WAYNE METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

Auditor of State
Betty Montgomery

Board of Directors
Wayne Metropolitan Housing Authority
200 S. 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, C.P.A., Inc., for the audit period January 1, 2003 to December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 11, 2004

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WAYNE METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Wayne Metropolitan Housing Authority, as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Wayne Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Metropolitan Housing Authority, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2004 on our consideration of Wayne Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

James G. Zupka
Certified Public Accountant

June 23, 2004

WAYNE METROPOLITAN HOUSING AUTHORITY
BALANCE SHEET
PROPRIETARY FUND TYPE
ENTERPRISE FUND
DECEMBER 31, 2003

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 325,032
Investments	273,409
Receivables - Net of Allowance	412,266
Due from Other Funds	162,939
Tenant Security Deposits	32,993
Inventories - Net of Allowance	34,068
Deferred Charges and Other Assets	32,356
Total Current Assets	1,273,063
Fixed Assets - Net of Accumulated Depreciation	9,270,862
TOTAL ASSETS	$10,543,925
LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	
Current Liabilities	
Accounts Payable	$ 39,521
Due to Other Funds	162,939
Intergovernmental Payable	154,312
Accrued Wages/Payroll Taxes	14,900
Accrued Compensated Absences	54,335
Tenant Security Deposits	28,861
Current Portion of Long Term Debt	20,348
Deferred Credits and Other Liabilities	4,546
Total Current Liabilities	479,762
Non-Current Liabilities	
Long-Term Debt	150,900
Other Long-Term Liabilities	605,699
Total Non-Current Liabilities	756,599
Total Liabilities	1,236,361
Equity and Retained Earnings	
Contributed Capital	8,816,317
Retained Earnings	491,247
Total Equity and Retained Earnings	9,307,564
TOTAL LIABILITIES, RETAINED EARNINGS, AND OTHER CREDITS	$ 10,543,925

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Revenue	
Tenant Revenue	$ 452,149
Program Grants/Subsidies	4,223,325
Other Income	296,085
Total Operating Revenue	4,971,559
Operating Expenses	
Administrative	1,033,745
Utilities	167,670
Maintenance	347,248
General	91,324
Housing Assistance Payments	3,239,346
Depreciation	668,239
Total Operating Expenses	5,547,572
Net Operating Revenue	(576,013)
Non-Operating Revenue (Expenses)	
Capital Grants	361,911
Interest Income	9,439
Interest Expense	(38,349)
Excess of Revenue Over Expenses	(243,012)
Equity, Beginning of Period	9,546,496
Prior Period Adjustments	4,080
EQUITY, END OF PERIOD	$ 9,307,564

See accompanying notes to the general purpose financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows from Operating Activities	
Cash Received from HUD	$ 4,363,028
Cash Received from Tenants	449,760
Cash Received from Other Sources	263,176
Cash Received for Housing Assistance	(3,239,346)
Cash Payments for Administrative Expenses	(1,068,120)
Cash Payments for Other Operating Expenses	(662,354)
Net Cash (Used) by Operating Activities	106,144
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt	617,848
Principal Payments on Debt	(1,600)
Interest on Debt	(38,349)
Acquisition of Capital Assets	(1,007,863)
Capital Grants Received	361,911
Net Cash Provided by Capital and Other Related Financing Activities	(68,053)
Cash Flows from Investing Activities	
Purchase of Investments	(20,541)
Interest and Investment Income Received	9,439
Net Cash Provided by Investing Activities	(11,102)
Net Increase in Cash and Cash Equivalents	26,989
Cash and Cash Equivalents, Beginning	298,043
Cash and Cash Equivalents, Ending	$ 325,032
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating (Loss)	$ (576,013)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation Expense	668,239
(Increase) Decrease in:	
Accounts Receivables - HUD	135,333
Accounts Receivable - Miscellaneous	(32,909)
Tenants Accounts Receivable	(908)
Prepaid Expenses	16,242
Inventories	(2,710)
Increase (Decrease) in:	
Accounts Payable	(27,454)
Intergovernmental Payable	(45,911)
Accrued Compensated Absences - Current	(9,526)
Tenants' Security Deposits	(1,481)
Accrued Wages and Payroll Taxes	(24,849)
Accrued Liabilities - Other	8,091
Net Cash Used by Operating Activities	$ 106,144

See accompanying notes to the general purpose financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

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

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

Fund Accounting
The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Proprietary Fund Types
Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

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

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

Measurement Focus/Basis of Accounting

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2003 totaled $9,439.

