsidy.

Maintenance expense increased by \$66,721 compared to 2015. This was the result of increased repairs and maintenance over most projects, as well as increased billed labor rates. All other operating expense categories experienced modest increases or decreases of 10 percent or less.

**Capital Assets**

As of year-end, the Authority had \$7,642,827 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$192,786 or about 2.6 percent from the end of 2015. This increase was mainly a net result of significant improvements and rehabilitation of several properties, combined with the accumulated depreciation of all properties and other fixed assets.

**Table 4 - Condensed Statement of Changes in Capital Assets**

|                                      | 2016                | 2015                |
|--------------------------------------|---------------------|---------------------|
| Land and Land Rights                 | \$ 2,297,914        | \$ 2,274,254        |
| Buildings and Improvements/Additions | 20,071,964          | 19,285,791          |
| Furniture and Equipment              | 704,670             | 697,427             |
| Construction in Progress             | 13,662              | 178,888             |
| Accumulated Depreciation             | (15,445,383)        | (14,986,319)        |
| <b>Total Capital Assets</b>          | <b>\$ 7,642,827</b> | <b>\$ 7,450,041</b> |

The following reconciliation identifies the change in Capital Assets.

**Table 5 - Change in Capital Assets**

|   |                    |
|---|--------------------|
| Beginning Balance - January 1, 2016               | \$7,450,041        |
| Current Year Additions                            | 657,900            |
| Current Year Depreciation Expense                 | (465,114)          |
| Adjustments to A/D - Disposal of Assets           | 6,050              |
| Disposal of Assets                                | (6,050)            |
| Ending Balance - December 31, 2016                | <u>\$7,642,827</u> |
| Current Year Additions are summarized as follows: |                    |
| Building Improvements and Additions               | \$ 809,833         |
| Equipment Additions                               | 13,293             |
| Change in Construction in Progress                | (165,226)          |
| Total 2016 Additions                              | <u>\$ 657,900</u>  |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

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**Debt Outstanding**

As of year-end, the Authority has \$2,034,614 in debt (mortgages) outstanding compared to \$2,095,207 in the previous year. The \$60,593 decrease was a net result of principal payments made on current debt during the year, as well as the addition of new debt for the rehabilitation of a property that was purchased during the year, as well as the addition and consolidation of new and existing debt for the addition and rehabilitation of several properties during the year.

**Table 6 - Condensed Statement of Changes in Debt Outstanding**

|                                     |                    |
|-------------------------------------|--------------------|
| Beginning Balance - January 1, 2016 | \$ 2,095,207       |
| Current Year Loans                  | 273,269            |
| Current Year Loan Retirements       | <u>(333,862)</u>   |
| Ending Balance - December 31, 2016  | <u>\$2,034,614</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.

**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, fax: (330) 263-1521, e-mail address [spopp@waynemha.org](mailto:spopp@waynemha.org).



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

**Current Assets**

|                                      |                  |
|--------------------------------------|------------------|
| Cash and Cash Equivalents            | \$ 775,892       |
| Restricted Cash and Cash Equivalents | 632,999          |
| Receivables, Net                     | 63,485           |
| Inventory                            | 27,919           |
| Prepaid Expenses and Other Assets    | 100,835          |
| <b>Total Current Assets</b>          | <u>1,601,130</u> |

**Noncurrent Assets**

|                                 |                  |
|---------------------------------|------------------|
| Non-depreciable Capital Assets  | 2,311,576        |
| Depreciable Capital Assets, Net | 5,331,251        |
| Other Noncurrent Assets         | 317,665          |
| <b>Total Noncurrent Assets</b>  | <u>7,960,492</u> |

|                                      |                |
|--------------------------------------|----------------|
| <b>Deferred Outflow of Resources</b> | <u>452,803</u> |
|--------------------------------------|----------------|

|   |                             |
|---|-----------------------------|
| <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b> | <u><u>\$ 10,014,425</u></u> |
|---|-----------------------------|

**LIABILITIES**

**Current Liabilities**

|  |                |
|--|----------------|
| Accrued Compensated Absences - Current | \$ 9,828       |
| Tenant Security Deposits               | 67,623         |
| Unearned Revenue                       | 51,329         |
| Accrued Wages and Payroll Taxes        | 67,481         |
| Intergovernmental Payable              | 109,204        |
| Other Current Liabilities              | 72,155         |
| Current Portion of Long-Term Debt      | 131,417        |
| <b>Total Current Liabilities</b>       | <u>509,037</u> |

**Noncurrent Liabilities**

|   |                  |
|---|------------------|
| Noncurrent Liabilities - Other          | 161,746          |
| Net Pension Liability                   | 1,149,614        |
| Long-Term Debt - Net of Current Portion | 1,903,197        |
| <b>Total Noncurrent Liabilities</b>     | <u>3,214,557</u> |
| <b>Total Liabilities</b>                | <u>3,723,594</u> |

**DEFERRED INFLOW OF RESOURCES**

|   |                |
|---|----------------|
| Housing Assitance Payment                 | 300,675        |
| Pension                                   | 24,538         |
| <b>Total Deferred Inflow of Resources</b> | <u>325,213</u> |

**NET POSITION**

|                                  |                  |
|----------------------------------|------------------|
| Net Investment in Capital Assets | 5,608,213        |
| Unrestricted                     | 224,300          |
| Restricted                       | 133,105          |
| <b>Total Net Position</b>        | <u>5,965,618</u> |

|   |                             |
|---|-----------------------------|
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u><u>\$ 10,014,425</u></u> |
|---|-----------------------------|

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|   |                                |
|---|--------------------------------|
| <b><u>Operating Revenues</u></b>                      |                                |
| Government Grants                                     | \$ 5,785,229                   |
| Tenant Revenue  | 967,763                        |
| Other Revenue   | <u>213,133</u>                 |
| <b>Total Operating Revenues</b>                       | <b><u>6,966,125</u></b>        |
| <br><b><u>Operating Expenses</u></b>                  |                                |
| Administrative  | 1,205,862                      |
| Tenant Services                                       | 35                             |
| Utilities   | 373,368                        |
| Maintenance   | 677,170                        |
| General   | 187,228                        |
| Housing Assistance Payments                           | <u>3,787,946</u>               |
| <b>Total Operating Expenses Before Depreciation</b>   | <b><u>6,231,609</u></b>        |
| Income (Loss) Before Depreciation                     | 734,516                        |
| <br>Depreciation                                      | <br><u>465,114</u>             |
| <b>Operating Income (Loss)</b>                        | <b><u>269,402</u></b>          |
| <br><b><u>Non-Operating Revenues (Expenses)</u></b>   |                                |
| Interest and Investment Revenue                       | 1,407                          |
| Interest Expense                                      | <u>(66,921)</u>                |
| <b>Total Non-Operating Revenues (Expenses)</b>        | <b><u>(65,514)</u></b>         |
| Income (Loss) Before Capital Grants and Contributions | 203,888                        |
| <br>Capital Grants                                    | <br><u>98,894</u>              |
| <b>Change in Net Position</b>                         | <b><u>302,782</u></b>          |
| <br>Total Net Position, Beginning of Year             | <br><u>5,662,836</u>           |
| <br><b>Net Position, End of Year</b>                  | <br><b><u>\$ 5,965,618</u></b> |