Fixed Assets

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

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

Inventories
Inventories are stated at cost. The allowance for obsolete inventory was $0 at December 31, 2003.

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

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Legal and Other Requirements - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAROhio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

Deposits

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

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

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

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

Investments

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

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

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

Deposits - At year-end, the carrying amount of the Authority's deposits was $431,434 and the bank balance was $522,027. The difference represents outstanding checks and deposits in transit. Of the bank balance, $276,452 was covered by Federal depository insurance. The remainder was covered by collateralization held by the banks for the Authority's deposits as required by HUD.

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

Category		Cost	Fair Value
1	Certificates of Deposit	$ 200,000	$ 200,000
Totals		$ 200,000	$ 200,000

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

Cash and Cash Equivalents	$ 325,032
Investments	273,409
Tenant Security Deposits	32,993
Totals	$ 631,434

Carrying Amount of Deposits	$ 431,434
Carrying Amount of Investments	200,000
Totals	$ 631,434

NOTE 3: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

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

NOTE 4: FIXED ASSETS

The following is a summary:

Land	$ 1,556,427
Buildings	14,655,834
Furniture and Equipment - Dwellings	242,751
Furniture and Equipment - Administrative	655,956
Totals	17,110,968
Accumulated Depreciation	(7,840,106)
Net Fixed Assets	$ 9,270,862

The following is a summary of changes:

	Balance 12/31/02	Additions	Reclassifi-cations	Balance 12/31/03
Land	$ 1,541,007	$ 15,420	$ 0	$ 1,556,427
Buildings	13,778,618	877,216	0	14,655,834
Furniture and Equipment - Dwellings	84,846	0	89,967	174,813
Furniture and Equipment-Administrative	697,586	116,275	(89,967)	723,894
Total Fixed Assets	$16,102,057	$ 1,008,911	$ 0	$17,110,968

Depreciation is calculated using the straight line method with lives varying between 5 and 30 years. The depreciation expense for the year ended December 31, 2003 was $668,239.

NOTE 5: **LONG-TERM DEBT**

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

• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000, due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1. Proceeds of the bond were used to purchase a property on Moreland Road.	$ 49,200
• Mortgage Revenue Bond dated July 26, 2002 in the amount of $50,000 due in July 2032; interest rate 4.75% with an annual payment of principal and interest due July 1 of each year. Proceeds of the bond were used to purchase a property on Jefferson Road.	49,200
• Mortgage Revenue Bond dated February 24, 2003 in the amount of $55,000, due in February 2003; interest rate 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property on Westwood Circle.	55,000
• Loan payable to Bank One for short-term financing relating to a property purchase at Northview Road. This loan was paid in full in March 2004	17,848
Total Long-term Debt	171,248
Less Current Portion	20,348
	$ 150,900

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

	Principal	Interest	Total
2004	$ 20,348	$ 7,082	$ 27,430
2005	2,700	7,100	9,800
2006	2,800	6,973	9,773
2007	2,800	6,841	9,641
2008	3,000	6,710	9,710
Thereafter	139,600	97,832	237,432
	$ 171,248	$ 132,538	$ 303,786

NOTE 6: **NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2003 consists of the following:

• Interim financing used toward the purchase of a building at 345 N. Market Street on March 31, 2003 was approved by HUD; however, the Authority is awaiting formal HUD approval of financing documents, at which time permanent financing will be obtained. Interest payments are being made monthly	$ 545,000
• FSS escrow funds relating to the Housing Choice Voucher program	60,699
Total Non-Current Liabilities	$ 605,699

NOTE 7: **CONTRIBUTED CAPITAL AND EQUITY ADJUSTMENTS**

Beginning Contributed Capital, January 1, 2003	$ 8,739,817
Adjustments:	
Funds contributed by Wayne County MR/DD	76,500
Ending Contributed Capital December 31, 2003	$ 8,816,317

Prior period equity adjustments of $4,080 were made due to an increase in HUD revenue from the 2002 fiscal year of $3,031 and a fixed asset adjustment of $1,049.

NOTE 8: **PENSION PLAN**

Ohio Public Employees Retirement System
The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose

NOTE 8: **PENSION PLAN** (Continued)

Ohio Public Employees Retirement System (Continued)
investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Authority's contribution rate for pension benefits for 2003 was 8.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were $106,780, $99,093, and $89,684 respectively; 89 percent has been contributed for 2003 and 100 percent for 2002 and 2001.members.

NOTE 9: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System
The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll, 5.00 percent of covered payroll was the portion that was used to fund health care.

NOTE 9: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)
Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were $67,378. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $18.7 billion and $8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care plan. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments or material capital or construction commitments at December 31, 2003.

WAYNE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Net Assets by Program
As of December 31, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
ASSETS						
Current Assets						
111	Cash - Unrestricted	$134,889	$6,036	$0	$184,107	$325,032
114	Cash - Tenant Security Deposits	$32,993	$0	$0	$0	$32,993
100	Total Cash	$167,882	$6,036	$0	$184,107	$358,025
125	Accounts Receivable - Miscellaneous	$216,600	$0	$0	$194,466	$411,066
126	Accounts Receivable - Tenants - Dwelling Rents	$10,206	$0	$0	$1,200	$11,406
126.1	Allowance for Doubtful Accounts - Dwelling Rents	($10,206)	$0	$0	$0	($10,206)
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0
120	Total Receivables, net of allowances for doubtful accounts	$216,600	$0	$0	$195,666	$412,266
131	Investments - Unrestricted	$100,000	$0	$0	$100,000	$200,000
132	Investments Restricted	$0	$60,610	$0	$12,799	$73,409
142	Prepaid Expenses and Other Assets	$17,963	$3,818	$0	$10,575	$32,356
143	Inventories	$33,675	$0	$0	$393	$34,068
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0
144	Interprogram Due From	$21,838	$141,101	$0	$0	$162,939
150	Total Current Assets	$557,958	$211,565	$0	$503,540	$1,273,063
Capital Assets						
161	Land	$1,439,507	$0	$0	$116,920	$1,556,427
162	Buildings	$13,426,345	$0	$586,409	$643,080	$14,655,834
163	Furniture, Equipment & Machinery - Dwellings	$84,846	$0	$89,967	$0	$174,813
164	Furniture, Equipment & Machinery - Administration	$460,607	$65,498	$129,851	$67,938	$723,894
165	Leasehold Improvements	$0	$0	$0	$0	$0
166	Accumulated Depreciation	($7,562,761)	($62,406)	($113,691)	($101,248)	(7,840,106)
160	Total Fixed Assets, Net of Accumulated Depreciation	$7,848,544	$3,092	$692,536	$726,690	$9,270,862
180	Total Non-Current Assets	$7,848,544	$3,092	$692,536	$726,690	$9,270,862
190	Total Assets	$8,406,502	$214,657	$692,536	$1,230,230	$10,543,925