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   |                            |
|---|----------------------------|
| <b><u>Cash Flows from Operating Activities</u></b>  |                            |
| Cash Received from Federal Operating Grants   | \$ 6,092,935               |
| Cash Received From Tenants  | 1,011,264                  |
| Cash Payments for Housing Assistance  | (3,787,946)                |
| Cash Payments for Administrative Expenses   | (1,141,232)                |
| Cash Payments for Other Operating Expenses  | (1,265,538)                |
| Cash Received - Other   | 210,173                    |
| <b>Net Cash (Provided) by Operating Activities</b>  | <b><u>1,119,656</u></b>    |
| <br><b><u>Cash Flows from Capital and Related Financing Activities</u></b>                      |                            |
| Acquisition of Capital Assets   | (657,900)                  |
| Capital Grants and Contributions  | 98,894                     |
| Debt Proceeds   | 273,269                    |
| Debt Payments (Including Interest)  | (400,783)                  |
| <b>Net Cash Provided by Capital and Other Related Financing Activities</b>                      | <b><u>(686,520)</u></b>    |
| <br><b><u>Cash Flows from Investing Activities</u></b>  |                            |
| Payments on Notes Receivable  | 2,400                      |
| Interest and Investment Income Received   | 1,407                      |
| <b>Net Cash Provided by Investing Activities</b>  | <b><u>3,807</u></b>        |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 436,943                    |
| Cash and Cash Equivalents, Beginning  | <u>971,948</u>             |
| <b>Cash and Cash Equivalents, Ending</b>  | <b><u>\$ 1,408,891</u></b> |
| <br><b><u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u></b> |                            |
| Net Operating (Loss)  | \$ 269,402                 |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities            |                            |
| Depreciation  | 465,114                    |
| (Increase) Decrease in:   |                            |
| Accounts Receivable - Tenant  | 2,427                      |
| Accounts Receivable - Other   | 11,955                     |
| Prepaid Expenses  | (10,110)                   |
| Inventory   | 2,924                      |
| Net Pension Asset   | (1,918)                    |
| Deferred Outflow of Resources   | (318,310)                  |
| Increase (Decrease) in:   |                            |
| Accounts Payable  | (911)                      |
| Intergovernmental Payable   | (4,984)                    |
| Accrued Compensated Absences  | (9,308)                    |
| Tenant Security Deposits  | (1,021)                    |
| Accrued Wages and Payroll Taxes   | 19,644                     |
| Non-Current Liabilities   | 52,177                     |
| Net Pension Liability   | 364,193                    |
| Deferred Inflow of Resources  | 311,004                    |
| Other Current Liabilities and Unearned Revenue  | (32,622)                   |
| <b>Net Cash Used by Operating Activities</b>  | <b><u>\$ 1,119,656</u></b> |

See accompanying notes to the basic financial statements.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Reporting Entity**

The Wayne Metropolitan Housing Authority ( the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, and certificate of deposits regardless of maturity, to be cash equivalents.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

|                       |          |
|-----------------------|----------|
| Buildings             | 30 years |
| Building Improvements | 15 years |
| Land Improvements     | 15 years |
| Equipment             | 5 years  |
| Autos                 | 5 years  |
| Computers             | 5 years  |

**Capitalization of Interest**

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

**Investments**

Investments are stated at fair value. Cost based measures of fair value are applied to nonnegotiable certificates of deposit and money market investments.

**Compensated Absences**

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

**Pensions**

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and Housing Assistance Payments. Deferred inflows of resources related to pension are explained in Note 6. Deferred inflows of resources related to Housing Assistance Payments represent 2017 payments received in 2016 and reported as such under GASB 65, "Items Previously Reported as Assets and Liabilities", as prescribed by HUD.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

**Cash on Hand**

At December 31, 2016, the carrying amount of the Authority's deposits was \$1,408,891 (including \$632,999 of restricted funds, and \$200 of petty cash).

At December 31, 2016, the bank balance of the Authority's cash deposits was \$1,465,006. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2016, deposits totaling \$918,064 were covered by Federal Depository Insurance and deposits totaling \$546,942 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2016, the Authority had no investments.

**Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

**Credit Risk**

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

**Concentration of Credit Risk**

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represent 100 percent of its deposits.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$632,999 on the financial statements represents the following:

|   |                   |
|---|-------------------|
| Excess cash advanced to the Housing Choice Voucher Program by |                   |
| HUD for Housing Assistance Payments                           | \$ 367,484        |
| Tenant Security Deposits                                      | 67,623            |
| FSS Escrow Funds  | 52,177            |
| Reserve for Replacement and Mortgage Sinking Fund             | 66,296            |
| Restricted for Payment of Current Liabilities                 | <u>79,419</u>     |
| Total Restricted Cash   | <u>\$ 632,999</u> |

*This is intentionally left blank.*

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at December 31, 2016 by class is as follows:

|  | Balance<br>12/31/2015 | Reclasses        | Additions         | Deletions      | Balance<br>12/31/2016 |
|--|-----------------------|------------------|-------------------|----------------|-----------------------|
| <b><u>Capital Assets Not Being Depreciated</u></b>   |                       |                  |                   |                |                       |
| Land   | \$ 2,274,254          | \$ 7,000         | \$ 16,660         | \$ 0           | \$ 2,297,914          |
| Construction in Progress                             | 178,888               | (205,929)        | 40,703            | 0              | 13,662                |
| <b>Total Capital Assets Not Being Depreciated</b>    | <u>2,453,142</u>      | <u>(198,929)</u> | <u>57,363</u>     | <u>0</u>       | <u>2,311,576</u>      |
| <b><u>Capital Assets Being Depreciated</u></b>       |                       |                  |                   |                |                       |
| Buildings and Improvements                           | 19,285,791            | 198,929          | 587,244           | 0              | 20,071,964            |
| Furniture, Equipment, and Machinery - Dwellings      | 166,322               | 0                | 8,973             | (253)          | 175,042               |
| Furniture, Equipment, and Machinery - Administrative | 531,105               | 0                | 4,320             | (5,797)        | 529,628               |
| <b>Subtotal Capital Assets Being Depreciated</b>     | <u>19,983,218</u>     | <u>198,929</u>   | <u>600,537</u>    | <u>(6,050)</u> | <u>20,776,634</u>     |
| <b><u>Accumulated Depreciation</u></b>               |                       |                  |                   |                |                       |
| Buildings & Improvements                             | (14,415,559)          | 0                | (416,736)         | 0              | (14,832,295)          |
| Furniture & Equipment - Dwellings                    | (157,450)             | 0                | (5,919)           | 253            | (163,116)             |
| Furniture & Equipment - Administrative               | (413,310)             | 0                | (42,459)          | 5,797          | (449,972)             |
| <b>Total Accumulated Depreciation</b>                | <u>(14,986,319)</u>   | <u>0</u>         | <u>(465,114)</u>  | <u>6,050</u>   | <u>(15,445,383)</u>   |
| <b>Capital Assets Being Depreciated, Net</b>         | <u>4,996,899</u>      | <u>198,929</u>   | <u>135,423</u>    | <u>0</u>       | <u>5,331,251</u>      |
| <b>Total Capital Assets, Net</b>                     | <u>\$ 7,450,041</u>   | <u>\$ 0</u>      | <u>\$ 192,786</u> | <u>\$ 0</u>    | <u>\$ 7,642,827</u>   |

**NOTE 5: RESTRICTED NET ASSETS**

The Authority's restricted net assets are as follows:

|   |                   |
|---|-------------------|
| Section 8 Housing Choice Voucher funds provided for Housing Assistance Payments in excess of the amounts used | \$ 66,809         |
| Reserve for Replacement & Mortgage Sinking Funds  | <u>66,296</u>     |
| Total   | <u>\$ 133,105</u> |

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Net Pension Liability* (Continued)

Plan Description - Wayne MHA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Net Pension Liability* (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

| <b>Group A</b>  | <b>Group B</b>  | <b>Group C</b>  |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013   | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013                       | Members not in other Groups and members hired on or after January 7, 2013   |
| <b>State and Local</b>  | <b>State and Local</b>  | <b>State and Local</b>  |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit         |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|   | <u>State<br/>and Local</u> |
|---|----------------------------|
| <b>2016 Statutory Maximum Contribution Rates:</b> |                            |
| Employer  | 14.0%                      |
| Employee  | 10.0%                      |
| <br><b>2016 Actual Contribution Rates:</b>        |                            |
| Employer:   |                            |
| Pension   | 12.0%                      |
| Post-employment Health Care Benefits              | <u>2.0%</u>                |
| Total Employer                                    | <u>14.0%</u>               |
| Employee  | <u>10.0%</u>               |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$109,690 for 2016.

***Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|  | <u>OPERS<br/>Traditional<br/>Plan</u> | <u>OPERS<br/>Combined<br/>Plan</u> |
|--|---------------------------------------|------------------------------------|
| Proportionate Share of the Net Pension Liability/(Asset) |                                       |                                    |
| - Prior Measurement Date                                 | \$ 785,421                            | \$ (1,347)                         |
| Proportionate Share of the Net Pension Liability/(Asset) |                                       |                                    |
| - Current Measurement Date                               | <u>1,149,614</u>                      | <u>(3,265)</u>                     |
| Change in Proportionate Share                            | <u>\$ 364,193</u>                     | <u>\$ (1,918)</u>                  |
| <br>Proportion of the Net Pension Liability/Asset        | <br>0.006637%                         | <br>0.006710%                      |
| <br>Pension Expense                                      | <br>\$ 161,531                        | <br>\$ 1,722                       |

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

|   |                   |
|---|-------------------|
| Net difference between projected and actual earnings<br>on pension plan investments                               | \$ 339,324        |
| Changes in proportion and differences between Authority<br>contributions and proportionate share of contributions | 9,947             |
| Authority contributions subsequent to the measurement date  | <u>103,532</u>    |
| Total Deferred Outflows of Resources  | <u>\$ 452,803</u> |

**Deferred Inflows of Resources**

|   |                  |
|---|------------------|
| Differences between expected and actual experience  | \$ 23,702        |
| Changes in proportion and differences between Authority<br>contributions and proportionate share of contributions | 836              |
| Total Deferred Inflows of Resources   | <u>\$ 24,538</u> |

\$103,532 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31: | <u>OPERS</u>      |
|--------------------------|-------------------|
| 2017                     | \$ 78,569         |
| 2018                     | 83,973            |
| 2019                     | 86,860            |
| 2020                     | 76,504            |
| 2021                     | (288)             |
| Thereafter               | <u>(885)</u>      |
| Total                    | <u>\$ 324,733</u> |

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions - OPERS* (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |  |
|--|--|
| Wage Inflation                               | 3.75 percent                                   |
| Future Salary Increases, including inflation | 4.25 to 10.05 percent including wage inflation |
| COLA or Ad Hoc COLA                          | 3 percent, simple                              |
| Investment Rate of Return                    | 8 percent                                      |
| Actuarial Cost Method                        | Individual Entry Age                           |

The total pension asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |   |
|--|---|
| Wage Inflation                               | 3.75 percent                                  |
| Future Salary Increases, including inflation | 4.25 to 8.05 percent including wage inflation |
| COLA or Ad Hoc COLA                          | 3 percent, simple                             |
| Investment Rate of Return                    | 8 percent                                     |
| Actuarial Cost Method                        | Individual Entry Age                          |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projections Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.



**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions - OPERS* (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving the maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|--------------------------|---|
| Fixed Income           | 23.00%                   | 2.31%   |
| Domestic Equities      | 20.70%                   | 5.84%   |
| Real Estate            | 10.00%                   | 4.25%   |
| Private Equity         | 10.00%                   | 9.25%   |
| International Equities | 18.30%                   | 7.40%   |
| Other Investments      | 18.00%                   | 4.59%   |
| <b>Total</b>           | <b>100.00%</b>           | <b>5.28%</b>  |

**Discount Rate:** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all period of projected payments to determine the total pension liability.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

|  | 1% Decrease<br>(7.00%) | Current<br>Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|--|------------------------|-------------------------------------|------------------------|
| Authority's proportionate share of the net pension liability/(asset) |                        |                                     |                        |
| Traditional Plan   | \$ 1,831,613           | \$ 1,149,614                        | \$ 574,366             |
| Combined Plan  | (67)                   | (3,265)                             | (5,838)                |

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description** (Continued)

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide healthcare to its eligible benefit recipients. Authority to establish and amend healthcare coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>., by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601, 1-800-222-7377.

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.00 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS**

**B. Funding Policy**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 percent for both both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent. The portion of actual Authority contributions for the year ended December 31, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were \$18,282, \$18,016, and \$17,174, respectively.

NOTE 8: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) year shall be forfeited.

At December 31, 2016, based on the vesting method, \$65,521 was accrued by the Authority for unused vacation and sick leave. The current portion of \$9,828 and the long-term portion is \$55,693.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)**

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NOTE 9: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-six (36) Ohio housing authorities, of which Wayne is one. Deductibles and coverage limits are summarized below:

| <u>Type of Coverage</u> | <u>Deductible</u> | <u>Coverage<br/>Limits</u>       |
|-------------------------|-------------------|----------------------------------|
| Property                | \$ 1,500          | \$60,329,662<br>(Per Occurrence) |
| Boiler and Machinery    | 1,000             | 100,000,000                      |
| General Liability       | 0                 | 4,000,000                        |
| Automobile              | 500/0             | ACV/2,000,000                    |
| Law Enforcement         | 0                 | 1,000,000                        |
| Public Officials        | 0                 | 1,000,000                        |
| Crime                   | 500               | 500,000                          |

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Aetna Health Inc. for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

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**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)**

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NOTE 10: **LONG-TERM DEBT**

As of December 31, 2016 the Authority's long-term debt is as follows:

|   | <u>Balance at<br/>12/31/16</u> |
|---|--------------------------------|
| Loan payable to JP Morgan Chase Bank to finance the purchase and rehabilitation of the administration building at 345 North Market Street. The total amount borrowed for this financing was \$1,125,000 at a fixed rate of 5.75% for 15 years.  | \$ 593,029                     |
| Loan payable to Commercial & Savings Bank to consolidate existing loans for the acquisition of 2 properties from the form Home Place Housing Corporation, and for the purchase and renovation of the property located at 224 East South Street, Shreve. The interest rate on this debt is at a fixed rate of 4.75% for 15 years. Total amount borrowed for the financing was \$209,409.   | 199,578                        |
| 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 located at 1401 Moreland Road.  | 35,000                         |
| Mortgage Revenue Bond dated August 30, 2006 in the amount of \$32,000, due in September 2036; interest rate 4.375% with an annual payment of principal and interest due September 1. Proceeds of the bond were used to pay part of the cost of the renovations of the property located at 34 Andrew Court, West Salem.  | 25,500                         |
| The PHA entered into a contractual agreement with Ohio Department of Development Disabilities on February 2005, where the Authority received a grant for \$112,743 to be used for the purchase of property located at 34 Andrew Court, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. | 26,933                         |

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

|  |        |
|--|--------|
| The PHA entered into a contractual agreement with the Ohio Department of Development Disabilities in November 2005, where the Authority received a grant in the amount of \$15,000 to be used for renovations to the property located at 34 Andrew Court, West Salem. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of the number of months used by DD clients. | 3,833  |
| Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property located at 1701 Westwood Circle.  | 39,700 |
| The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities on August 2002, where the Authority received a grant for \$67,841 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD Clients.                                | 2,638  |
| The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in April 2010, where the Authority received a grant for \$9,038 to be used for the purchase of property located at 1701 Westwood Circle. The grant has a restriction that the property shall be used as residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of months used by DD clients.  | 4,971  |
| Mortgage Revenue Bond dated July 26, 2002 in the amount of \$50,000, due in July 2032; interest rate of 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 located at 617-619 Jefferson Avenue.   | 34,900 |

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in February 2009, where the Authority received a grant for \$10,000 to be used for the purchase of property located at 617-619 Jefferson Avenue, Orrville. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 4,722

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in May 2004 where the Authority received a grant for \$4,700 to be used for the renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD Clients. 731

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010 where the Authority received a grant for \$5,725 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amounts equal to the grant amount less the prorated amount of number of months used by DD clients 3,117

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in July 2010, where the Authority received a grant for \$8,950 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 5,072



**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in June 2011 where the Authority received a grant for \$9,250 to be used for renovations of the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 5,807

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in August 2002 where the Authority received a grant for \$8,565 to be used for renovations to the property located at 2610 Impala Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 333

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010, where the Authority received a grant for \$6,043 to be used for renovation of property at 2610 Impala Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant less the prorated amount of number of months used by DD clients. 3,290

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities on August 2002, where the Authority received a grant for \$8,528 to be used for renovations of the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 332

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(CONTINUED)**

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

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in March 2010, where the Authority received a grant for \$8,176 to be used for renovations to the property located at 571 North Grant Street. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 4,451

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in November 2004 where the Authority received a grant for \$4,770.89 to be used for renovations to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 901

The PHA entered into a contractual agreement with the Ohio Department of Development Disabilities in September 2003, where the Authority received a grant for \$76,500 to be used for the purchase of property located at 850 Northview Drive. The grant has a restriction that the property shall be used as a residential facility for DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant less the prorated amount of number of months used by DD clients. 8,500