NOTE: For the basic financial statement presentation, interprogram balances are eliminated. Reclassifications between cash and investments were made on the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Net Assets by Program
As of December 31, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
LIABILITIES						
Current Liabilities						
312	Accounts Payable <= 90 Days	$35,281	$0	$0	$4,240	$39,521
321	Accrued Wage/Payroll Taxes Payable	$14,900	$0	$0	$0	$14,900
322	Accrued Compensated Absences - Current Portion	$54,335	$0	$0	$0	$54,335
331	Accounts Payable - HUD PHA Programs	$0	$4,370	$0	$0	$4,370
333	Accounts Payable - Other Government	$49,795	$0	$0	$100,147	$149,942
341	Tenant Security Deposits	$28,861	$0	$0	$0	$28,861
342	Deferred Revenues	$4,071	$0	$0	$474	$4,545
343	Revenue Bonds	$0	$0	$0	$20,348	$20,348
347	Interprogram Due To	$58,694	$0	$0	$104,246	$162,940
310	Total Current Liabilities	$245,937	$4,370	$0	$229,455	$479,762
Noncurrent Liabilities						
351	Revenue Bonds	$0	$0	$0	$150,900	$150,900
353	Noncurrent Liabilities - Other	$545,000	$60,699	$0	$0	$605,699
350	Total Noncurrent Liabilities	$545,000	$60,699	$0	$150,900	$756,599
300	Total Liabilities	$790,937	$65,069	$0	$380,355	$1,236,361
NET ASSETS						
504	Net HUD PHA Contributions	$8,218,335	$0	$0	$0	$8,218,335
507	Other Contributions	$0	$0	$0	$597,982	$597,982
508	Total Contributed Capital	$8,218,335	$0	$0	$597,982	$8,816,317
511	Total Reserved Fund Balance	$0	$0	$0	$0	$0
512	Undesignated Fund Balance/Retained Earnings	($602,770)	$149,588	$692,536	$251,893	$491,247
513	Total Equity/Net Assets	$7,615,565	$149,588	$692,536	$849,875	$9,307,564
600	Total Liabilities and Equity/Net Assets	$8,406,502	$214,657	$692,536	$1,230,230	$10,543,925

NOTE: For the basic financial statement presentation, interprogram balances are eliminated. Reclassifications between cash and investments were made on the basic financial statements.

WAYNE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Change in Net Assets by Program
For the year ended December 31, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
REVENUE						
703	Net Tenant Rental Revenue	$414,398	$0	$0	$37,751	$452,149
705	Total Tenant Revenue	$414,398	$0	$0	$37,751	$452,149
706	HUD PHA Operating Grants	$386,010	$3,706,815	$130,500	$0	$4,223,325
706.1	Capital Grants	$0	$0	$361,911	$0	$361,911
711	Investment Income - Unrestricted	$2,571	$659	$0	$6,209	$9,439
713.1	Cost of Sale of Assets	$0	$0	$0	$0	$0
714	Fraud Recovery	$0	$1,408	$0	$0	$1,408
715	Other Revenue	$103,436	$0	$0	$191,241	$294,677
720	Investment Income - Restricted	$0	$0	$0	$0	$0
700	Total Revenue	$906,415	$3,708,882	$492,411	$235,201	$5,342,909
EXPENSES						
911	Administrative Salaries	$188,286	$261,157	$14,177	$84,601	$548,221
912	Auditing Fees	$1,797	$6,762	$0	$0	$8,559
914	Compensated Absences	($869)	$5,413	$0	$120	$4,664
915	Employee Benefit Contributions - Administrative	$91,394	$114,924	$12,071	$37,740	$256,129
916	Other Operating - Administrative	$27,890	$56,406	$104,252	$27,624	$216,172
931	Water	$56,891	$0	$0	$2,852	$59,743
932	Electricity	$65,501	$0	$0	$5,034	$70,535
933	Gas	$32,798	$0	$0	$4,594	$37,392
941	Ordinary Maintenance and Operations - Labor	$147,824	$0	$0	$0	$147,824
942	Ordinary Maintenance and Operations - Materials and Other	$39,375	$8,260	$0	$513	$48,148
943	Ordinary Maintenance and Operations - Contract Costs	$71,215	$0	$0	$8,252	$79,467
945	Employee Benefit Contributions - Ordinary Maintenance	$71,809	$0	$0	$0	$71,809
961	Insurance Premiums	$36,202	$13,926	$0	$612	$50,740
963	Payments in Lieu of Taxes	$27,096	$0	$0	$7,094	$34,190
964	Bad Debt - Tenant Rents	$6,394	$0	$0	$0	$6,394
967	Interest Expense	$33,599	$0	$0	$4,750	$38,349
969	Total Operating Expenses	$897,202	$466,848	$130,500	$183,786	$1,678,336
970	Excess Operating Revenue over Operating Expenses	$9,213	$3,242,034	$361,911	$51,415	$3,664,573