The PHA entered into a contractual agreement with Ohio Department of Development Disabilities in January 2011, where the Authority received a grant for \$104,262 to be used for the purchase of property located at 1688 Barnes Drive. The grant has a restriction that the property shall be used as a residential facility for the DD clients for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used by DD clients. 62,557

**WAYNE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(CONTINUED)**

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

The PHA entered into a contractual agreement with Ohio Department of Mental Health Disabilities in June 2012, where the Authority assumed the remaining forgivable loan balance from the former Home Place Housing Corporation. The original loan was dated April 1989 in the amount of \$634,000 at 0% interest. The loan has a restriction that the properties shall be used for approved mental health purposes for a period of 40 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of number of months used. 193,761

Loan Payable to USDA Rural Development to finance the purchase of property located at 208 East South Street. The total amount borrowed for this financing was \$740,000 at a fixed rate of 3.25 percent over 50 years. USDA Rural Development subsidizes a portion of the interest for the first 30 years and the Authority pays an effective interest rate of 1 percent. 710,147

Loan Payable to Commercial & Savings Bank for the purchase of property located at 111 South Main Street, Rittman. The interest rate on this debt is at a fixed rate of 4.5% for 15 years. Total amount borrowed for the financing was \$64,811. 64,811

|                        |                           |
|------------------------|---------------------------|
| Total Outstanding Debt | 2,034,614                 |
| Less Current Portion   | <u>(131,417)</u>          |
| Total Long-Term Debt   | <u><u>\$1,903,197</u></u> |

A summary of changes in long-term debt for the year ended December 31, 2016:

|                       | Balance<br>12/31/2015      | Additions                | Deletions                  | Balance<br>12/31/2016      | Current<br>Portion       |
|-----------------------|----------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| Depreciation          |                            |                          |                            |                            |                          |
| Net Pension Liability | \$ 785,421                 | \$ 364,193               | \$ 0                       | \$ 1,149,614               | \$ 0                     |
| Loans Payable         | 2,095,207                  | 273,269                  | (333,862)                  | 2,034,614                  | 131,417                  |
| Compensated Absences  | 74,829                     | 111,809                  | (121,117)                  | 65,521                     | 9,828                    |
| <b>Total</b>          | <u><u>\$ 2,955,457</u></u> | <u><u>\$ 749,271</u></u> | <u><u>\$ (454,979)</u></u> | <u><u>\$ 3,249,749</u></u> | <u><u>\$ 141,245</u></u> |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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

Maturities of the loan payable over the next five years are as follows:

| <u>For the Year<br/>Ended December 31,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total<br/>Payments</u> |
|--|---------------------|-------------------|---------------------------|
| 2017                                       | \$ 131,417          | \$ 61,786         | \$ 193,203                |
| 2018                                       | 131,216             | 56,929            | 188,145                   |
| 2019                                       | 132,709             | 51,817            | 184,526                   |
| 2020                                       | 134,064             | 46,436            | 180,500                   |
| 2021                                       | 134,549             | 40,782            | 175,331                   |
| 2022-2026                                  | 554,042             | 119,047           | 673,089                   |
| 2027-2031                                  | 218,788             | 56,404            | 275,192                   |
| 2032-2036                                  | 81,795              | 33,579            | 115,374                   |
| 2037-2041                                  | 71,625              | 22,562            | 94,187                    |
| 2042-2046                                  | 84,244              | 61,956            | 146,200                   |
| 2047-2051                                  | 99,087              | 50,828            | 149,915                   |
| 2052-2056                                  | 116,545             | 33,370            | 149,915                   |
| 2057-2061                                  | 137,079             | 12,836            | 149,915                   |
| 2062-2066                                  | 7,455               | 40                | 7,495                     |
| Totals                                     | <u>\$ 2,034,614</u> | <u>\$ 648,372</u> | <u>\$ 2,682,986</u>       |

**NOTE 11: CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2016.

**NOTE 12: INTERPROGRAM RECEIVABLES/PAYABLES**

The Authority had the following inter-program receivable or payable balances at December 31, 2016:

| <u>Program/Project</u>                 | <u>Due From</u>   | <u>Due To</u>       |
|--|-------------------|---------------------|
| State/Local                            | \$ 82,373         | 0                   |
| Business Activities                    | 0                 | (119,404)           |
| 10.427 Rural Rental Assistance Program | 0                 | (65,539)            |
| Central Office Cost Center             | 102,570           | 0                   |
| Total                                  | <u>\$ 184,943</u> | <u>\$ (184,943)</u> |

These amounts represents funds that are owed from various programs to each other as a result of the movement of money between bank accounts, the timing of the payment of invoices, and other such purposes as permitted.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)**

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**NOTE 13: OPERATING TRANSFER**

The Authority had the following transfers in 2016:

| <u>Program/Project</u> | <u>Transfer From</u> | <u>Transfer To</u> |
|------------------------|----------------------|--------------------|
| Capital Fund           | \$ 95,164            | \$ 0               |
| Public Housing         | 0                    | 95,164             |
| Total                  | <u>\$ 95,164</u>     | <u>\$ 95,164</u>   |

This transfer represents the Capital fund Grant allocation to support operations as permitted.

**NOTE 14: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

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

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting. The Authority did not use the de-minimus rate of 10 percent for indirect costs charged to Federal Programs.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE  
AUTHORITY'S CONTRIBUTIONS OHIO PUBLIC EMPLOYEES RETIREMENT  
SYSTEM LAST THREE (1) FISCAL YEARS**

| <b>Traditional Plan</b>  | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Liability  | 0.006637%   | 0.006512%   | 0.006512%   |
| Authority's Proportionate Share of the Net Pension Liability   | \$1,149,614 | \$785,421   | \$767,680   |
| Authority's Covered-Employee Payroll   | \$825,992   | \$798,433   | \$863,231   |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 139.18%     | 98.37%      | 88.93%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                   | 81.08%      | 86.45%      | 86.36%      |
| <b>Combined Plan</b>   | <b>2015</b> | <b>2014</b> | <b>2013</b> |
| Authority's Proportion of the Net Pension (Asset)  | 0.006710%   | 0.003501%   | 0.003501%   |
| Authority's Proportionate Share of the Net Pension (Asset)   | (\$3,265)   | (\$1,347)   | (\$367)     |
| Authority's Covered-Employee Payroll   | \$24,417    | \$12,800    | \$0         |
| Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll   | 13.37%      | 10.52%      | 0.00%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                   | 116.90%     | 114.83%     | 104.33%     |

(1) Information prior to 2013 is not available.

Amounts presented as of the Authority's measurement date which is the prior year end.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR (1) FISCAL YEARS**

|  | <u>2016</u>      | <u>2015</u>      | <u>2014</u>     | <u>2013</u>      |
|--|------------------|------------------|-----------------|------------------|
| <u>Contractually Required Contributions</u>                              |                  |                  |                 |                  |
| Traditional Plan   | \$ 100,542       | \$ 99,119        | \$ 95,812       | \$ 112,220       |
| Combined Plan  | <u>2,990</u>     | <u>\$2,930</u>   | <u>\$1,536</u>  | <u>-</u>         |
| Total Required Contributions   | 103,532          | 102,049          | 97,348          | 112,220          |
| Contributions in Relation to the Contractually Required Contribution     | <u>(103,532)</u> | <u>(102,049)</u> | <u>(97,348)</u> | <u>(112,220)</u> |
| Contribution Deficiency / (Excess)                                       | <u>\$ 0</u>      | <u>\$ 0</u>      | <u>\$ 0</u>     | <u>\$ 0</u>      |
| <u>Authority's Covered-Employee Payroll</u>                              |                  |                  |                 |                  |
| Traditional Plan   | \$ 837,850       | \$ 825,992       | \$ 798,433      | \$ 863,231       |
| Combined Plan  | \$ 24,917        | \$ 24,417        | \$ 12,800       | \$ -             |
| <u>Pension Contributions as a Percentage of Covered-Employee Payroll</u> |                  |                  |                 |                  |
| Traditional Plan   | 12.00%           | 12.00%           | 12.00%          | 13.00%           |
| Combined Plan  | 12.00%           | 12.00%           | 12.00%          | 13.00%           |

(1) – Information prior to 2013 is not available.

**WAYNE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**

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Annual Contributions Contract C-5502

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

**OH12P03650114**

|                                       |                |
|---------------------------------------|----------------|
| Funds Approved                        | \$ 229,194     |
| Funds Expended                        | <u>229,194</u> |
| Excess (Deficiency) of Funds Approved | <u>\$ 0</u>    |
| <br>                                  |                |
| Funds Advanced                        | \$ 229,194     |
| Funds Expended                        | <u>229,194</u> |
| Excess (Deficiency) of Funds Advanced | <u>\$ 0</u>    |

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.



**WAYNE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
DECEMBER 31, 2016**

| WAYNE METROPOLITAN HOUSING AUTHORITY (OH036)                                    | Project Total    | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 10.427 Rural Rental Assistance Payments | 14.871 Housing Choice Vouchers | 14.267 Continuum of Care | 2 State/Local    | 1 Business Activities | COCC             | Subtotal          | ELIM            | Total             |
|---|------------------|--|--|---|--------------------------------|--------------------------|------------------|-----------------------|------------------|-------------------|-----------------|-------------------|
| 111 Cash - Unrestricted   | 402,105          | -  | 233,944  | -                                       | 87,178                         | -                        | 21,555           | -                     | 31,110           | 775,892           | -               | 775,892           |
| 113 Cash - Other Restricted   | -                | -  | -  | 45,377                                  | 419,661                        | -                        | -                | 20,919                | -                | 485,957           | -               | 485,957           |
| 114 Cash - Tenant Security Deposits   | 40,441           | -  | 2,739  | 18,360                                  | -                              | -                        | 5,478            | 605                   | -                | 67,623            | -               | 67,623            |
| 115 Cash - Restricted for Payment of Current Liabilities                        | 28,358           | -  | 10,731   | 17,684                                  | -                              | -                        | 14,032           | 8,614                 | -                | 79,419            | -               | 79,419            |
| <b>100 Total Cash</b>   | <b>470,904</b>   | <b>-</b>                                   | <b>247,414</b>   | <b>81,421</b>                           | <b>506,839</b>                 | <b>-</b>                 | <b>41,065</b>    | <b>30,138</b>         | <b>31,110</b>    | <b>1,408,891</b>  | <b>-</b>        | <b>1,408,891</b>  |
| 124 Accounts Receivable - Other Government                                      | -                | -  | -  | -                                       | -                              | -                        | -                | 550                   | -                | 550               | -               | 550               |
| 125 Accounts Receivable - Miscellaneous   | 818              | -  | -  | 116                                     | 1,101                          | -                        | -                | 2,797                 | 14,722           | 19,554            | -               | 19,554            |
| 126 Accounts Receivable - Tenants   | 8,514            | -  | 4,263  | 1,444                                   | -                              | -                        | 3,096            | 997                   | -                | 18,314            | -               | 18,314            |
| 126.1 Allowance for Doubtful Accounts -Tenants                                  | -5,924           | -  | -3,285   | -1,063                                  | -                              | -                        | -1,418           | -685                  | -                | -12,375           | -               | -12,375           |
| 127 Notes, Loans, & Mortgages Receivable - Current                              | -                | -  | -  | -                                       | -                              | -                        | -                | 2,400                 | -                | 2,400             | -               | 2,400             |
| 128 Fraud Recovery  | 85,379           | -  | 772  | 518                                     | 203,175                        | 4,340                    | 9,443            | -                     | -                | 303,627           | -               | 303,627           |
| 128.1 Allowance for Doubtful Accounts - Fraud                                   | -64,450          | -  | -118   | -191                                    | -192,041                       | -4,340                   | -7,733           | -                     | -                | -268,873          | -               | -268,873          |
| 129 Accrued Interest Receivable   | 288              | -  | -  | -                                       | -                              | -                        | -                | -                     | -                | 288               | -               | 288               |
| <b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>           | <b>24,625</b>    | <b>-</b>                                   | <b>1,632</b>   | <b>824</b>                              | <b>12,235</b>                  | <b>-</b>                 | <b>3,388</b>     | <b>6,059</b>          | <b>14,722</b>    | <b>63,485</b>     | <b>-</b>        | <b>63,485</b>     |
| 142 Prepaid Expenses and Other Assets   | 64,263           | -  | 4,283  | 7,706                                   | 3,158                          | -                        | 6,386            | 5,406                 | 9,633            | 100,835           | -               | 100,835           |
| 143 Inventories   | -                | -  | -  | -                                       | -                              | -                        | -                | 1,139                 | 26,780           | 27,919            | -               | 27,919            |
| 143.1 Allowance for Obsolete Inventories  | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | -                | -                 | -               | -                 |
| 144 Inter Program Due From  | -                | -  | -  | -                                       | -                              | -                        | 82,373           | -                     | 102,570          | 184,943           | -184,943        | -                 |
| 145 Assets Held for Sale  | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | -                | -                 | -               | -                 |
| <b>150 Total Current Assets</b>   | <b>559,792</b>   | <b>-</b>                                   | <b>253,329</b>   | <b>89,951</b>                           | <b>522,232</b>                 | <b>-</b>                 | <b>133,212</b>   | <b>42,742</b>         | <b>184,815</b>   | <b>1,786,073</b>  | <b>-184,943</b> | <b>1,601,130</b>  |
| 161 Land  | 1,394,687        | -  | 152,870  | 65,690                                  | -                              | -                        | 255,170          | 292,027               | 137,470          | 2,297,914         | -               | 2,297,914         |
| 162 Buildings   | 14,296,405       | -  | 800,543  | 785,376                                 | -                              | -                        | 1,195,162        | 1,338,997             | 1,655,481        | 20,071,964        | -               | 20,071,964        |
| 163 Furniture, Equipment & Machinery - Dwellings                                | 144,768          | -  | -  | 16,114                                  | -                              | -                        | 14,160           | -                     | -                | 175,042           | -               | 175,042           |
| 164 Furniture, Equipment & Machinery - Administration                           | 215,251          | -  | -  | 1,371                                   | 25,291                         | -                        | -                | 44,908                | 242,807          | 529,628           | -               | 529,628           |
| 166 Accumulated Depreciation  | -13,357,938      | -  | -199,980   | -145,003                                | -22,548                        | -                        | -132,699         | -558,251              | -1,028,964       | -15,445,383       | -               | -15,445,383       |
| 167 Construction in Progress  | 13,662           | -  | -  | -                                       | -                              | -                        | -                | -                     | -                | 13,662            | -               | 13,662            |
| <b>160 Total Capital Assets, Net of Accumulated Depreciation</b>                | <b>2,706,835</b> | <b>-</b>                                   | <b>753,433</b>   | <b>723,548</b>                          | <b>2,743</b>                   | <b>-</b>                 | <b>1,331,793</b> | <b>1,117,681</b>      | <b>1,006,794</b> | <b>7,642,827</b>  | <b>-</b>        | <b>7,642,827</b>  |
| 171 Notes, Loans and Mortgages Receivable - Non-Current                         | -                | -  | -  | -                                       | -                              | -                        | -                | 314,400               | -                | 314,400           | -               | 314,400           |
| 174 Other Assets  | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | 3,265            | 3,265             | -               | 3,265             |
| <b>180 Total Non-Current Assets</b>   | <b>2,706,835</b> | <b>-</b>                                   | <b>753,433</b>   | <b>723,548</b>                          | <b>2,743</b>                   | <b>-</b>                 | <b>1,331,793</b> | <b>1,432,081</b>      | <b>1,010,059</b> | <b>7,960,492</b>  | <b>-</b>        | <b>7,960,492</b>  |
| 200 Deferred Outflow of Resources   | 52,215           | -  | 1,065  | 4,638                                   | 82,408                         | -                        | 2,666            | 22,632                | 287,179          | 452,803           | -               | 452,803           |
| <b>290 Total Assets and Deferred Outflow of Resources</b>                       | <b>3,318,842</b> | <b>-</b>                                   | <b>1,007,827</b>   | <b>818,137</b>                          | <b>607,383</b>                 | <b>-</b>                 | <b>1,467,671</b> | <b>1,497,455</b>      | <b>1,482,053</b> | <b>10,199,368</b> | <b>-184,943</b> | <b>10,014,425</b> |
| 321 Accrued Wage/Payroll Taxes Payable  | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | 67,481           | 67,481            | -               | 67,481            |
| 322 Accrued Compensated Absences - Current Portion                              | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | 9,828            | 9,828             | -               | 9,828             |
| 333 Accounts Payable - Other Government   | 28,358           | -  | 10,731   | 17,684                                  | -                              | -                        | 24,032           | 28,399                | -                | 109,204           | -               | 109,204           |
| 341 Tenant Security Deposits  | 40,441           | -  | 2,739  | 18,360                                  | -                              | -                        | 5,478            | 605                   | -                | 67,623            | -               | 67,623            |
| 342 Unearned Revenue  | 6,976            | -  | 441  | 327                                     | 38,471                         | -                        | 3,004            | 2,110                 | -                | 51,329            | -               | 51,329            |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | -                | -  | -  | 7,007                                   | -                              | -                        | 15,850           | 47,056                | 61,504           | 131,417           | -               | 131,417           |
| 345 Other Current Liabilities   | 2,600            | -  | -  | -                                       | -                              | -                        | -                | -                     | -                | 2,600             | -               | 2,600             |
| 346 Accrued Liabilities - Other   | 35,733           | -  | 3,834  | 5,338                                   | -                              | -                        | 2,861            | 16,298                | 5,491            | 69,555            | -               | 69,555            |
| 347 Inter Program - Due To  | -                | -  | -  | 65,539                                  | -                              | -                        | -                | 119,404               | -                | 184,943           | -184,943        | -                 |
| <b>310 Total Current Liabilities</b>  | <b>114,108</b>   | <b>-</b>                                   | <b>17,745</b>  | <b>114,255</b>                          | <b>38,471</b>                  | <b>-</b>                 | <b>51,225</b>    | <b>213,872</b>        | <b>144,304</b>   | <b>693,980</b>    | <b>-184,943</b> | <b>509,037</b>    |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
DECEMBER 31, 2016**