WAYNE METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Change in Net Assets by Program
For the year ended December 31, 2003

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
973	Housing Assistance Payments	$0	$3,239,346	$0	$0	$3,239,346
974	Depreciation Expense	$605,100	$2,490	$40,656	$19,993	$668,239
900	Total Expenses	$1,502,302	$3,708,684	$171,156	$203,779	$5,585,921
1010	Total Other Financing Sources (Uses)	$0	$0	$0	$0	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($595,887)	$198	$321,255	$31,422	($243,012)
1103	Beginning Equity	$8,210,403	$146,359	$371,281	$818,453	$9,546,496
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$1,049	$3,031	$0	$0	$4,080
1112	Depreciation Add Back	$605,100	$0	$40,656	$0	$645,756
1113	Maximum Annual Contributions Commitment (Per ACC)	$0	$3,835,258	$0	$0	$3,835,258
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$0	$74,409	$0	$0	$74,409
1116	Total Annual Contributions Available	$0	$3,909,667	$0	$0	$3,909,667
1120	Unit Months Available	2,688	10,104	0	122	12,914
1121	Number of Unit Months Leased	2,653	10,081	0	122	12,856

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
From U.S. Department of HUD		
Direct Programs		
Annual Contribution Contract C-524		
PHA Owned Housing:		
Public and Indian Housing Operating Subsidy	14.850	$ 386,010
Capital Fund Program	14.872	492,411
Total PHA Owned Housing		878,421
Section 8:		
Housing Assistance Payments:		
Annual Contribution -		
Housing Choice Vouchers	14.871	3,706,815
Total Section 8		3,706,815
Total Expenditures of Federal Awards		$ 4,585,236

WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

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

WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO
STATEMENT OF CAPITAL COSTS - COMPLETED
TWELVE MONTHS ENDED DECEMBER 31, 2003

1. The total amount of costs of the capital grants are shown below:

	OH12PO3650101	OH12PO36501-02
Funds Approved	$ 378,208	$ 359,187
Funds Expended	378,208	359,187
Excess (Deficiency) of Funds Approved	$ 0	$ 0

2. All work in connection with the capital grant has been completed.

3. The entire actual costs or liabilities incurred by the PHA have been fully paid.

4. There are no undischarged mechanics, laborers, contractors, or material-mens liens against such modernization work or file in any public office where the same should be filed in order to be valid against such capital work.

5. The time in which such liens could be filed expired.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of the Wayne Metropolitan Housing Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated June 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the Authority in a separate letter dated June 23, 2004.

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

James G. Zupka
Certified Public Accountant

June 23, 2004

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Wayne Metropolitan Housing Authority
Wooster, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Wayne Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended December 31, 2003. Wayne Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Wayne Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Wayne Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

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

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

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

James G. Zupka
Certified Public Accountant

June 23, 2004

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2003

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

2003(i)	Type of Financial Statement Opinion	Unqualified
2003(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2003(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2003(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2003(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2003(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2003(v)	Type of Major Programs' Compliance Opinion	Unqualified
2003(vi)	Are there any reportable findings under .510?	No
2003(vii)	Major Programs (list): Housing Choice Voucher	14.871
2003(viii)	Dollar Threshold: Type A\B Programs	Type A;>$300,000 Type B: all others
2003(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.

Auditor of State
Betty Montgomery

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WAYNE COUNTY METROPOLITAN HOUSING AUTHORITY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 24, 2004