| WAYNE METROPOLITAN HOUSING AUTHORITY (OH036)                                 | Project Total    | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 10.427 Rural Rental Assistance Payments | 14.871 Housing Choice Vouchers | 14.267 Continuum of Care | 2 State/Local    | 1 Business Activities | COCC             | Subtotal          | ELIM            | Total             |
|--|------------------|--|--|---|--------------------------------|--------------------------|------------------|-----------------------|------------------|-------------------|-----------------|-------------------|
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue       | -                | -  | -  | 703,139                                 | -                              | -                        | 177,911          | 490,622               | 531,525          | 1,903,197         | -               | 1,903,197         |
| 353 Non-current Liabilities - Other  | -                | -  | -  | -                                       | 52,177                         | -                        | -                | 53,876                | -                | 106,053           | -               | 106,053           |
| 354 Accrued Compensated Absences - Non Current                               | -                | -  | -  | -                                       | -                              | -                        | -                | -                     | 55,693           | 55,693            | -               | 55,693            |
| 357 Accrued Pension and OPEB Liabilities                                     | 132,568          | -  | 2,703  | 11,776                                  | 209,224                        | -                        | 6,769            | 57,461                | 729,113          | 1,149,614         | -               | 1,149,614         |
| <b>350 Total Non-Current Liabilities</b>                                     | <b>132,568</b>   | <b>-</b>                                   | <b>2,703</b>   | <b>714,915</b>                          | <b>261,401</b>                 | <b>-</b>                 | <b>184,680</b>   | <b>601,959</b>        | <b>1,316,331</b> | <b>3,214,557</b>  | <b>-</b>        | <b>3,214,557</b>  |
| <b>300 Total Liabilities</b>   | <b>246,676</b>   | <b>-</b>                                   | <b>20,448</b>  | <b>829,170</b>                          | <b>299,872</b>                 | <b>-</b>                 | <b>235,905</b>   | <b>815,831</b>        | <b>1,460,635</b> | <b>3,908,537</b>  | <b>-184,943</b> | <b>3,723,594</b>  |
| 400 Deferred Inflow of Resources   | 2,829            | -  | 58   | 251                                     | 305,141                        | -                        | 144              | 1,226                 | 15,564           | 325,213           | -               | 325,213           |
| 508.4 Net Investment in Capital Assets                                       | 2,706,835        | -  | 753,433  | 13,402                                  | 2,743                          | -                        | 1,138,032        | 580,003               | 413,765          | 5,608,213         | -               | 5,608,213         |
| 511.4 Restricted Net Position  | -                | -  | -  | 45,377                                  | 66,809                         | -                        | -                | 20,919                | -                | 133,105           | -               | 133,105           |
| 512.4 Unrestricted Net Position  | 362,502          | -  | 233,888  | -70,063                                 | -67,182                        | -                        | 93,590           | 79,476                | -407,911         | 224,300           | -               | 224,300           |
| <b>513 Total Equity - Net Assets / Position</b>                              | <b>3,069,337</b> | <b>-</b>                                   | <b>987,321</b>   | <b>-11,284</b>                          | <b>2,370</b>                   | <b>-</b>                 | <b>1,231,622</b> | <b>680,398</b>        | <b>5,854</b>     | <b>5,965,618</b>  | <b>-</b>        | <b>5,965,618</b>  |
| <b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b> | <b>3,318,842</b> | <b>-</b>                                   | <b>1,007,827</b>   | <b>818,137</b>                          | <b>607,383</b>                 | <b>-</b>                 | <b>1,467,671</b> | <b>1,497,455</b>      | <b>1,482,053</b> | <b>10,199,368</b> | <b>-184,943</b> | <b>10,014,425</b> |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

| WAYNE METROPOLITAN HOUSING AUTHORITY (OH036)                    | Project Total    | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 10.427 Rural Rental Assistance Payments | 14.871 Housing Choice Vouchers | 14.267 Continuum of Care | 2 State/Local  | 1 Business Activities | COCC             | Subtotal         | ELIM            | Total            |
|---|------------------|--|--|---|--------------------------------|--------------------------|----------------|-----------------------|------------------|------------------|-----------------|------------------|
| 70300 Net Tenant Rental Revenue                                 | 525,723          | -  | 12,297   | 123,793                                 | -                              | -                        | 74,365         | 135,401               | -                | 871,579          | -               | 871,579          |
| 70400 Tenant Revenue - Other                                    | 2,713            | -  | 65   | 140                                     | -                              | -                        | 88,272         | 4,994                 | -                | 96,184           | -               | 96,184           |
| <b>70500 Total Tenant Revenue</b>                               | <b>528,436</b>   | <b>-</b>                                   | <b>12,362</b>  | <b>123,933</b>                          | <b>-</b>                       | <b>-</b>                 | <b>162,637</b> | <b>140,395</b>        | <b>-</b>         | <b>967,763</b>   | <b>-</b>        | <b>967,763</b>   |
| 70600 HUD PHA Operating Grants                                  | 686,233          | 43,528                                     | 99,056   | -                                       | 4,253,504                      | 32,753                   | -              | -                     | 30,293           | 5,145,367        | -               | 5,145,367        |
| 70610 Capital Grants  | 39,187           | -  | -  | -                                       | -                              | -                        | -              | -                     | 59,707           | 98,894           | -               | 98,894           |
| 70710 Management Fee  | -                | -  | -  | -                                       | -                              | -                        | -              | -                     | 310,424          | 310,424          | -310,424        | -                |
| 70720 Asset Management Fee                                      | -                | -  | -  | -                                       | -                              | -                        | -              | -                     | 28,560           | 28,560           | -28,560         | -                |
| 70730 Book Keeping Fee  | -                | -  | -  | -                                       | -                              | -                        | -              | -                     | 110,579          | 110,579          | -110,579        | -                |
| 70740 Front Line Service Fee                                    | -                | -  | -  | -                                       | -                              | -                        | -              | -                     | 425,873          | 425,873          | -425,873        | -                |
| 70750 Other Fees  | -                | -  | -  | -                                       | -                              | -                        | -              | 136,156               | 46,667           | 182,823          | -               | 182,823          |
| <b>70700 Total Fee Revenue</b>                                  | <b>-</b>         | <b>-</b>                                   | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>                 | <b>-</b>       | <b>136,156</b>        | <b>922,103</b>   | <b>1,058,259</b> | <b>-875,436</b> | <b>182,823</b>   |
| 70800 Other Government Grants                                   | -                | -  | -  | 113,102                                 | -                              | -                        | 491,700        | 35,060                | -                | 639,862          | -               | 639,862          |
| 71100 Investment Income - Unrestricted                          | 865              | -  | 495  | 9                                       | -                              | -                        | -              | 12                    | -                | 1,381            | -               | 1,381            |
| 71400 Fraud Recovery  | -                | -  | -  | -                                       | 2,960                          | -                        | -              | -                     | -                | 2,960            | -               | 2,960            |
| 71500 Other Revenue   | 11,667           | -  | 750  | 3,849                                   | 5,467                          | -                        | -              | 5,105                 | 512              | 27,350           | -               | 27,350           |
| 72000 Investment Income - Restricted                            | -                | -  | -  | 20                                      | -                              | -                        | -              | 6                     | -                | 26               | -               | 26               |
| <b>70000 Total Revenue</b>                                      | <b>1,266,388</b> | <b>43,528</b>                              | <b>112,663</b>   | <b>240,913</b>                          | <b>4,261,931</b>               | <b>32,753</b>            | <b>654,337</b> | <b>316,734</b>        | <b>1,012,615</b> | <b>7,941,862</b> | <b>-875,436</b> | <b>7,066,426</b> |
| 91100 Administrative Salaries                                   | 109,629          | 26,117                                     | 2,395  | 11,326                                  | 129,854                        | 231                      | 5,218          | 53,691                | 344,274          | 682,735          | -               | 682,735          |
| 91200 Auditing Fees   | 3,594            | -  | 692  | 1,195                                   | 2,505                          | -                        | 732            | 2,275                 | 2,761            | 13,754           | -               | 13,754           |
| 91300 Management Fee  | 135,379          | -  | 8,274  | 23,641                                  | 125,004                        | 1,008                    | 8,700          | 8,418                 | -                | 310,424          | -310,424        | -                |
| 91310 Book-keeping Fee  | 19,792           | -  | 3,600  | 3,600                                   | 78,127                         | 630                      | 3,600          | 1,230                 | -                | 110,579          | -110,579        | -                |
| 91400 Advertising and Marketing                                 | -                | -  | -  | -                                       | -                              | -                        | -              | 84                    | -                | 84               | -               | 84               |
| 91500 Employee Benefit contributions - Administrative           | 49,141           | 17,411                                     | 1,002  | 4,365                                   | 77,556                         | 124                      | 2,509          | 21,300                | 252,736          | 426,144          | -               | 426,144          |
| 91600 Office Expenses   | 10,375           | -  | 158  | 3,130                                   | 3,561                          | -                        | 31             | 458                   | 15,378           | 33,091           | -               | 33,091           |
| 91700 Legal Expense   | 2,044            | -  | -  | 118                                     | 205                            | -                        | 202            | 539                   | 80               | 3,188            | -               | 3,188            |
| 91800 Travel  | 4,389            | -  | -  | 155                                     | 463                            | -                        | 267            | 805                   | 836              | 6,915            | -               | 6,915            |
| 91900 Other   | 8,609            | -  | 188  | 612                                     | 10,746                         | 150                      | 106            | 7,378                 | 12,162           | 39,951           | -               | 39,951           |
| <b>91000 Total Operating - Administrative</b>                   | <b>342,952</b>   | <b>43,528</b>                              | <b>16,309</b>  | <b>48,142</b>                           | <b>428,021</b>                 | <b>2,143</b>             | <b>21,365</b>  | <b>96,178</b>         | <b>628,227</b>   | <b>1,626,865</b> | <b>-421,003</b> | <b>1,205,862</b> |
| 92000 Asset Management Fee                                      | 26,880           | -  | -  | -                                       | -                              | -                        | -              | 1,680                 | -                | 28,560           | -28,560         | -                |
| 92400 Tenant Services - Other                                   | -                | -  | -  | -                                       | 35                             | -                        | -              | -                     | -                | 35               | -               | 35               |
| <b>92500 Total Tenant Services</b>                              | <b>-</b>         | <b>-</b>                                   | <b>-</b>   | <b>-</b>                                | <b>35</b>                      | <b>-</b>                 | <b>-</b>       | <b>-</b>              | <b>-</b>         | <b>35</b>        | <b>-</b>        | <b>35</b>        |
| 93100 Water   | 98,346           | -  | 1,096  | 44,279                                  | -                              | -                        | 9,100          | 12,570                | 3,084            | 168,475          | -               | 168,475          |
| 93200 Electricity   | 94,386           | -  | 836  | 15,383                                  | -                              | -                        | 8,206          | 29,360                | 16,497           | 164,668          | -               | 164,668          |
| 93300 Gas   | 16,708           | -  | 1,220  | 1,573                                   | -                              | -                        | 4,869          | 8,837                 | 4,630            | 37,837           | -               | 37,837           |
| 93600 Sewer   | 1,309            | -  | -  | -                                       | -                              | -                        | -              | 1,079                 | -                | 2,388            | -               | 2,388            |
| <b>93000 Total Utilities</b>                                    | <b>210,749</b>   | <b>-</b>                                   | <b>3,152</b>   | <b>61,235</b>                           | <b>-</b>                       | <b>-</b>                 | <b>22,175</b>  | <b>51,846</b>         | <b>24,211</b>    | <b>373,368</b>   | <b>-</b>        | <b>373,368</b>   |
| 94100 Ordinary Maintenance and Operations - Labor               | 45,325           | -  | 990  | 4,682                                   | -                              | -                        | 2,157          | 22,197                | 142,332          | 217,683          | -               | 217,683          |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 88,874           | -  | 7,382  | 8,256                                   | 951                            | -                        | 8,823          | 6,695                 | 30,034           | 151,015          | -               | 151,015          |
| 94300 Ordinary Maintenance and Operations Contracts             | 364,020          | -  | 37,279   | 56,965                                  | 10,330                         | -                        | 57,188         | 41,143                | 30,603           | 597,528          | -425,873        | 171,655          |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | 20,315           | -  | 414  | 1,805                                   | -                              | -                        | 1,037          | 8,806                 | 101,942          | 134,319          | -               | 134,319          |
| <b>94000 Total Maintenance</b>                                  | <b>518,534</b>   | <b>-</b>                                   | <b>46,065</b>  | <b>71,708</b>                           | <b>11,281</b>                  | <b>-</b>                 | <b>69,205</b>  | <b>78,841</b>         | <b>304,911</b>   | <b>1,100,545</b> | <b>-425,873</b> | <b>674,672</b>   |
| 96110 Property Insurance  | 44,284           | -  | 4,400  | 7,929                                   | -                              | -                        | 6,385          | 4,696                 | 6,630            | 74,324           | -               | 74,324           |
| 96120 Liability Insurance                                       | -                | -  | -  | -                                       | 558                            | -                        | -              | -                     | -                | 558              | -               | 558              |
| 96130 Workmen's Compensation                                    | 1,877            | -  | 51   | 807                                     | 2,192                          | -                        | 69             | 687                   | 5,510            | 11,193           | -               | 11,193           |
| 96140 All Other Insurance                                       | 591              | -  | -  | -                                       | -                              | -                        | -              | 40                    | 399              | 1,030            | -               | 1,030            |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

| WAYNE METROPOLITAN HOUSING AUTHORITY (OH036)                                  | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 10.427 Rural Rental Assistance Payments | 14.871 Housing Choice Vouchers | 14.267 Continuum of Care | 2 State/Local | 1 Business Activities | COCC      | Subtotal  | ELIM     | Total     |
|---|---------------|--|--|---|--------------------------------|--------------------------|---------------|-----------------------|-----------|-----------|----------|-----------|
| <b>96100 Total insurance Premiums</b>   | 46,752        | -  | 4,451  | 8,736                                   | 2,750                          | -                        | 6,454         | 5,423                 | 12,539    | 87,105    | -        | 87,105    |
| 96300 Payments in Lieu of Taxes   | 29,226        | -  | 10,821   | 17,744                                  | -                              | -                        | 13,996        | 9,581                 | 90        | 81,458    | -        | 81,458    |
| 96400 Bad debt - Tenant Rents   | 9,922         | -  | 3,077  | 1,435                                   | -                              | -                        | 3,799         | 432                   | -         | 18,665    | -        | 18,665    |
| <b>96000 Total Other General Expenses</b>                                     | 39,148        | -  | 13,898   | 19,179                                  | -                              | -                        | 17,795        | 10,013                | 90        | 100,123   | -        | 100,123   |
| 96710 Interest of Mortgage (or Bonds) Payable                                 | -             | -  | -  | 12,054                                  | -                              | -                        | -             | 19,511                | 35,356    | 66,921    | -        | 66,921    |
| <b>96700 Total Interest Expense and Amortization Cost</b>                     | -             | -  | -  | 12,054                                  | -                              | -                        | -             | 19,511                | 35,356    | 66,921    | -        | 66,921    |
| <b>96900 Total Operating Expenses</b>   | 1,185,015     | 43,528                                     | 83,875   | 221,054                                 | 442,087                        | 2,143                    | 136,994       | 263,492               | 1,005,334 | 3,383,522 | -875,436 | 2,508,086 |
| <b>97000 Excess of Operating Revenue over Operating Expenses</b>              | 81,373        | -  | 28,788   | 19,859                                  | 3,819,844                      | 30,610                   | 517,343       | 53,242                | 7,281     | 4,558,340 | -        | 4,558,340 |
| 97100 Extraordinary Maintenance   | -             | -  | -  | 2,498                                   | -                              | -                        | -             | -                     | -         | 2,498     | -        | 2,498     |
| 97300 Housing Assistance Payments   | -             | -  | -  | -                                       | 3,757,336                      | 30,610                   | -             | -                     | -         | 3,787,946 | -        | 3,787,946 |
| 97400 Depreciation Expense  | 239,787       | -  | 30,733   | 32,649                                  | 1,371                          | -                        | 42,421        | 49,209                | 68,944    | 465,114   | -        | 465,114   |
| <b>90000 Total Expenses</b>   | 1,424,802     | 43,528                                     | 114,608  | 256,201                                 | 4,200,794                      | 32,753                   | 179,415       | 312,701               | 1,074,278 | 7,639,080 | -875,436 | 6,763,644 |
| 10010 Operating Transfer In   | 35,457        | -  | -  | -                                       | -                              | -                        | -             | -                     | 59,707    | 95,164    | -95,164  | -         |
| 10020 Operating transfer Out  | -35,457       | -  | -  | -                                       | -                              | -                        | -             | -                     | -59,707   | -95,164   | 95,164   | -         |
| 10091 Inter Project Excess Cash Transfer In                                   | 100,000       | -  | -  | -                                       | -                              | -                        | -             | -                     | -         | 100,000   | -100,000 | -         |
| 10092 Inter Project Excess Cash Transfer Out                                  | -100,000      | -  | -  | -                                       | -                              | -                        | -             | -                     | -         | -100,000  | 100,000  | -         |
| <b>10100 Total Other financing Sources (Uses)</b>                             | -             | -  | -  | -                                       | -                              | -                        | -             | -                     | -         | -         | -        | -         |
| <b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b> | -158,414      | -  | -1,945   | -15,288                                 | 61,137                         | -                        | 474,922       | 4,033                 | -61,663   | 302,782   | -        | 302,782   |
| 11020 Required Annual Debt Principal Payments                                 | -             | -  | -  | 7,576                                   | -                              | -                        | 15,850        | 15,552                | 59,707    | 98,685    | -        | 98,685    |
| 11030 Beginning Equity  | 3,310,933     | -  | 990,962  | 11,393                                  | 72,515                         | -                        | 760,947       | 712,420               | -196,334  | 5,662,836 | -        | 5,662,836 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors     | -83,182       | -  | -1,696   | -7,389                                  | -131,282                       | -                        | -4,247        | -36,055               | 263,851   | -         | -        | -         |
| 11170 Administrative Fee Equity   | -             | -  | -  | -                                       | -64,439                        | -                        | -             | -                     | -         | -64,439   | -        | -64,439   |
| 11180 Housing Assistance Payments Equity                                      | -             | -  | -  | -                                       | 66,809                         | -                        | -             | -                     | -         | 66,809    | -        | 66,809    |
| 11190 Unit Months Available   | 2,688         | -  | 192  | 540                                     | 11,448                         | 90                       | 348           | 176                   | -         | 15,482    | -        | 15,482    |
| 11210 Number of Unit Months Leased  | 2,639         | -  | 174  | 503                                     | 10,417                         | 84                       | 318           | 164                   | -         | 14,299    | -        | 14,299    |

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

| <b>Federal Grantor/<br/>Pass Through Grantor/<br/>Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Loan<br/>Balance</b> |
|---|------------------------------------|---------------------|-------------------------|
| <b><u>U.S. Department of Housing and Urban Development</u></b>      |                                    |                     |                         |
| <i>Direct Programs:</i>   |                                    |                     |                         |
| Low Rent Public Housing Program                                     | 14.850                             | \$ 606,763          | \$ 0                    |
| Capital Fund Program  | 14.872                             | 208,657             | 0                       |
| Project Based Rental Assistance Program                             | 14.195                             | 99,056              | 0                       |
| Section 8 Housing Choice Voucher Program                            | 14.871                             | 4,253,504           | 0                       |
| Continuum of Care   | 14.267                             | 32,753              | 0                       |
| PIH Family Self-Sufficiency Program                                 | 14.896                             | <u>43,528</u>       | <u>0</u>                |
| <b>Total Direct Awards</b>  |                                    | <u>5,244,261</u>    | <u>0</u>                |
| <b><u>U.S. Department of Agriculture</u></b>                        |                                    |                     |                         |
| <i>Direct Programs:</i>   |                                    |                     |                         |
| Rural Rental Assistance Payments                                    | 10.427                             | 113,102             | 0                       |
| Rural Rental Housing Loan   | 10.415                             | <u>0</u>            | <u>710,147</u>          |
| <b>Total U.S. Department of Agriculture</b>                         |                                    | <u>113,102</u>      | <u>710,147</u>          |
| <b>Total Federal Expenditures</b>                                   |                                    | <u>\$ 5,357,363</u> | <u>\$ 710,147</u>       |

This schedule is prepared on the accrual basis of accounting.

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

To the Members of the Board  
Wayne Metropolitan Housing Authority  
Wooster, Ohio, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Wayne Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 17, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Wayne Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne Metropolitan Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wayne Metropolitan Housing Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Wayne Metropolitan Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wayne Metropolitan Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne Metropolitan Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 17, 2017

**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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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

To the Members of the Board  
Wayne Metropolitan Housing Authority  
Wooster, Ohio, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

***Report on Compliance for Each Major Federal Program***

We have audited the Wayne Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Wayne Metropolitan Housing Authority's major federal program for the year ended December 31, 2016. The Wayne Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Wayne Metropolitan Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Wayne Metropolitan Housing Authority's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the Wayne Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

### ***Report on Internal Control over Compliance***

Management of the Wayne Metropolitan Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wayne Metropolitan Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne Metropolitan Housing Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

May 17, 2017

**WAYNE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

|            |   |  |
|------------|---|--|
| 2016(i)    | Type of Financial Statement Opinion   | Unmodified                               |
| 2016(ii)   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                   | No                                       |
| 2016(ii)   | Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)? | No                                       |
| 2016(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                         | No                                       |
| 2016(iv)   | Were there any material internal control weakness reported for major Federal programs?                          | No                                       |
| 2016(iv)   | Were there any significant deficiencies in internal control reported for major Federal programs?                | No                                       |
| 2016(v)    | Type of Major Programs' Compliance Opinion  | Unmodified                               |
| 2016(vi)   | Are there any reportable findings under 2 CFR 200.516(a)?   | No                                       |
| 2016(vii)  | Major Programs (list):<br><br>Housing Choice Voucher - CFDA #14.871   |  |
| 2016(viii) | Dollar Threshold: Type A\B Programs   | Type A: >\$750,000<br>Type B: all others |
| 2016(ix)   | Low Risk Auditee?   | Yes                                      |

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

None

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

None

**WAYNE METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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All prior year management comments were corrected.

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# Dave Yost • Auditor of State

**WAYNE METROPOLITAN HOUSING AUTHORITY**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 25, 2017**